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If you have sold or transferred all your shares in Crystal International Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTIONS
IN RELATION TO FACTORING PROGRAMMES
FOR CUSTOMERS' RECEIVABLES**

A letter from the Board is set out on pages 5 to 16 of this circular.

The Transactions have been approved by way of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only and no Shareholders' meeting will be held.

* *For identification purposes only*

30 September 2025

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Citibank”	Citibank, N.A., and where the context requires, its branches, subsidiaries and affiliates
“Company”	Crystal International Group Limited, a company incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Customers”	the customers of the Group
“Director(s)”	the director(s) of the Company
“Factoring Agreement”	a framework agreement governing a Factoring Programme
“Factoring Programme”	a factoring programme for customers’ receivables joined by a Relevant Subsidiary with a Financial Institution
“Financial Institutions”	collectively, Citibank, HSBC, IFC, MUFG, RBS and Standard Chartered, and each a “Financial Institution”
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HSBC”	collectively, HSBC-HK and HSBC-US
“HSBC-HK”	The Hongkong and Shanghai Banking Corporation Limited, and where the context requires, its branches, subsidiaries and affiliates

DEFINITIONS

“HSBC-US”	HSBC Bank USA, N.A., and where the context requires, its branches, subsidiaries and affiliates
“IFC”	International Finance Corporation, and where the context requires, its branches, subsidiaries and affiliates
“Latest Practicable Date”	24 September 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“Mr. Andrew LO”	Mr. LO Ching Leung Andrew
“Mr. Dennis WONG”	Mr. WONG Sing Wah
“Mr. Frankie WONG”	Mr. WONG Chi Fai
“Mr. Howard LO”	Mr. LO Howard Ching Ho
“Mr. Kenneth LO”	Mr. LO Lok Fung Kenneth
“Mr. Mark LEE”	Mr. LEE Kean Phi Mark
“Mrs. Yvonne LO”	Mrs. LO CHOY Yuk Ching Yvonne
“MUFG”	MUFG Bank, Ltd., and where the context requires, its branches, subsidiaries and affiliates
“NYSE”	the New York Stock Exchange
“percentage ratios”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“Previous Discloseable Transactions”	has the meaning ascribed to it in the section headed “Letter from the Board – 3. Factoring Programmes – (a) Previous Transactions” in this circular

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“Previous Major Transactions”	has the meaning ascribed to it in the section headed “Letter from the Board – 3. Factoring Programmes – (a) Previous Transactions” in this circular
“Previous Transactions”	collectively, the Previous Discloseable Transactions and the Previous Major Transactions
“RBS”	The Royal Bank of Scotland plc, and where the context requires, its branches, subsidiaries and affiliates
“Relevant Period”	the period from 18 February 2020 to 31 August 2025
“Relevant Subsidiary”	a subsidiary of the Company which enters into a Factoring Agreement
“SCBHK”	Standard Chartered Bank (Hong Kong) Limited, and where the context requires, its branches, subsidiaries and affiliates
“SCBSG”	Standard Chartered Bank (Singapore) Limited, and where the context requires, its branches, subsidiaries and affiliates
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SOFR”	term secured overnight financing rate
“Standard Chartered”	collectively, SCBHK and SCBSG
“Transactions”	the transactions under the Factoring Programmes
“TRFVOCI”	trade receivables at fair value through other comprehensive income

DEFINITIONS

“US\$”	United States dollars
“United States” or “USA”	the United States of America

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LO Lok Fung Kenneth (*Chairman*)
Mrs. LO CHOY Yuk Ching Yvonne (*Vice Chairman*)
Mr. LO Ching Leung Andrew
(*Vice Chairman and Chief Executive Officer*)
Mr. WONG Sing Wah
Mr. LO Howard Ching Ho

Registered Office:

Ugland House
P.O. Box 309
Grand Cayman, KY1-1104
Cayman Islands

Non-executive Directors:

Mr. WONG Chi Fai
Mr. LEE Kean Phi Mark

Headquarters and Principal Place of

Business in Hong Kong:
5-7/F., AXA Tower
Landmark East
No. 100 How Ming Street
Kowloon, Hong Kong

Independent Non-executive Directors:

Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes, *MH, JP*

30 September 2025

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTIONS
IN RELATION TO FACTORING PROGRAMMES
FOR CUSTOMERS' RECEIVABLES**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 30 June 2025 in relation to the Factoring Programmes for customers' receivables.

The purpose of this circular is to provide the Shareholders with, 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.

* For identification purposes only

LETTER FROM THE BOARD

2. BACKGROUND

The Group is 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 the non-recourse Factoring Programmes with certain Financial Institutions (and their branches, subsidiaries and affiliates) selected or endorsed by the Customers from time to time, including Citibank, HSBC, IFC, MUFG, RBS and Standard Chartered, by entering into the Factoring Agreements with the Financial Institutions prior to factoring any Customers' receivables to them. 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.

3. FACTORING PROGRAMMES

The Group entered into the first Factoring Agreement with Citibank on 27 October 2022, HSBC on 2 July 2020, IFC on 12 May 2020, MUFG on 4 November 2020, RBS on 1 June 2021 and Standard Chartered on 30 December 2019. The Factoring Programmes relate to certain trade receivables of some Customers which are globally leading companies located in various markets that sell apparel products under their own brands, and these Customers have been associated with the Group for periods ranging from 5 years to more than 40 years.

Each Factoring Agreement contains principal terms to cover and govern all factoring transactions between the Relevant Subsidiary and the relevant Financial Institution during the term of the Factoring Agreement.

The principal terms of a Factoring Agreement are set out below:

- Parties:**
- (i) A 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.

LETTER FROM THE BOARD

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.

There is generally no cap for the total factoring amount during the term of the Factoring Agreement.

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 (e.g. invoice finance facilitation fees, platform settlement charges, wire transfer fees and handling fees) of the Financial Institution.

Discount charge:

In general, the discount charge is calculated as the sum of base rate (i.e. SOFR determined by the Financial Institution, and solely for Citibank, 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 Latest Practicable Date, the latest spread ranged from 0.6% per annum to 3.0% per annum.

For illustrative purposes only, based on the spread of each Financial Institution at the Latest Practicable Date, the expected discount rates for the future Transactions would be from 5.6035% to 7.2035% for Citibank, from 5.5225% to 7.0035% for HSBC, from 5.5035% to 5.7035% for IFC, 5.5535% for MUFG, 5.8235% for RBS and from 4.8035% to 5.7035% for Standard Chartered.

Basis of consideration and discount charge:

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.

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While each Financial Institution may take into account different factors when determining the parameters to derive the discount charge (including SOFR, the spread and any spread adjustment), in general, these parameters are determined by the Financial Institution with reference to, among other things, the credit risk level of the relevant Customer (which may be assessed with reference to the relevant Customer's financial results, cashflow, indebtedness, relationship with the Financial Institution, credit rating (if any), etc.), the amount of trade receivables involved, the risk-taking ability and appetite of the Financial Institution, as well as the Financial Institution's own cost of funding and prevailing interest rates.

Term:

The term of each Factoring Agreement with Citibank, HSBC, MUFG, RBS and Standard Chartered is open-ended. The term of each Factoring Agreement with IFC is one year from the date of agreement, and shall be automatically extended for successive one-year periods from the end of the prior term.

Each Factoring 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 Factoring Agreement.

(a) Previous Transactions

During the Relevant Period, the Group factored certain of its Customers' receivables to the Financial Institutions under the Factoring Programmes from time to time and some of these Transactions constituted discloseable transactions (collectively, the "**Previous Discloseable Transactions**") or major transactions (collectively, the "**Previous Major Transactions**") of the Company on an aggregate basis.

From July 2023 to November 2024, the Group factored to Citibank trade receivables amounting to an aggregate of US\$105,688,000, in which 13 Transactions rendered the Transactions with Citibank in the past 12 months to constitute discloseable transactions of the Company on an aggregate basis.

LETTER FROM THE BOARD

From July 2020 to August 2025, the Group factored to HSBC trade receivables amounting to an aggregate of US\$849,097,000, in which 58 Transactions and 4 Transactions rendered the Transactions with HSBC in the past 12 months to constitute discloseable transactions and major transactions, respectively, of the Company on an aggregate basis.

From May 2021 to February 2024, the Group factored to IFC trade receivables amounting to an aggregate of US\$284,982,000, in which 34 Transactions rendered the Transactions with IFC in the past 12 months to constitute discloseable transactions of the Company on an aggregate basis.

From July 2021 to June 2023, the Group factored to MUFG trade receivables amounting to an aggregate of US\$176,156,000, in which 24 Transactions rendered the Transactions with MUFG in the past 12 months to constitute discloseable transactions of the Company on an aggregate basis.

In July 2020 to August 2025, the Group factored to Standard Chartered trade receivables amounting to an aggregate of US\$1,286,371,000, in which 50 Transactions and 11 Transactions rendered the Transactions with Standard Chartered in the past 12 months to constitute discloseable transactions and major transactions, respectively, of the Company on an aggregate basis.

(b) Future Transactions

Going forward, it is expected that the maximum aggregate value of trade receivables to be factored in any forthcoming 12-month period in the on-going performance of the Factoring Agreements would be US\$341,000,000 for Citibank, US\$406,000,000 for HSBC, US\$329,000,000 for IFC, US\$128,000,000 for MUFG, US\$84,000,000 for RBS and US\$590,000,000 for Standard Chartered. Barring any unforeseen circumstances, it is expected that the future Transactions with each of MUFG and RBS may constitute discloseable transactions of the Company, while the future Transactions with each of Citibank, HSBC, IFC and Standard Chartered may constitute major transactions of the Company.

In arriving at the above maximum expected factoring amounts, the Company has taken into account the following factors:

- (a) the amounts of TRFVOCI which the Group may opt to factor to the Financial Institutions as at 31 July 2025 (i.e. US\$309,291,000);

LETTER FROM THE BOARD

- (b) the projected growing demand from the relevant Customers and the amounts of trade receivables contemplated thereunder as indicated by, among other things:
 - the long-term partnership with the relevant Customers, in which certain of them have demonstrated exceptional business development capabilities and have engaged in resilient business expansion, and the Company expects to benefit from the same;
 - the Group's deepen collaboration with the relevant Customers by raising the share of its existing product lines and exploring new product categories; and
 - the relevant Customers' indication for placing more orders to the Group;
- (c) that the Group is expected to have sufficient production capacity to accommodate growing order volume;
- (d) the assumption that 100% of trade receivables of certain relevant Customers will be factored to the Financial Institutions; and
- (e) the assumption that there will not be any material fluctuation in the global apparel demand and supply in the near future.

4. 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 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 July 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\$62,770,000, US\$37,837,000, US\$51,835,000, nil, US\$22,015,000 and US\$134,834,000, 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. Under the Factoring Programmes, the factored receivables are transferred to the Financial Institutions at face value (or close to face value), while other fees, charges and deductions are treated as finance costs or service fees and not as part of the gain or loss on derecognition, which is consistent with the Group's existing practice. The factored trade receivables are derecognised on the basis that the Group has transferred substantially all the risks and rewards to the relevant counterparties.

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The Group intends to use the proceeds received from the Financial Institutions under the Factoring Programmes as general working capital to support the Group's operations, including procurement of raw materials, payment to subcontractors and suppliers, and settlement of logistics, freight costs, factory operational expenses and administrative expenses. The Group also intends to use the proceeds to help manage seasonal production cycles and maintain adequate inventory levels to meet the Customers' demand. The proceeds under the Factoring Programmes are expected to be utilised progressively over approximately two to three months after such proceeds have been received by the Group from time to time, in alignment with the Group's production schedules and cash flow requirements.

5. 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 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 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).

LETTER FROM THE BOARD

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.

6. 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 when and whether to utilise a Factoring Programme to factor certain trade receivables are made by the management of the Company mandated by the Board and guided by the recommendations of the Credit Committee. These decisions are based on prudent assessment of various factors, including but not limited to the Group's credit risk management policies which involve regular evaluation of customers' creditworthiness and payment history, customers' credit ratings and financial performance to gauge the risk level of trade receivables and the potential for bad debts, the Group's cash flow and working capital requirements, factoring cost (including discount charges and other fees, charges and deductions) and prevailing terms offered by the relevant Financial Institution, and the objective of maintaining the validity of such Factoring Programme through constant usage. The decisions to factor trade receivables are carefully made to align with the Group's overall financial strategies and risk appetite to ensure prudent risk management and financial stability.

LETTER FROM THE BOARD

The Factoring Programmes form an integral part of the Group's credit risk management framework, which is overseen by the Board as part of its responsibility for the Group's overall risk management. The Board ensures that credit risk management is embedded within the Group's risk management framework, subject to annual review through the risk assessment process of the Audit Committee. As mandated by the Board, the Company's management (through the Credit Committee comprising senior management and facilitated by the Corporate Finance Department) oversees the processes and control framework for credit risk management. This includes, but is not limited to, evaluating customers' credit ratings using an internal credit scoring system to assess the credit quality of potential new customers, defining credit limits for each customer, conducting ongoing reviews of customer accounts, assessing credit risk and impairment of customers, and considering the factors mentioned in the paragraph above to determine when and whether to utilise the Factoring Programmes.

The Directors (including the independent non-executive Directors) consider that 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 as a whole.

7. LISTING RULES IMPLICATIONS

Since one or more of the applicable percentage ratios in respect of each Previous Discloseable Transaction exceeded 5% but all of the ratios were less than 25%, each Previous Discloseable Transaction constituted a discloseable transaction of the Company, and was therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of each Previous Major Transaction exceeded 25% but all of the ratios were less than 75%, each Previous Major Transaction constituted a major transaction of the Company, and was therefore subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company should have made an announcement in respect of the Previous Transactions and sought Shareholders' approval for the Previous Major Transactions as and when the obligations arose. The Company acknowledges that the notification, announcement, circular and Shareholders' approval requirements (as the case may be) in respect of the Previous Transactions under Chapter 14 of the Listing Rules had been delayed due to its inadvertent and unintentional oversight, stemming from previously differing interpretation of the definition of a "transaction" under Chapter 14 of the Listing Rules. As the Factoring Programmes are part of the Group's ordinary course of business and in substance part of the Group's invoice collection and its Customers' credit risk management, the Company in the past mistakenly believed that the Transactions were transactions of a revenue nature which did not fall within the definition of "transaction" under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The Company has always, and will continue to, put great emphasis on the importance of the Listing Rules compliance and avoid re-occurrence of similar incidents in the future. Based on the Company's current internal policy, any transaction of the Group (other than a transaction of a revenue nature in the ordinary and usual course of business) involving capital expenditure that exceeds 5% of the Group's equity excluding share premium must be reported to the Company's audit team that is responsible for the Group's statutory reporting (the "**Statutory Audit Reporting Team**") for size tests calculations. If a transaction constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules, the Statutory Audit Reporting Team will follow up on the applicable disclosure and approval requirements before the Group has entered into such transaction.

In order to facilitate and ensure ongoing compliance with the Listing Rules which the Company takes seriously, the Company shall, in addition to the abovementioned existing measures, continue to enhance its internal control management and supervision regarding compliance and risk control matters of its business operations. In particular, the Company:

- (a) has designated the General Manager of Corporate Finance and the Chief Financial Officer to, prior to a transaction going through the internal procedures as set out in paragraph (b) below, assess whether a transaction of the Group is revenue in nature in the ordinary and usual course of business;
- (b) has strengthened the coordination and reporting arrangements within the Group for any transaction (other than a transaction of a revenue nature in the ordinary and usual course of business) by designating a team (the "**Designated Team**"), which comprises its General Manager of Corporate Finance (who is a senior executive of the finance department of the Company with relevant experience to review size tests calculations and classification of notifiable transactions under Chapter 14 of the Listing Rules and to oversee the relevant reporting and compliance processes) and members of the Statutory Audit Reporting Team, to oversee the relevant internal procedures, in which:
 - (i) to ensure timely reporting and compliance, the finance departments of the Group are required to submit relevant transaction data on a monthly basis to the Designated Team for consolidation and review;
 - (ii) the Designated Team maintains a comprehensive register of these transactions (including the Transactions) to track the cumulative transaction amounts. It regularly reviews and checks the relevant size tests every month, so that the Company (through the Designated Team) can closely monitor the size of these transactions based on their respective cumulative transaction amounts; and

LETTER FROM THE BOARD

- (iii) an internal approval protocol is put in place to require managerial review and endorsement by the Chief Financial Officer in case the highest applicable percentage ratio of a transaction is approaching 4%, 20%, 65% (for disposal only) or 90% (for acquisition only), or may possibly reach the threshold that affects the classification of a notifiable transaction under Chapter 14 of the Listing Rules;
- (c) has arranged for a training session conducted by the Company's legal adviser on 20 August 2025 to refresh the understanding of the Directors, senior management and other responsible personnel on the Listing Rules, in particular the notifiable transactions requirements under Chapter 14 of the Listing Rules. Going forward, the Company will arrange for training on regulatory compliance matters (including but not limited to, certain continuous professional development topics required under Rule 3.09G of the Listing Rules and requirements for notifiable transactions (such as factoring arrangements)) to the Directors, senior management and the responsible personnel at least once a year to reinforce their knowledge and awareness of compliance with the Listing Rules; and
- (d) will continue to work closely with its legal adviser to ensure compliance with the Listing Rules (including but not limited to enquiring its legal adviser on whether a transaction would constitute a notifiable transaction under Chapter 14 of the Listing Rules).

Going forward, since one or more of the applicable percentage ratios 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 Factoring Agreements, the Transactions with each of these Financial Institutions may constitute major transactions of the Company, which are subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. If any applicable percentage ratio in respect of the Transactions with any Financial Institution subsequently reaches 75% and affects the classification of notifiable transactions, the Company will comply with the applicable requirements under the Listing Rules and will suspend the Transactions with such Financial Institution until Shareholders' approval has been obtained at a general meeting of the Company.

8. WRITTEN SHAREHOLDERS' APPROVAL AND RECOMMENDATIONS

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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 written approval for the Transactions (including the Previous Transactions) from the closely allied group of Shareholders, comprising Mr. Kenneth LO (the spouse of Mrs. Yvonne LO) and Mrs. Yvonne LO (the spouse of Mr. Kenneth LO). At the Latest Practicable Date, (i) Mr. Kenneth LO beneficially owns 306,610,590 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 held 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.

For the Shareholders' reference, the Directors consider that 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 as a whole. Accordingly, the Directors would have recommended the Shareholders to vote in favour of such resolution based on the reasons set out in this letter if the Company were to convene a general meeting for the approval of the Transactions and voting was required.

9. ADDITIONAL INFORMATION

Your attention is drawn to the financial information and the general information of the Group as set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
LO Lok Fung Kenneth
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents, which have been published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.crystalgroup.com:

- annual report of the Company for the year ended 31 December 2022 published on 25 April 2023 (pages 61 to 166) on the Hong Kong Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500877.pdf>)
- annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 61 to 159) on the Hong Kong Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042902794.pdf>)
- annual report of the Company for the year ended 31 December 2024 published on 28 April 2025 (pages 60 to 151) on the Hong Kong Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042802036.pdf>)

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 31 July 2025, the Group had bank borrowings of approximately US\$129 million, which are neither guaranteed nor secured. In addition, the Group had outstanding lease liabilities of approximately US\$24 million. The Group did not have any hire purchase commitment as at 31 July 2025.

Contingent liabilities and guarantees

At the close of business on 31 July 2025, the Group had provided a corporate guarantee to an associate of the Group to secure the bank facilities granted to an associate to the extent of US\$5 million.

Save as disclosed above, and apart from the intra-group liabilities, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt instruments, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, lease liabilities, guarantees or other material contingent liabilities at the close of business on 31 July 2025.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that taking into account the financial resources presently available to the Group including cash and cash equivalents on hand, internally generated funds, the available and existing banking facilities and the effects of the Factoring Programmes, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its requirements for at least the next twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

Save as aforesaid, the Directors are not aware of any material adverse change in the financial and trading position of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS

In the first half of 2025, the Group achieved revenue growth and margin improvement simultaneously through strategic capacity expansion and productivity optimisation, effectively overcoming the headwinds created by higher USA tariffs. With further collaboration with the Group's key brand customers, the Group's order demand has increased and its revenue for the six months ended 30 June 2025 increased by 12.4% to US\$1,229 million, compared to the same period in 2024.

Gross profit for the six months ended 30 June 2025 increased by 13.7% to US\$243 million, and the gross profit margin increased to 19.7% from 19.5% in the same period in 2024. For Lifestyle wear and Intimate, increase in gross profit margin was mainly due to improvement in production efficiency. For Sweater, decrease in gross profit margin was mainly due to more conventional sweaters with lower gross margin.

With improvement in the gross profit margin, the Group achieved a net profit of US\$98 million for the six months ended 30 June 2025. Net profit as a percentage of revenue increased from 7.7% in the first half of 2024 to 8.0% in the first half of 2025.

The gradual progression of tariff negotiations between the USA and its key trading partners has contributed to a measurable reduction in trade policy uncertainty, thereby revitalising confidence among apparel brands in their product expansion and procurement strategies. In response to this improved business environment, the Group proactively accelerated its workforce expansion during the latter part of the first half of the year, strategically onboarding approximately 4,000 employees across the Group's production facilities to enhance capacity.

Vietnam is the cornerstone of the Group's global production network, representing over 60% of total output and serving as the Group's primary export base for the North American market. The Group will further reserve capacity growth and accelerate the modernisation of its factories in this region. Simultaneously, the Group has focused on building vertical supply chains locally. The self-developed fabric factory in Vietnam is under construction as scheduled.

However, the persistent tariff impact has undeniably shifted procurement patterns in the USA apparel sector, where brand customers tend to choose low-cost alternatives to hedge against the burden of higher tariffs. This trend may be further compounded by signs of softening economic conditions in the USA. In response to these market forces, the Group will prioritise capturing growth opportunities in the European and Asian markets. In the second half of the year, the Group will forge a new partnership with a leading European brand customer.

The Group's capital expenditure plan is being implemented as scheduled, focusing on vertical integration, automation and capacity enhancement. Total expenditure for this year is projected to be comparable to that of last year. The Group will also actively assess the establishment of new production bases in regions neighbouring Europe, leveraging shorter transportation times to enhance responsiveness to the European market. Building upon the Group's existing Southeast Asia-centric production footprint, this expansion will provide brand customers with greater regional diversification in sourcing options, ultimately accelerating customer penetration and market share growth.

Supported by robust operational cash flow generation, the Group is well-positioned to maintain its longstanding commitment to delivering substantial returns to shareholders through the distribution of consistent and robust dividends.

For further details of the financial and trading prospects of the Group, please refer to the section headed "Management Discussion and Analysis" of the interim results announcement for the six months ended 30 June 2025 published by the Company on 20 August 2025.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations**

At the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange:

Interests in the Company

Name of Director	Nature of Interest	Number of Shares <small>(note a)</small>	Approximate percentage of shareholding in the Company (%)
Mr. Kenneth LO <small>(note b)</small>	Beneficial owner	306,610,590	10.75
	Interest of spouse	308,505,590	10.81
	Interests held jointly with another person	1,569,052,100	55.00
Mrs. Yvonne LO <small>(note c)</small>	Beneficial owner	306,610,590	10.75
	Interest of spouse	306,610,590	10.75
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	1,895,000	0.07
	Interests held jointly with another person	1,569,052,100	55.00
Mr. Andrew LO	Beneficial owner	68,074,080	2.39
Mr. Dennis WONG	Beneficial owner	7,497,360	0.26
Mr. Frankie WONG	Beneficial owner	4,806,000	0.17
Mr. Howard LO	Beneficial owner	41,345,680	1.45
Mr. Mark LEE	Beneficial owner	591,000	0.02

Notes:

- (a) All positions are long positions.
- (b) Under the SFO, Mr. Kenneth LO, as the spouse of Mrs. Yvonne LO, was deemed to be interested in the 308,505,590 Shares in which Mrs. Yvonne LO was interested. Mr. Kenneth LO and Mrs. Yvonne LO were interested in a total of 1,569,052,100 Shares jointly held by them.
- (c) Under the SFO, Mrs. Yvonne LO, as the spouse of Mr. Kenneth LO, was deemed to be interested in the 306,610,590 Shares in which Mr. Kenneth LO was interested. Mrs. Yvonne LO was interested in a total of 1,895,000 Shares held by The Incorporated Trustees of Yuk Ching Charity Trust of which Mrs. Yvonne LO is a founder and chairman. Mrs. Yvonne LO and Mr. Kenneth LO were interested in a total of 1,569,052,100 Shares jointly held by them.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' interests and short positions in the Shares and underlying Shares

At the Latest Practicable Date, the Directors were not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESS

At the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) was interested in any business, apart from the Group's businesses, which competed or was likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN ARRANGEMENTS OR CONTRACTS

Save for the related party transactions disclosed in note 35 to the consolidated financial statements of the Company's annual report for the year ended 31 December 2024, no Director and/or any of his/her connected entities had a material interest, whether directly or indirectly, in any arrangements or contracts of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party which were subsisting at the Latest Practicable Date.

5. DIRECTORS' INTERESTS IN ASSETS

At the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

There was no material contract (not being contracts entered into in the ordinary course of business) entered into by members of the Group within the two years immediately preceding the Latest Practicable Date.

8. MATERIAL LITIGATIONS

At the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. GENERAL

- (a) The company secretary of the Company is Mr. NG Tsz Yeung, who is a fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (b) The registered office of the Company is situated at Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The headquarters and the principal place of business in Hong Kong of the Company is situated at 5–7/F., AXA Tower, Landmark East, No. 100 How Ming Street, Kowloon, Hong Kong.
- (d) The principal share registrar and transfer office of the Company is Maples Fund Services (Cayman) Limited at P.O. Box 1093, Boundary Hill, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.
- (e) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (f) The English texts of this circular shall prevail over the Chinese texts in case of inconsistency.

10. DOCUMENTS ON DISPLAY

A copy of each of the Factoring Agreements will be on display on the Hong Kong Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.crystalgroup.com) for a period of 14 days from the date of this circular.

The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, waivers from strict compliance with Rule 14.66(10) of the Listing Rules and paragraph 43(2)(c) of Appendix D1B to the Listing Rules to enable (a) the names of the relevant Customers, (b) the signatures and contact information (i.e. names, email addresses, telephone numbers and fax numbers) of the signatories, signing witnesses and representatives of the Relevant Subsidiaries and the Financial Institutions (the “**Personal Information**”), (c) the numbers of the bank accounts of the Relevant Subsidiaries (the “**Bank Accounts Information**”) and (d) the Relevant Subsidiary’s passwords for encrypted reports (the “**Passwords**”) (collectively, the “**Redacted Information**”) be redacted from the Factoring Agreements that will be published on the Hong Kong Stock Exchange’s website and the Company’s website on the following grounds:

- (i) the Redacted Information (a) is of minor importance only as it is irrelevant to any of the securities of the Company, or assets and liabilities, financial position, profits and losses or prospects of the Group, or any material terms of the Transactions, and (b) is not such as will influence the Shareholders’ and the investing public’s assessment of the Group and the impact of the Transactions;
- (ii) the names of the relevant Customers, the Bank Accounts Information and the Passwords are commercially sensitive information strictly exclusive to each party to the Factoring Agreements, and the disclosure of which will be competitively harmful to the Company on the following basis:
 - (a) as the Framework Programmes are part of the Group’s credit risk management, disclosing the names of the relevant Customers in the Factoring Agreements on display may mislead the public as to the credit risks (if any) of the relevant Customers and harm the relevant Customers’ reputation, which is possible to adversely affect the business relationship between the Group and the relevant Customers;
 - (b) the publicly disclosed Bank Accounts Information may possibly be used by fraudsters for criminal activities (e.g. money laundering); and
 - (c) publicly disclosing the Passwords may possibly render the encrypted reports, which contain confidential information (such as names of the relevant Customers and status updates of the factored invoices) and personal information (such as names, email addresses, telephone numbers and fax numbers) of the contact persons and/or representatives of the Relevant Subsidiaries and the Financial Institutions, to lose password protection;

- (iii) the Personal Information is personal information which is subject to protection under applicable data protection and privacy laws and regulations (including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and other data protection and privacy laws and regulations in relevant jurisdictions, such as England and Wales, Hong Kong, Singapore and the United States), and the disclosure of which may increase the risk of identity theft in respect of the signatories, signing witnesses and representatives of the Relevant Subsidiaries and the Financial Institutions;
- (iv) as the Factoring Agreements contain (a) the Personal Information of different signatories, signing witnesses and representatives of a number of entities of the Financial Institutions and Relevant Subsidiaries, (b) the Bank Accounts Information of a number of Relevant Subsidiaries and (c) the names of a number of Customers, it will require considerable time and resources for, and will impose undue burden on, the Group to (1) explain to the relevant individuals and entities the purpose of publicly disclosing the Redacted Information and (2) obtain each relevant individual's and entity's express and voluntary consent to publicly disclose the Redacted Information before despatching the Circular. In particular, as the Factoring Agreements were entered into a few years ago, it is possible that some relevant individuals might have already left the employment at the Financial Institutions or the Relevant Subsidiaries, so that they might hardly be reached by the Group;
- (v) the omission of the Redacted Information from the Factoring Agreements is not likely to mislead the Shareholders and the investing public with regard to the facts and circumstances, knowledge of which is essential for the informed assessment of the Company's securities and the Transactions; and
- (vi) the disclosure in this circular (including but not limited to the principal terms of the Factoring Agreements and the general description of the relevant Customers being globally leading companies located in various markets that sell apparel products under their own brands) will enable the Shareholders and the investing public to make a properly informed assessment of the Company's securities and the Transactions.

In light of the above, only the redacted version of the Factoring Agreements will be made available as documents on display in accordance with the arrangements as set out in this circular.