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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 amounted to US$1,094 million (30 June 2023: US$1,009 million).
- Net profit for the six months ended 30 June 2024 amounted to US$84 million (30 June 2023: US$74 million).
- The Board has resolved to declare an interim dividend of HK13.8 cents (approximately US1.8 cents) per ordinary share (30 June 2023: HK5.0 cents).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Crystal International Group Limited (the "**Company**") is pleased to announce the interim results of the Company and its subsidiaries (together, the "**Group**" or "**Crystal**") for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023. The interim results and condensed consolidated financial statements for the six months ended 30 June 2024 have been reviewed by the independent auditors of the Company.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
	NOTES	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	3	**1,093,672**	1,009,191
Cost of sales		**(880,220)**	(816,536)
Gross profit		**213,452**	192,655
Other income, gains or losses		**12,656**	9,125
Impairment losses under expected credit loss model, net of reversal		**(93)**	2,658
Selling and distribution expenses		**(14,567)**	(11,566)
Administrative expenses		**(86,814)**	(81,802)
Research and development expenses		**(15,721)**	(13,901)
Finance costs		**(6,090)**	(7,255)
Share of results of associates		**89**	365
Profit before tax	4	**102,912**	90,279
Income tax expense	5	**(18,698)**	(16,159)
Profit for the period		**84,214**	74,120
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(12,195)**	(12,126)
Fair value changes on trade receivables at fair value through other comprehensive income		**(223)**	(1,175)
Impairment loss on trade receivables at fair value through other comprehensive income under expected credit loss model		**37**	–
		(12,381)	(13,301)
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of properties		**5,782**	7,452
Deferred tax expense arising on revaluation of properties		**(1,233)**	(1,740)
		4,549	5,712
Other comprehensive expense for the period		**(7,832)**	(7,589)
Total comprehensive income for the period		**76,382**	66,531

	NOTE	Six months ended 30 June 2024 US$'000 (unaudited)	2023 US$'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		**84,012**	73,642
Non-controlling interests		**202**	478
		84,214	74,120
Total comprehensive income for the period attributable to:			
Owners of the Company		**76,180**	66,053
Non-controlling interests		**202**	478
		76,382	66,531
Basic earnings per share for profit attributable to the owners of the Company (US cents)	7	**2.94**	2.58

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	**At 30 June 2024** *US$'000* **(unaudited)**	At 31 December 2023 *US$'000* (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**538,464**	550,590
Right-of-use assets		**96,924**	100,428
Deposits paid for acquisition of property, plant and equipment		**37,150**	20,758
Goodwill		**74,941**	74,941
Intangible assets		**68,649**	71,108
Interests in associates		**16,258**	16,949
Loan receivables		**7**	15
Deferred taxation assets		**4,764**	4,753
		837,157	839,542
Current assets			
Inventories		**296,749**	238,990
Right-of-use assets		**991**	1,545
Trade, bills and other receivables	8	**183,621**	118,803
Trade receivables at fair value through other comprehensive income	9	**190,220**	164,491
Amounts due from related companies		**216**	216
Loan receivables		**95**	204
Tax recoverable		**2,784**	3,627
Short-term bank deposit		**4,233**	63,700
Bank balances and cash		**542,830**	543,444
		1,221,739	1,135,020
Total assets		**2,058,896**	1,974,562

	NOTE	At 30 June 2024 US$'000 (unaudited)	At 31 December 2023 US$'000 (audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**3,654**	3,654
Reserves		**1,459,534**	1,430,788
Equity attributable to owners of the Company		**1,463,188**	1,434,442
Non-controlling interests		**4,662**	4,460
Total equity		**1,467,850**	1,438,902
Non-current liabilities			
Other payables	10	**1,062**	65
Lease liabilities		**15,705**	16,831
Deferred taxation liabilities		**38,541**	37,625
		55,308	54,521
Current liabilities			
Trade and other payables	10	**439,745**	380,904
Lease liabilities		**8,920**	9,355
Amounts due to associates		**8,107**	8,025
Dividend payable		**47,434**	–
Tax liabilities		**22,170**	19,155
Bank borrowings		**9,362**	63,700
		535,738	481,139
Total equity and liabilities		**2,058,896**	1,974,562

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL AND BASIS OF PREPARATION

The Company was previously incorporated in Bermuda as an exempted company with limited liability and registered by way of continuation in the Cayman Islands as an exempted company with limited liability. The Company is directly held by its controlling shareholders, Mr. LO Lok Fung Kenneth and Mrs. LO CHOY Yuk Ching Yvonne, both executive directors of the Company. 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 5–7/F., AXA Tower, Landmark East, No. 100 How Ming Street, Kowloon, Hong Kong.

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

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Other than change in accounting policies resulting from the application of amendments to the International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the manufacturing and trading of garments. All revenue generated by the Group is recognised at the point when control of the goods has transferred to the customers, being when the goods have arrived at the specific location (delivery).

(b) Segment information

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

(i) Lifestyle wear

(ii) Sportswear and outdoor apparel

(iii) Denim

(iv) Intimate

(v) Sweater

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 revenue and results

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

Six months ended 30 June 2024 (unaudited)

	Lifestyle wear *US$'000*	**Sportswear and outdoor apparel** *US$'000*	**Denim** *US$'000*	**Intimate** *US$'000*	**Sweater** *US$'000*	**Total** *US$'000*
SEGMENT REVENUE						
External sales	**304,981**	**278,285**	**237,697**	**191,517**	**81,192**	**1,093,672**
Segment profit	**60,344**	**58,158**	**39,322**	**37,311**	**18,317**	**213,452**
Other income, gains or losses						**12,656**
Impairment losses under expected credit loss model, net of reversal						**(93)**
Selling and distribution expenses						**(14,567)**
Administrative expenses						**(86,814)**
Research and development expenses						**(15,721)**
Finance costs						**(6,090)**
Share of results of associates						**89**
Profit before tax						**102,912**

Six months ended 30 June 2023 (unaudited)

	Lifestyle wear *US$'000*	Sportswear and outdoor apparel *US$'000*	Denim *US$'000*	Intimate *US$'000*	Sweater *US$'000*	Total *US$'000*
SEGMENT REVENUE						
External sales	285,334	254,127	221,395	176,258	72,077	1,009,191
Segment profit	57,511	50,764	37,341	30,547	16,492	192,655
Other income, gains or losses						9,125
Impairment losses under expected credit loss model, net of reversal						2,658
Selling and distribution expenses						(11,566)
Administrative expenses						(81,802)
Research and development expenses						(13,901)
Finance costs						(7,255)
Share of results of an associate						365
Profit before tax						90,279

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, gains or losses, impairment losses under expected credit loss model, net of reversal, selling and distribution expenses, administrative expenses, research and development expenses, finance costs and share of results of associates. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Certain amounts of depreciation of property, plant and equipment and right-of-use assets are included in the measure of segment results in each segment. No further analysis is presented for certain items included or excluded in the measure of segment results 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.

Geographical information

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

	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Asia Pacific *(note a)*	**417,729**	381,530
North America	**414,566**	389,087
Europe *(note b)*	**230,447**	202,739
Other countries/regions	**30,930**	35,835
	1,093,672	1,009,191

Notes:

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

(b) Europe primarily includes the United Kingdom (the "**U.K.**"), France, Germany and the Netherlands.

4. PROFIT BEFORE TAX

	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**1,717**	1,719
Other staff costs	**251,948**	241,640
Retirement benefit schemes' contributions for other staff	**26,986**	25,346
Total staff costs *(note)*	**280,651**	268,705
Depreciation of property, plant and equipment *(note)*	**31,687**	34,189
Depreciation of right-of-use assets *(note)*	**6,502**	6,770
Amortisation of intangible asset (included in selling and distribution expenses)	**2,459**	2,459
Net impairment loss recognised in respect of property, plant and equipment	**382**	–
Cost of inventories recognised as expenses (including write-down of inventories amounting to US$6,567,000 (2023: US$4,041,000)) *(note)*	**880,220**	816,536
Loss (gain) on disposals of property, plant and equipment	**139**	(9)
Loss (gain) on termination of leases	**15**	(34)
Net loss arising from changes in fair value of derivative financial instruments	**109**	505
Interest income	**(12,224)**	(6,616)
Net foreign exchange loss	**6,017**	3,577
Finance costs:		
– interest expense on lease liabilities	**690**	800
– interest expense on bank borrowings	**1,804**	2,234
– interest expense on factoring arrangement	**3,596**	4,221

Note: Cost of inventories recognised as expenses include staff costs, depreciation of property, plant and equipment and depreciation of right-of-use assets used for production, which amounts are also included in the respective total amounts disclosed separately above.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The income tax expense comprises:		
Hong Kong Profits Tax		
– current period	**10,968**	6,205
– over-provision in prior years	**(18)**	–
Overseas taxation		
– current period	**8,580**	10,445
– over-provision in prior years	**(700)**	(807)
	18,830	15,843
Deferred taxation	**(132)**	316
	18,698	16,159

In March 2018, the Hong Kong Government introduced the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first Hong Kong dollars ("**HK$**") 2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

The directors of the Company consider the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

According to the Macau Complementary Tax Law, the complementary tax rate of the Macau subsidiaries is 12% of the estimated assessable profit over Macau Pataca ("**MOP**") 600,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Certain subsidiaries incorporated in Cambodia are exempted from tax on profit in both periods while they fulfil certain requirements pursuant to the relevant laws and regulations in Cambodia.

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

The Group is operating in certain jurisdictions where the Pillar Two Rules is effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

6. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Final, declared, of HK13.0 cents per ordinary share for 2023 (2023: HK11.8 cents per ordinary share for 2022)	**47,434**	42,988

Pursuant to a resolution passed by the Board on 21 August 2024, the Board has resolved to declare an interim dividend of HK13.8 cents (six months ended 30 June 2023: HK5.0 cents) per ordinary share, totalling approximately HK$393,689,000 (equivalent to approximately US$50,432,000) (six months ended 30 June 2023: approximately HK$142,641,000 (equivalent to approximately US$18,201,000)) estimated on the number of shares in issue at 30 June 2024. This declared dividend is not reflected as a dividend payable in these condensed consolidated financial statements, but will be reflected as an appropriation of reserve for the year ending 31 December 2024.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	**84,012**	73,642
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,852,822**	2,852,822

No diluted earnings per share was presented for the six months ended 30 June 2024 and 2023 as there were no potential dilutive ordinary shares in issue during both periods.

8. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2024 *US$'000* (unaudited)	At 31 December 2023 *US$'000* (audited)
Trade receivables – contracts with customers	**136,935**	88,437
Less: allowance for expected credit losses	**(5,391)**	(5,408)
	131,544	83,029
Bills receivable	**1,872**	413
Temporary payments to suppliers	**17,700**	8,884
Other receivables, deposits and prepayments	**32,505**	26,477
	183,621	118,803

The following is an aged analysis of trade receivables, net of allowance for expected credit losses, based on invoice dates.

	At 30 June 2024 *US$'000* (unaudited)	At 31 December 2023 *US$'000* (audited)
Within 60 days	**112,459**	80,060
61 to 90 days	**18,096**	2,730
91 to 120 days	**821**	202
Over 120 days	**168**	37
	131,544	83,029

9. TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As part of the Group's cash flow management, the Group factors certain trade receivables to financial institutions before the receivables are due for repayment. The factored trade receivables are derecognised on the basis that the Group has transferred substantially all the risks and rewards to the relevant counterparties. Such trade receivables, that are held for the collection of contractual cash flows and sale of financial assets, have been classified as trade receivables at fair value through other comprehensive income ("**FVTOCI**").

The following is an aged analysis of trade receivables at FVTOCI based on invoice dates.

	At 30 June 2024 US$'000 (unaudited)	At 31 December 2023 US$'000 (audited)
Within 60 days	**147,201**	121,708
61 to 90 days	**38,075**	37,705
91 to 120 days	**4,204**	4,472
Over 120 days	**740**	606
	190,220	164,491

10. TRADE AND OTHER PAYABLES

	At 30 June 2024 US$'000 (unaudited)	At 31 December 2023 US$'000 (audited)
Trade payables	**182,220**	125,496
Bills payable	**7,931**	7,781
	190,151	133,277
Accrued staff cost	**98,934**	103,888
Other payables	**52,644**	53,815
Other accruals	**99,078**	89,989
Total trade and other payables	**440,807**	380,969

The total balance is analysed for reporting purposes as:

	At 30 June 2024 US$'000 (unaudited)	At 31 December 2023 US$'000 (audited)
Current	**439,745**	380,904
Non-current	**1,062**	65
	440,807	380,969

At 30 June 2024, the non-current amounts are related to the purchase of property, plant and equipment and are unsecured, interest-free and repayable from 2025 to 2026 (31 December 2023: repayable in 2025).

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

	At 30 June 2024 *US$'000* **(unaudited)**	At 31 December 2023 *US$'000* (audited)
Within 60 days	**169,659**	120,405
61 to 90 days	**17,125**	10,868
91 to 120 days	**2,064**	588
Over 120 days	**1,303**	1,416
	190,151	133,277

11. PLEDGE OF ASSETS

At the end of the reporting period, the Group had the following assets pledged to banks as security for general banking facilities granted to the Group.

	At 30 June 2024 *US$'000* **(unaudited)**	At 31 December 2023 *US$'000* (audited)
Property, plant and equipment	**1,599**	1,705
Inventories	**3,390**	3,636
	4,989	5,341

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The global economy continued to recover moderately in 2024, with low- to mid-single-digit growth in the gross domestic product (GDP) of the major economies, according to the International Monetary Fund (IMF) and the World Bank. The business environment for apparel original equipment manufacturers ("**OEMs**") rebounded resiliently, as most brand customers ended the destocking cycle and adjusted their inventory strategy, moving their procurement quantity in line with their sales growth. The high inventory concerns that had weakened the purchasing sentiment of brand customers were largely resolved during the period under review.

Brand customers raised their supply chain requirements as they resumed their procurement pace. They preferred to place smaller orders and request shorter lead times to avoid excess inventory and maintain flexibility in response to market feedback. This demanded faster responsiveness from OEM management and stronger execution from the production teams.

The sports and outdoor trend increased demand for and sales of functional, comfortable, and novel sportswear. Sweater and intimate products also benefited from trend, with the introduction of more sporty design elements. Denim demand recovered from the downturn caused by less preference for durable clothing during the pandemic. Both the return of the fashion appetite and the innovation of lightweight denim products for warmer weather boosted denim demand.

BUSINESS REVIEW

As a leading garment manufacturer, the Group's core competitiveness enabled it to seize the opportunity of the market rebound and deepen its strategic partnerships with brand customers. Leveraging its comprehensive product portfolio and global capacity layout, the Group achieved sales growth across all business segments and in all key regions, including Asia Pacific, North America, and Europe.

The Group's revenue for the six months ended 30 June 2024 increased by 8.4% to US$1,094 million compared to the same period last year (six months ended 30 June 2023: US$1,009 million).

In addition to the improved market environment, cross-selling of products and the co-creation model contributed to the growth of its business.

– Cross-selling of products among brand customers: The Group has a comprehensive product mix and can deliver an integrated product portfolio to meet the needs of brand customers in different apparel fields. For example, the Group grew all five key categories with its largest brand customer and consistently increased sales of sweaters through orders from key sports brand customers.

– Co-creation business model: Throughout the product origination and execution process, the Group initiates product ideas for its customers, as well as transforms customer concepts into product designs, develops and sources raw materials, and innovates industrial processes to optimise production costs. For instance, the Group developed hot-selling pants with its largest brand customers through an advanced sweater knitting technique and co-created new graphic designs with a leading sportswear brand, which received encouraging feedback from the market. This enhanced the loyalty of its brand customers and supported the Group's efforts to increase market share.

Moreover, the current growth has not fully revealed the Group's potential. The Group faced a bottleneck in capacity expansion, mainly because of the difficulty in recruiting additional workers in the first quarter of the year. The Group responded promptly by optimising production planning and scheduling, and the replenishment rate accelerated significantly in the second quarter after substantial targeting efforts had been spent on recruitment. However, the worker shortage still affected production output and the delivery time of some orders, as training required a considerable amount of time, so there was a minimal contribution from the additional manpower in the first half of the year.

Owing to improved production efficiency, the gross profit grew faster than revenue. The gross profit for the six months ended 30 June 2024 increased by 10.8% to US$213 million (six months ended 30 June 2023: US$193 million), and the gross profit margin increased to 19.5% from 19.1% in the same period last year.

The Intimate segment and the Sportswear and outdoor apparel segment were the main drivers of the Group's gross margin improvement. The Sportswear and outdoor apparel segment achieved continuous and resilient gross margin growth leveraging its more specialised sportswear manufacturing experience: evolving from sewing to bonding and providing high-quality seamless products. The Intimate segment's gross margin increase benefited from the low base in the same period last year.

The net profit margin increased along with the improvement in the gross profit margin. The net profit margin improved from 7.3% to 7.7% year on year, resulting in a 13.6% increase in net profit for the six months ended 30 June 2024 to US$84 million (six months ended 30 June 2023: US$74 million).

The Group continued to invest in vertical development, automation upgrades, and sustainability. Digital transformation was another key investment focus, aimed at streamlining the Group's cost structure through equipment optimisation and data analytics, enhancing our services and delivery through fast responsiveness and customer relationship management, and maximising our operational potential through artificial intelligence and production data accumulation. Capital expenditure for the six months ended 30 June 2024 was US$52 million (six months ended 30 June 2023: US$33 million).

With better visibility regarding future cash flow and a net cash position of US$538 million at 30 June 2024, the Board resolved to increase the payout ratio to 60% and declared an interim dividend of HK13.8 cents per ordinary share (six months ended 30 June 2023: HK5.0 cents).

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2024 compared to the same period in 2023, by product category, each expressed as an absolute amount and as a percentage of total revenue was:

	For the six months ended 30 June			
	2024		2023	
	US$'000	***%***	*US$'000*	*%*
Lifestyle wear	**304,981**	**27.9%**	285,334	28.3%
Sportswear and outdoor apparel	**278,285**	**25.4%**	254,127	25.2%
Denim	**237,697**	**21.7%**	221,395	21.9%
Intimate	**191,517**	**17.5%**	176,258	17.5%
Sweater	**81,192**	**7.5%**	72,077	7.1%
Total Revenue	**1,093,672**	**100.0%**	1,009,191	100.0%

With reducing inventory level of our brand customers, our order demand has increased. As such, the Group's revenue increased by 8.4% compared to the same period last year.

The Group's sales analysed by geographical region based on port of discharge were:

	For the six months ended 30 June			
	2024		2023	
	US$'000	*%*	*US$'000*	*%*
Asia Pacific *(note a)*	**417,729**	**38.2%**	381,530	37.8%
North America	**414,566**	**37.9%**	389,087	38.6%
Europe *(note b)*	**230,447**	**21.1%**	202,739	20.1%
Others	**30,930**	**2.8%**	35,835	3.5%
Total Revenue	**1,093,672**	**100.0%**	1,009,191	100.0%

Notes:

(a) Asia Pacific primarily includes Japan, the PRC and South Korea.

(b) Europe primarily includes the U.K., France, Germany and the Netherlands.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June			
	2024		2023	
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin
	US$'000	*%*	*US$'000*	*%*
Lifestyle wear	**60,344**	**19.8%**	57,511	20.2%
Sportswear and outdoor apparel	**58,158**	**20.9%**	50,764	20.0%
Denim	**39,322**	**16.5%**	37,341	16.9%
Intimate	**37,311**	**19.5%**	30,547	17.3%
Sweater	**18,317**	**22.6%**	16,492	22.9%
Total Gross Profit	**213,452**	**19.5%**	192,655	19.1%

For Sportswear and outdoor apparel and Intimate, increase in gross profit margin was mainly due to improvement in production efficiency. For Lifestyle wear, Denim and Sweater, gross profit margin remained relatively stable.

Other Expenses and Finance Costs

Selling and distribution expenses remained stable at 1.3% in the first half of 2024, compared with 1.1% in the first half of 2023.

Administrative, research and development expenses, and other income and expenses remained stable at 8.2% in the first half of 2024 compared with 8.6% in the first half of 2023.

The effective borrowing rate for the Group in the six months ended 30 June 2024 ranged from 4.97% to 6.65% compared to 3.27% to 6.47% for the same period in 2023. The Group had no fixed-rate borrowings at 30 June 2024. Finance costs amounted 0.6% of revenue in the first half of 2024 compared to 0.7% for the same period in 2023.

Net Profit

Despite the macroeconomic challenges, the Group achieved a net profit of US$84 million for the six months ended 30 June 2024. Net profit as a percentage of revenue increased from 7.3% in the first half of 2023 to 7.7% in the first half of 2024.

Capital Management

The consolidated financial position of the Group remained sound throughout the first half of 2024. The positive operating cash flow of US$44 million in the six months (US$141 million for the same period in 2023) contributed to cash balances of US$543 million at 30 June 2024, compared to US$543 million at 31 December 2023. Cash balances were mainly denominated in HK$ and US$. Bank borrowings, mainly denominated in HK$ and US$, have decreased from US$64 million at 31 December 2023 to US$9 million at 30 June 2024. All bank borrowings of US$9 million at 30 June 2024 contained a repayable on demand clause and US$9 million was repayable within one year.

The Group held a positive net cash position of US$538 million at 30 June 2024. The gearing ratio (total interest-bearing bank borrowings, less bank balances and cash, divided by total equity) at 30 June 2024 was nil (31 December 2023: nil).

Our conversion cycle have remained healthy and stable at 70 days for the six months ended 30 June 2024, compared to 69 days in 2023. Turnover of trade and bills receivables averaged 48 days in the first half of 2024, compared with 41 days average turnover throughout 2023. Inventory turnover averaged 56 days in the first half of 2024, compared with 54 days throughout 2023. Trade and bills payables turnover averaged 34 days in the first half of 2024 compared to 26 days throughout 2023.

Capital expenditure incurred, in the main, for the building, equipping and upgrading of production facilities, has been carefully managed. For the six months ended 30 June 2024, capital expenditure amounted to US$52 million, compared to US$33 million for the same period in 2023. Capital commitments at 30 June 2024 were US$43 million compared to US$34 million at 31 December 2023.

Foreign currency exchange contracts are used to manage foreign currency exposure. The Group's policy is to monitor its foreign currency exposure and use foreign currency exchange contracts, as appropriate, to minimise its foreign currency risks.

Funding and Treasury Policy

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

Pledge of Assets

At 30 June 2024, pledge of assets of the Group are set out in note 11 to the condensed consolidated financial statements included at the start of this announcement.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the six months ended 30 June 2024, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

Significant Investment Held

For the six months ended 30 June 2024, the Group held no significant investments.

Material Acquisitions and Future Plans for Major Investment

Further to the acquisition of a fabric mill in Vietnam and Bangladesh in 2021 and 2022 respectively, the Group continues to invest in vertical upstream integration. The Group did not have other future plans for major investments or acquisition for major capital assets at the date of this announcement.

Contingent Liabilities

At 30 June 2024, the Group had no material contingent liability (31 December 2023: Nil).

Subsequent Events after the Reporting Period

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

EMPLOYMENT, TRAINING AND DEVELOPMENT

The Group employed about 70,000 people at 30 June 2024. Total staff costs, including administrative and management staff, for the six months ended 30 June 2024 equated to 25.7% of revenue, compared to 26.6% in the same period in 2023. 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 the annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of its 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, and various types of training courses are available to all employees of the Group.

SUSTAINABILITY

Vision and Strategy

Sustainability is a strategic imperative for our business. It is also the key to creating long-term environmental and social value for our stakeholders. Our sustainability framework consists of five pillars: environment, innovation, product integrity, employee care, and community engagement. This serves as a guiding principle when planning our sustainability strategies.

With the completion of the Third Global 5-year Sustainability Targets in 2022, we established our new Crystal Sustainability Vision 2030 (“**CSV2030**”) to craft a blueprint for sustainable development for the Group and address a wider spectrum of sustainability challenges. The vision comprises eight impact areas across environmental, social and community dimensions, and sets relevant goals we are committed to achieving by the end of the decade. In 2024, we are devising a detailed agenda for concrete action and working with all operations to continuously progress towards the new vision. For more details on the goals of CSV2030, please visit our corporate website at https://www.crystalgroup.com/sustainability.

Regarding climate change, which continues to be one of our key environmental foci, we have been advancing collaboratively towards our commitment to reach net zero emissions by 2050 to contribute to limiting the global temperature rise below 1.5°C. We also set an interim target to reduce our aggregate greenhouse gas emissions by 35% by 2030.

CSV2030, together with our sustainability framework and initiatives, is aligned with the United Nations ("**UN**") Sustainable Development Goals[i] ("**SDGs**") to ensure we contribute to solving society's global problems. We also joined the UN Global Compact and support the Ten Principles on human rights, labour, the environment, and anti-corruption. We are committed to making the principles part of our strategy, culture, and daily operations and to engaging with industry players in various collaborative projects.

Net Zero 2050 Vision

In 2023, we completed an in-depth, holistic net zero roadmap consultancy study to systematically deploy and implement our net zero strategy, which comprises energy efficiency, renewable energy, productivity enhancement, and fuel switching. To move forward, we submitted our net zero target to the Science Based Targets initiative ("**SBTi**"), which is validating the target to ensure it conforms with SBTi criteria and aligns with climate science.

Regarding energy efficiency, the roadmap includes an action plan for a 35% reduction in total greenhouse emissions for each of our factories and sets out the expected carbon-reduction results, the implementation details and an estimation of the investment cost, leading to our group-wide interim target of a 35% reduction in absolute emissions by 2030. Our factories have integrated the identified measures into their decarbonisation plans, with 180 energy-efficiency measures to be completed by 2028. To date, 73 of these measures have been completed, reducing carbon emissions by approximately 3,400 tonnes and energy consumption by 9,100 MWh per year.

To increase the use of renewable energy, we have progressively scaled up our onsite renewable electricity supply by installing more rooftop solar PV capacity, with the eventual aim of expanding its use across all our factories wherever operationally viable. The Group's total rooftop solar PV capacity has increased fourfold since late 2021 to about 20 MW at present, and more PV systems are being installed or planned. In 2023, we began sourcing off-site renewable energy through power purchasing agreements.

[i] The United Nations Sustainable Development Goals are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. These goals provide a blueprint to achieve a more sustainable future and address global sustainability challenges.

Our climate change data, decarbonisation efforts and risk-management practices are disclosed through CDP. The Group's CDP Climate Change rating advanced to A (leadership) in 2023 from B (management) in 2022, signifying our leadership in climate transition, inventory management and performance. We were also honoured to receive the Climate Change Leadership Award by CDP, which is heartening recognition of our commitment to environmental transparency and reducing carbon emissions to help combat climate change.

The Group's climate efforts extend beyond our operations. In partnership with the Crystal Climate Charity Foundation (the "**Foundation**"), a charitable trust in Hong Kong founded by our Chairman, Mr. Kenneth Lo, we continued to advance climate change education and alleviate poverty caused by environmental changes in countries in which we have a presence. Since early 2024, over 200 solar streetlights (approximately 6 km of solar streetlight mileage) in Vietnam and Cambodia have been installed to promote renewable energy while enhancing nighttime visibility and security for local communities. In Hong Kong, the Foundation and the Group sponsored the Hong Kong Repertory Theatre to produce a carbon reduction-themed educational play for over 1,600 kindergarten children and teachers, spreading the message of low-carbon living and raising awareness of climate change threats.

Employee Care and Community Engagement

Women account for nearly 70% of our workforce. To improve their status in many of the countries in which we operate, we have taken steps to improve gender equality by empowering over 66,000 female employees through our self-developed CARE[ii] programme, which enables our workers to achieve effectiveness and embrace breakthroughs.

Our human resources development policy provides clear guidelines to support employee development. In accordance with the policy, our factories plan and carry out training programmes to facilitate the personal and career growth of our employees at different levels, including production training for workers, supervisory skills training for supervisors and line leaders, a development programme for officer-grade staff, a managerial learning and development curriculum, and leadership development for executives. To help employees adopt new digital tools at work to enhance productivity, our intimate factory in Vietnam organised a digitalisation workshop to demonstrate the power of the latest technologies, such as programming languages, data visualisation, artificial intelligence, and robotic process automation.

Employee wellness is vital to our continued business success. Group operations promote a culture of sports activity by providing sports centres or sports grounds on premises and organising sports programmes, such as gym and yoga sessions. In particular, our intimate factory in Vietnam hosted a large-scale sports competition with over 300 employees taking part in several events, including volleyball, athletics and sport dance.

ii The CARE programme is an employee well-being programme self-initiated by Crystal. It has five levels to help employees build on their skills, promote a healthy work-life balance, strengthen their self-respect, enhance their sense of belonging and help them attain self-actualisation.

Recognised for best human resources practices and demonstrating high levels of employee engagement and an excellent workplace culture, Crystal's headquarters in Hong Kong, our factories in China and Vietnam, and our office in Singapore were awarded Best Companies to Work for in Asia 2023 by HR Asia. Our Singapore office also received the HR Asia Diversity, Equity & Inclusion ("**DEI**") Award for implementing relevant practices and being an outstanding example of the promotion of DEI.

Our care goes beyond employees. Our team contributes their skills, time and compassion in various focus areas of our community programmes, covering community activities, education, environmental protection, health and medical care, and community resilience. For example, in support of WWF's Earth Hour 2024, colleagues from our operations in Bangladesh and Sri Lanka met school children and community members to promote energy saving. Some factories gifted households LED light bulbs, while others leveraged the annual event's momentum to rally our colleagues to plant trees or clean up nearby streets.

OUTLOOK AND PROSPECTS

The Group has full confidence in its business development in the second half of the year, coming mainly from the following:

- The Group largely resolved the manpower shortage that limited business expansion in the first half of the year. By implementing various measures to attract and retain talent, the Group hired 5,000 more employees in the late second quarter, increasing its total workforce to 70,000 at the end of the first half of the year. The Group will continue to increase manpower and ramp up capacity.

- The Group has additional chase orders on top of the original projections. Since brand customers shifted their procurement strategy to smaller orders, they are out of stock or have low inventory for some popular product series. There is a growing need for brand customers to place additional chase orders to meet market demand in sportswear, sweater, and lifestyle products.

- The Group will benefit from economies of scale as capacity increases in the second half of the year. The Group's operational efficiency is expected to grow along with output, improving profit margins.

The Group believes that investing in digital transformation, automation, and vertical development will improve its competitive edge and create sustained returns. Capital expenditure in the second half of the year will therefore be higher than that in the first half of the year.

Given its satisfaction with its healthy balance sheet and confidence in future cash flow, the Group aims to share its operation results and improve shareholder returns.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim Dividend

The Board has resolved to declare an interim dividend of HK13.8 cents (approximately US1.8 cents) per ordinary share for the six months ended 30 June 2024 payable to shareholders whose names appear on the register of members of the Company on Tuesday, 10 September 2024.

The interim dividend is expected to be paid on Friday, 20 September 2024.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Friday, 6 September 2024 to Tuesday, 10 September 2024, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim 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, not later than 4:30 p.m. on Thursday, 5 September 2024.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Public Float

At the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and as agreed with the Stock Exchange throughout the six months ended 30 June 2024 and up to the date of this announcement.

Corporate Governance Practices

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

Model Code for Securities Transactions by Directors

The Company has adopted as its code of conduct regarding directors' securities transactions, the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Upon specific enquiry being made of all Directors, each of them has confirmed their compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2024 and up to the date of this announcement.

Audit Committee

There was no change in the composition of the Audit Committee during the six months ended 30 June 2024. The primary duties of the Audit Committee continue to be to review the adequacy of the financial reporting and internal control systems of the Group, oversee the external and internal audit processes, review the Group's management of its existing and potential risks, review connected transactions and perform other duties and responsibilities as delegated by the Board.

For the six months ended 30 June 2024, the Audit Committee met the external auditors to discuss their findings during the audit of the consolidated financial statements for the year ended 31 December 2023. Nothing of a significant nature regarding internal controls and risk management was reported. The Audit Committee reviewed the actions taken by management to address the findings and was satisfied the actions were appropriate and effective. In respect of the work of the Internal Audit in examining the application of policies and internal controls in specific locations within the Group, the Audit Committee was again satisfied with the high quality of the work undertaken. Nothing of a material nature was revealed and appropriate remedial measures to strengthen compliance further are being implemented.

The Audit Committee reviewed the quality of the work of the external auditors together with their independence and was satisfied with both. It recommended to the Board the reappointment of Messrs. Deloitte Touche Tohmatsu as the Company's auditors for the ensuing year.

The Audit Committee has reviewed, together with the management of the Group, the accounting principles and policies adopted by the Group and discussed with them the unaudited condensed consolidated financial statements and interim report of the Group for the six months ended 30 June 2024, recommending their adoption by the Board. The Audit Committee continued, during the first half year, its periodic reviews of the approved connected transactions and expenditure.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been reviewed by the independent auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

Risk Management and Internal Control Systems

The Board is responsible for ensuring the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board is satisfied with the effectiveness of the risk management and internal control systems in place.

The Board's oversight of the Company's risk management and internal control systems, both directly and via the Audit Committee, is on-going. In this regard, the Audit Committee reviewed the progress of the Company's cyber security initiatives, their roll out within the Group and statistics of cyber attacks, their nature and location. The Audit Committee was satisfied with the defences in place and remedial actions taken. It has encouraged the testing of the cyber defences in place by a competent third party and a programme of tests were implemented in the second half of 2023. Among other important risks examined, business compliance was reviewed. Business compliance is a complex area and the Audit Committee is satisfied with the steps taken so far.

As reported last year, the Group has a written risk assessment process to identify, evaluate and manage significant risks. The Audit Committee satisfied itself that the process continued to be implemented effectively.

The Board being responsible for the structure and effectiveness of both the risk management and internal control systems, the Audit Committee also satisfied itself regarding the appropriateness and strength of internal controls.

The Audit Committee continued its practice of reviewing risks pertaining to the Company as a standing item at each of its meetings inviting input from the Chief Financial Officer and the relevant management of the Company. It used the reviews as an important factor in determining the priorities of the Internal Audit programmes.

Publication of Information on the Website of the Stock Exchange

This announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the website of the Company at http://www.crystalgroup.com/. The 2024 interim report of the Company for the six months ended 30 June 2024 will be made available (and dispatched, where applicable) to shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 21 August 2024

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.