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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2017 amounted to US$2,178 million, representing an increase of 23.5%.
- Net profit for the year ended 31 December 2017 amounted to US$149 million, an increase of 20.1%.
- Proposed to declare a final dividend of HK$0.123 (approximately US$0.016) per ordinary share.

ANNUAL RESULTS

The board of directors (the "**Board**") of Crystal International Group Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016.

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	**2017** *US$'000*	**2016** *US$'000*
Revenue	3	2,177,994	1,763,392
Cost of sales		(1,735,583)	(1,407,730)
Gross profit		442,411	355,662
Other income		9,297	20,844
Selling and distribution expenses		(39,710)	(32,076)
Administrative and other expenses		(218,393)	(196,101)
Finance costs		(16,565)	(4,853)
Share of results of an associate		(2,669)	1,304
Profit before tax	4	174,371	144,780
Income tax expense	5	(25,854)	(21,128)
Profit for the year		148,517	123,652

	NOTE	2017	2016
		US$'000	US$'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		14,070	(29,647)
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit liabilities		5,265	(1,757)
Deferred tax (expense) credit arising on defined benefit liabilities		(1,027)	106
Surplus on revaluation of properties		8,636	16,924
Deferred tax expense arising on revaluation of properties		(1,670)	(3,759)
Deferred tax credit arising on disposal of a revalued property		—	7,340
		11,204	18,854
Other comprehensive income (expense) for the year		25,274	(10,793)
Total comprehensive income for the year		173,791	112,859
Profit for the year attributable to:			
Owners of the Company		148,429	123,652
Non-controlling interests		88	—
		148,517	123,652
Total comprehensive income attributable to:			
Owners of the Company		173,703	112,859
Non-controlling interests		88	—
		173,791	112,859
Earnings per share for profit attributable to the owners of the Company (US cents)	6		
- basic		6.20	5.36
- diluted		6.20	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	NOTE	**2017** *US$'000*	**2016** *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		574,438	462,807
Deposits paid for acquisition of property, plant and equipment		12,145	4,573
Prepaid lease payments		34,752	33,324
Goodwill		74,941	74,941
Intangible assets		100,610	105,527
Interest in an associate		15,196	17,801
Loan receivables		2,625	3,173
		814,707	702,146
Current assets			
Inventories		249,372	217,114
Prepaid lease payments		879	843
Trade, bills and other receivables	8	337,597	287,540
Amount due from an associate		525	—
Amounts due from related companies		1,228	—
Loan receivables		696	627
Derivative financial assets		—	1,648
Tax recoverable		—	1,382
Bank balances and cash		416,721	149,523
		1,007,018	658,677
Total assets		1,821,725	1,360,823

	NOTE	2017	2016
		US$'000	US$'000
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		3,654	12
Reserves		907,114	305,546
Equity attributable to owners of the Company		910,768	305,558
Non-controlling interests		—	2,671
Total equity		910,768	308,229
Non-current liabilities			
Other payables	9	8,933	10,980
Deferred taxation		31,254	28,998
Defined benefit liabilities		265	5,859
Bank borrowings		23,000	32,000
		63,452	77,837
Current liabilities			
Trade, bills and other payables	9	321,004	393,773
Amount due to ultimate holding company		—	118,632
Amount due to an associate		—	2,235
Amounts due to related companies		—	152
Tax liabilities		19,177	14,407
Bank borrowings		507,324	445,558
		847,505	974,757
Total equity and liabilities		1,821,725	1,360,823

Notes:

1. GENERAL

The Company was previously incorporated in Bermuda as an exempted company with limited liability. Pursuant to a special resolution passed on 5 December 2016, the Company discontinued in Bermuda and registered by way of continuation in the Cayman Islands as an exempted company with limited liability. Its parent and ultimate holding company is Crystal Group Limited (previously incorporated in Bermuda and redomiciled in the Cayman Islands). The address of the registered office of the Company is Ugland House, P.O. Box 309, Grand Cayman KY1-1104, Cayman Islands and the principal place of business of the Company is Crystal Industrial Building, 71 How Ming Street, Kwun Tong, Hong Kong.

Pursuant to a special resolution passed on 15 March 2017 and the approval from the Registrar of Companies in the Cayman Islands on 16 March 2017, the Company changed its name to Crystal International Group Limited (formerly known as Crystal International Limited).

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 3 November 2017.

The consolidated financial statements are presented in United States dollars ("**US$**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

For the purpose of preparing and presenting the consolidated financial statements of the Group for the year ended 31 December 2017, the Group has consistently adopted the accounting policies which conform with IFRSs that are effective for the financial period beginning on 1 January 2017 throughout the year.

The Group has not applied any new standard or interpretation that is not yet effective for the current year.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of garments.

Information reported to the directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of products.

(i) Lifestyle wear

(ii) Denim

(iii) Intimate

(iv) Sweater

(v) Sportswear and Outdoor Apparel (new segment during the year ended 31 December 2017)

(vi) Others

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

Year ended 31 December 2017

	Lifestyle wear	Denim	Intimate	Sweater	Sportswear and Outdoor Apparel	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE							
External sales	799,835	560,230	378,263	209,565	216,497	13,604	2,177,994
Segment profit	153,154	110,350	84,026	42,967	41,404	10,510	442,411
Other income							9,297
Selling and distribution expenses							(39,710)
Administrative and other expenses							(218,393)
Finance costs							(16,565)
Share of results of an associate							(2,669)
Profit before tax							174,371

Year ended 31 December 2016

	Lifestyle wear	Denim	Intimate	Sweater	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
SEGMENT REVENUE						
External sales	748,488	484,152	294,209	223,131	13,412	1,763,392
Segment profit	147,466	85,585	59,889	53,182	9,540	355,662
Other income						20,844
Selling and distribution expenses						(32,076)
Administrative and other expenses						(196,101)
Finance costs						(4,853)
Share of results of an associate						1,304
Profit before tax						144,780

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, selling and distribution expenses, administrative and other expenses, finance costs, and share of results of an associate. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No further analysis is presented for certain items included or excluded in the measure of segment result as such information is not regularly provided to the CODM.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

Revenue from major customers

Revenue from customers individually contributing over 10% of the Group's revenue is as follows:

	Segment	2017	2016
		US$'000	*US$'000*
Customer A	Lifestyle wear, Intimate, Sweater and Sportswear and outdoor apparel	717,182	639,149
Customer B	Lifestyle wear, Denim, Sweater and Sportswear and outdoor apparel	219,967	192,530

Geographical information

Information about the Group's revenue is presented below by geographical location based on port of discharge:

	2017	2016
	US$'000	*US$'000*
Asia Pacific (note i)	844,402	695,184
United States	803,089	614,072
Europe (note ii)	451,302	392,431
Other countries/regions	79,201	61,705
	2,177,994	1,763,392

Notes:

(i) Asia Pacific primarily includes Japan, the People's Republic of China (the "**PRC**"), Hong Kong and South Korea.

(ii) Europe primarily includes the United Kingdom (the "**U.K.**"), Belgium and Germany.

Information about the Group's non-current assets other than loan receivables is presented below by the geographical location of the assets:

	2017	**2016**
	US$'000	*US$'000*
Asia Pacific (note i)	802,940	691,906
Europe (note ii)	9,142	7,067
	812,082	698,973

Notes:

(i) Asia Pacific primarily includes Bangladesh, Cambodia, Hong Kong, the PRC, Singapore, Sri Lanka and Vietnam.

(ii) Europe primarily includes the U.K..

4. PROFIT BEFORE TAX

	2017	**2016**
	US$'000	*US$'000*
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	6,652	14,389
Other staff costs	480,045	410,956
Retirement benefit schemes contributions for other staff	40,626	29,699
Total staff costs	527,323	455,044
Amortisation of prepaid lease payments	939	709
Auditors' remuneration:		
- audit services	1,299	848
- non-audit services	1,706	318
Cost of inventories recognised as expenses	1,726,243	1,390,671
Write-down of inventories	9,340	17,059
Depreciation of property, plant and equipment	55,371	45,763
Impairment loss recognised (reversal) in respect of property, plant and equipment	1,641	(2,280)
Amortisation of intangible asset (included in selling and distribution expenses)	4,917	—
Reversal of impairment of other receivables	(1,552)	(208)
Reversal of allowance for trade receivables, net	(842)	(77)
Listing expenses	7,901	748

5. INCOME TAX EXPENSE

	2017	**2016**
	US$'000	*US$'000*
The income tax expense comprises:		
Hong Kong Profits Tax		
- current year	16,136	14,440
- overprovision in prior years	(5)	(12)
Overseas taxation		
- current year	10,795	7,552
- under(over)provision in prior years	38	(822)
	26,964	21,158
Deferred taxation	(1,110)	(30)
	25,854	21,128

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

All of the Group's subsidiaries incorporated in Macau are registered and regulated by the Decree Law No. 58/99/M applicable to Macao offshore commercial activities and are exempted from Macao Complementary Tax.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	US$'000	*US$'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	148,429	123,652

	2017	2016
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (note i and ii)	2,392,728	2,306,880
Effect of dilutive potential ordinary shares:		
- Share Award Scheme B	611	—
- Over-allotment option	68	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,393,407	N/A

Notes:

(i) The weighted average number of ordinary shares above has been arrived at after deducting the second and third tranches of award shares that are not yet vested but held by the trustee of Share Award Scheme B.

(ii) The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted retrospectively for both years for the effect of the re-denomination issue.

No diluted earnings per share for the year ended 31 December 2016 were presented as there were no potential ordinary shares in issue during the year ended 31 December 2016.

7. DIVIDENDS

	2017	2016
	US$'000	*US$'000*
Interim, paid - US$5,376 per share for 2017 (2016: US$29,097 per share)	64,512	349,164

A final dividend of HK$0.123 (2016: nil) per share in total of approximately HK$350,897,000 (equivalent to approximately US$44,890,000) (2016: nil) in respect of the year ended 31 December 2017 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company ("**Shareholders**") in the forthcoming annual general meeting.

8. TRADE, BILLS AND OTHER RECEIVABLES

	2017	**2016**
	US$'000	*US$'000*
Trade receivables	285,883	236,288
Less: allowance for doubtful debts	(38)	(880)
	285,845	235,408
Bills receivable	949	2,393
Temporary payments	6,283	6,630
Other deposits and prepayments	44,520	43,109
	337,597	287,540

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, based on invoice dates.

	2017	**2016**
	US$'000	*US$'000*
Within 60 days	263,388	222,403
61 to 90 days	19,030	12,743
91 to 120 days	2,070	226
over 120 days	1,357	36
	285,845	235,408

9. TRADE, BILLS AND OTHER PAYABLES

	2017	**2016**
	US$'000	*US$'000*
Trade payables	142,412	136,646
Bills payable	6,899	1,216
Accrued staff cost	74,927	65,123
Other payables	50,037	50,451
Other accruals	55,662	62,414
Consideration payable on acquisition of subsidiaries	—	88,903
Total trade, bills and other payables	329,937	404,753

The following is an aged analysis of trade payables based on invoice dates.

	2017	2016
	US$'000	*US$'000*
Within 60 days	139,960	129,989
61 to 90 days	1,515	4,648
91 to 120 days	467	616
over 120 days	470	1,393
	142,412	136,646

At 31 December 2017, the non-current amounts are related to the purchase of property, plant and equipment and are unsecured, interest-free and repayable from 2019 to 2021 (2016: repayable from 2018 to 2020).

The total is analysed for reporting purposes as:

	2017	2016
	US$'000	*US$'000*
Current	321,004	393,773
Non-current	8,933	10,980
	329,937	404,753

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

For the year ended 31 December 2017, global economies recorded the broadest cyclical upswing in the decade. Most major countries around the world have seen GDP growth accelerate and the year ended on a high note. Global major apparel retail markets experienced recovery in demand, supported by strong holiday sales as reported by our branded customers.

Economic growth is favourable for the development of the apparel manufacturing industry, especially in Asia, the largest apparel production base in the world. Our Group has 20 self-operating manufacturing facilities in Vietnam, the PRC, Cambodia, Bangladesh and Sri Lanka. This is enabling us to shift our production base from the PRC to other Asian countries to take advantage of their relatively lower operating costs due to these countries being densely populated with ample labour supply.

Our diversified product portfolio has given us an important competitive advantage. Not only has it reinforced our resilience and the stability of our business to avoid over-reliance on a single or a few concentrated critical products and/or customers, it also provides us significant potential in cross-selling and co-creation with our key customers. The cross-selling and co-creation help our customers to increase their sales, in return enabling us to grow in tandem with them and further strengthen our collaborative relationship. Such mutually beneficial relationships have resulted in strong market share gain and further cross-selling potential. Our diversified product portfolio will continue to offer us the opportunity to develop new product categories through a combination of manufacturing techniques and cross-promotion of existing as well as new products thus increasing further our scale, strengthening our existing relationships and winning us new customers. The significant size of our operations enables us to benefit from large economies of scale across the industry value-chain, including research and development, procurement, production, logistics and delivery. These attributes enhance our leading market position among customers and suppliers alike and also improve our bargaining position.

While the global apparel industry is as highly fragmented as it is ever changing with many manufacturers of varying scales of operation, our leading market position will continue to enable us to capture consolidation opportunities.

Financial Review

Revenues

Revenue for the year ended 31 December 2017 amounted to US$2,178 million, representing an increase of US$415 million or about 23.5% when compared to US$1,763 million for the year ended 31 December 2016. About 46% of revenue growth was inorganic resulting from the acquisition of Vista Corp Holdings Limited and its subsidiaries ("**Vista**"), while denim and intimate segments contributed significantly.

The Group's products are categorized into five segments, namely, lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel. The following table provides a breakdown of the Group's revenue for 2017 and 2016 by product categories, each expressed as an absolute amount and as a percentage of total revenue:

	For the Years ended 31 December			
	2017		**2016**	
	US$'000	%	*US$'000*	%
Lifestyle Wear	799,835	36.7%	748,488	42.4%
Denim	560,230	25.7%	484,152	27.5%
Intimate	378,263	17.4%	294,209	16.7%
Sweater	209,565	9.6%	223,131	12.7%
Sportswear and Outdoor Apparel (1)	216,497	10.0%	—	—
Others (2)	13,604	0.6%	13,412	0.7%
Total Revenue	**2,177,994**	**100.0%**	**1,763,392**	**100.0%**

(1) On 30 December 2016, the Group officially launched its sportswear and outdoor apparel segment through the acquisition of Vista. Given the date of acquisition, such acquisition had no material impact on our revenue in 2016.

(2) Includes warehouse service income and income from trading of seconds.

Lifestyle Wear

For the year ended 31 December 2017, revenue from sales of lifestyle wear amounted to US$800 million, representing an increase of US$52 million or 6.9% from US$748 million for the year ended 31 December 2016. The increase in revenue from sales of lifestyle wear resulted primarily from delivering more co-creation services and the generation of more orders from customers.

Denim

Revenue from sales of denim amounted to US$560 million for the year ended 31 December 2017, representing an increase of US$76 million or 15.7% from US$484 million for the year ended 31 December 2016. The increase in revenue was the consequence of generating more orders from existing customers under our co-creation business model, our environmentally friendly and sustainable denim manufacturing techniques catering to our customers' needs, and our enhanced customer penetration due to supplier consolidation by our customers.

Intimate

Revenue from sales of intimate increased from US$294 million for the year ended 31 December 2016 to US$378 million for the year ended 31 December 2017, representing an increase of US$84 million or 28.6%, which was mainly attributable to an increase in demand from our customers for commercially successful co-creation products.

Sweater

Revenue from sales of sweater decreased from US$223 million for the year ended 31 December 2016 to US$210 million for the year ended 31 December 2017, representing a decrease of US$13 million or 6.1%, almost wholly due to our declining certain less profitable orders for strategic reasons.

Sportswear and Outdoor Apparel

Revenue from sales of sportswear and outdoor apparel amounted to US$216 million for the year ended 31 December 2017. Since the acquisition of Vista was completed on 30 December 2016, there was no revenue in 2016.

The Group generates revenue from customers located in different regions and countries around the world. The Group's revenue is categorized based on the country of shipment destination of products. The breakdown of the Group's revenue for 2017 and 2016 by geographic region, each expressed as an absolute amount and as a percentage of total revenue, was as follows:

	For the Years ended 31 December			
	2017		2016	
	US$'000	*%*	*US$'000*	*%*
Asia Pacific [1]	844,402	38.8%	695,184	39.4%
United States	803,089	36.9%	614,072	34.8%
Europe [2]	451,302	20.7%	392,431	22.4%
Other countries/regions	79,201	3.6%	61,705	3.4%
Total Revenue	**2,177,994**	**100.0%**	**1,763,392**	**100.0%**

(1) Asia Pacific primarily includes Japan, the PRC, Hong Kong and South Korea.

(2) Europe primarily includes the U.K., Belgium and Germany.

For the year ended 31 December 2017, the Group's revenue from the Asia Pacific market amounted to US$844 million, representing an increase of US$149 million or 21.5%, driven by increased customer demand.

The Group's revenue from the United States market for the year ended 31 December 2017 amounted to US$803 million, representing an increase of US$189 million or 30.8%, which was mainly due to increased business with existing customers that has resulted from application of our co-creation philosophy.

The Group's revenue from the European market for the year ended 31 December 2017 amounted to US$451 million, representing an increase of US$59 million or 15.0% resulting from increased customer demand.

Cost of Sales

The cost of sales mainly comprises the cost of raw materials, staff cost for personnel directly involved in the Group's production activities, subcontracting cost, and depreciation of production equipment.

Cost of sales as a percentage of total revenue remained stable at 79.8% in 2016 and 79.7% in 2017. Cost of sales increased to US$1,736 million in 2017 (2016: US$1,408 million), driven by the increase in revenue.

Gross Profit and Gross Profit Margin

The Group's overall gross profit was US$442 million for the year ended 31 December 2017 (2016: US$356 million). The gross profit margin for the year ended 31 December 2017 remained relatively stable at 20.3% (2016: 20.2%).

Net Profit for the Year

The Group's net profit for the year ended 31 December 2017 increased by 20.1% to US$149 million (2016: US$124 million). The net profit margin was 6.8% for the year ended 31 December 2017 (2016: 7.0%).

Liquidity and Financial Resources

The Group maintains a strong and healthy financial position. In the year ended 31 December 2017, net cash generated from the Group's operating activities amounted to US$173 million (2016: US$199 million). Cash and cash equivalents of the Group at 31 December 2017 were US$413 million (2016: US$144 million).

Bank borrowings amounted to US$530 million at 31 December 2017 (2016: US$478 million). The new bank borrowings were utilised to finance expansion of production capacity.

Gearing Ratio

Equity attributable to the Company amounted to US$911 million at 31 December 2017 (2016: US$308 million). The favourably positive cash flow of the Group in 2017 has led to a net debt to equity ratio (total outstanding borrowings less bank balances and cash as a percentage of total equity) of 12.5% (2016: 106.4%).

Use of Proceeds From the Initial Public Offering

Net proceeds from the issue of new shares of the Company for listing on the Stock Exchange on 3 November 2017 (the "**Listing Date**") amounted to HK$3,809 million, after deducting related share issuance expenses of HK$188 million. These proceeds were utilized during the year ended 31 December 2017 in accordance with the proposed allocation set out in the prospectus of the Company dated 23 October 2017 (the "**Prospectus**"):

— HK$1,714 million (45% of our total net proceeds) are being used for funding capital expenditures in connection with the expansion of manufacturing capacity;

— HK$762 million (20% of our total net proceeds) are being used for the upstream vertical expansion into fabric production in Asia;

— HK$952 million (25% of our total net proceeds) are being used for repaying Vista related loans;

— HK$381 million (10% of our total net proceeds) are being used for our working capital and general corporate purposes.

For the period from the Listing Date to 31 December 2017, the Group's total cost of expansion of manufacturing capacity and repaying Vista related loans amounted to HK$925 million. Unutilized net proceeds at 31 December 2017 were deposited in licensed banks. The directors of the Company intend to utilize such net proceeds in the manner disclosed in the Prospectus.

Working Capital Management

The cash conversion cycle for 2017 was 63 days (2016: 67 days).

In 2016, no cost of sales from Vista was included in the accounts yet its inventory was included at 31 December 2016. This had the effect of increasing the inventory turnover days in 2016 to 54 days. In 2017, both cost of sales and inventory for Vista have been included, resulting in a reduction of inventory turnover days to 49 days. Excluding the impact of the acquisition of Vista, inventory turnover days decreased from 52 days for 2016 to 50 days for 2017.

The decrease in trade and bills receivables turnover days from 47 days for 2016 to 44 days for 2017 resulted mainly from the recording of an increase in trade and bills receivables attributable to the acquisition of Vista on 30 December 2016 while both the trade and bills receivables and revenue of Vista have been accounted for in 2017. Excluding the impact of acquisition of Vista, trade and bills receivables turnover days remained stable at 46 days for both 2016 and 2017.

The decrease in trade and bills payables turnover days from 34 days for 2016 to 30 days for 2017 resulted principally from the recording of an increase in trade and bills payables attributable to the acquisition of Vista on 30 December 2016. Both the trade and bills payable and cost of sales of Vista have been accounted for in 2017. Excluding the impact of Vista, the trade and bills payables turnover days decreased from 33 days for 2016 to 32 days for 2017.

Exposure to Foreign Exchange

The Group has in place a policy of hedging to manage foreign exchange exposure. Since the Group's sales and purchases are both mainly settled in United States dollars, net exposure to foreign exchange risk is insignificant. As such, no hedging activity was conducted in 2017.

Capital Expenditure and Capital Commitments

The Group's capital expenditure is used primarily for the expansion of its manufacturing capacity, including the construction of additional manufacturing facilities, and the upgrading of existing machinery and equipment. The Group finances capital expenditure primarily with cash generated from operations and bank loans. For the year ended 31 December 2017, the Group's total capital expenditure amounted to US$154 million (2016: US$290 million).

The Group's capital commitments primarily relate to the acquisition of property, plant and equipment. At 31 December 2017, the Group had contracted capital commitments of US$53 million in relation to the acquisition of property, plant and equipment (2016: US$43 million).

Contingent Liabilities

At 31 December 2017, the Group had no material contingent liability (2016: Nil).

Employment, Training and Development

At 31 December 2017, the Group employed approximately 75,000 employees. Total staff costs, including administrative and management staff, accounted for 24.2% (2016: 25.8%) of the Group's sales during the year. The Group remunerates its staff according to their performance, qualifications and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of employees, such as ongoing opportunities for training to enhance their technical and product knowledge as well as their knowledge of industry quality standards. Each new employee of the Group is required to attend an introductory course, while there are also various types of training courses available to all employees of the Group.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK$0.123 per share for the year ended 31 December 2017, representing a distribution of 30.2% of the Group's net profit for the year ended 31 December 2017.

The proposed final dividend payment is subject to approval by the Shareholders at the annual general meeting to be held on 15 June 2018. If approved by Shareholders, the proposed final dividend is expected to be paid on 6 July 2018 to Shareholders whose names appear on the register of members of the Company on 25 June 2018.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING AND TO FINAL DIVIDEND

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on 15 June 2018. Notice of the AGM will be sent to Shareholders in due course. For the purpose of determining Shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 12 June 2018 to Friday, 15 June 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 pm on Monday, 11 June 2018.

For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend (subject to the approval of the Shareholders at the AGM), the register of members of the Company will be closed from Friday, 22 June 2018 to Monday, 25 June 2018, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on Thursday, 21 June 2018.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code Provisions (the "**Code Provisions**") set out in the Corporate Governance Code contained in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the period from the successful listing on the Main Board of the Stock Exchange on Listing Date to 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by directors of Listing Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made of all directors of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code since the Listing Date and up to 31 December 2017.

The Group has established written guidelines for relevant employees in respect of securities transactions. No incident of non-compliance with the written guidelines was noted since the Listing Date and up to 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date to 31 December 2017, the Company and its subsidiaries have not purchased, sold or redeemed any listed securities of the Company.

EVENTS OCCURING AFTER THE REPORTING PERIOD

At the date of this announcement, no material event has occurred after the reporting period.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW ON THE ANNUAL RESULTS

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code Provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The Audit Committee has three members, namely Mr. Griffiths Anthony Nigel Clifton, Mr. Tse Man Bun Benny and Mr. Chang George Ka Ki, all of whom are independent non-executive directors. Mr. Griffiths Anthony Nigel Clifton is the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by the Board. The Audit Committee of the Company, together with the management of the Company and the external auditor, reviewed both the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2017.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the websites of the Company (www.crystalgroup.com) and the Stock Exchange (www.hkexnews.hk), and the annual report of the Company for the year ended 31 December 2017 will be dispatched to Shareholders and published on the above websites in due course.

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

Hong Kong, 15 March 2018

As 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 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.