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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)**

**CONNECTED TRANSACTION  
ACQUISITION OF 71.9% EQUITY INTEREST IN MASTERKNIT LIMITED**

**THE ACQUISITION**

The board of directors (the “**Board**”) of Crystal International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 4 June 2021 (after trading hours), Crystal Textiles (Bermuda) Limited (“**CTBL**”, a wholly-owned subsidiary of the Company) and Fashion Fit Limited (the “**Seller**”) entered into a sale and purchase agreement (the “**SPA**”), pursuant to which CTBL has agreed to purchase and the Seller has agreed to sell 1,437,702 shares (the “**Sale Shares**”) of Masterknit Limited (the “**Target Company**”), representing approximately 71.9% of the share capital of the Target Company, at the consideration of HK\$83,800,000 (the “**Acquisition**”).

**LISTING RULES IMPLICATION**

The Target Company is owned by the Seller as to approximately 71.9%. The Seller is a wholly-owned subsidiary of Crystal Group Limited (“**CGL**”), which is owned by Mr. Lo Lok Fung Kenneth (“**Mr. Lo**”) as to 50% and Mrs. Lo Choy Yuk Ching Yvonne (“**Mrs. Lo**”) as to 50%. Mr. Lo is an executive director of the Company, the chairman of the Board and a controlling shareholder of the Company. Mrs. Lo is an executive director of the Company, the vice chairman of the Board, a controlling shareholder of the Company and the spouse of Mr. Lo. Hence, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Since one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

\* For identification purposes only

The Board is pleased to announce that on 4 June 2021 (after trading hours), CTBL and the Seller entered into the SPA, pursuant to which CTBL has agreed to purchase and the Seller has agreed to sell 1,437,702 shares of the Target Company, representing approximately 71.9% of the share capital of the Target Company.

### **Consideration**

The consideration for the Acquisition is HK\$83,800,000 (the “**Consideration**”) and is payable by CTBL to the Seller in cash upon completion of the Acquisition (the “**Completion**”). The Consideration will be financed by the Group’s internal resources.

The Consideration was determined by arm’s length negotiation between the parties with reference to, among other things, (i) the reasons as disclosed in the section headed “Reasons for and Benefits of the Acquisition” below and (ii) the valuation report produced by a valuer which is an independent third party. The original acquisition cost of the Sale Shares by the Seller is HK\$121,253,000.

### **Conditions Precedent**

The Completion is conditional upon the fulfilment and/or waiver of the following conditions precedent:

- (a) no law or order (whether temporary, preliminary or permanent) having been issued or made prior to Completion which has the effect of making unlawful or otherwise prohibiting or restricting in any material respect the Acquisition from taking place as contemplated in the SPA;
- (b) all representations and warranties given by the Seller remaining true, accurate and not misleading as of the date of Completion; and
- (c) the Seller having performed in all material respects all of its obligations under the SPA which are required to be performed by it at or prior to the date of Completion.

### **Completion of the Acquisition**

The Completion is expected to take place on 30 June 2021. At the date of this announcement, the Target Company is owned by the Seller as to approximately 71.9% and Grandmax Holdings Limited (“**Grandmax**”) as to approximately 28.1%. Upon Completion, the Target Company will be owned by CTBL as to approximately 71.9% and Grandmax as to approximately 28.1%. The Target Company will become a subsidiary of the Company and the financial statements of the Target Company will be consolidated into the Group’s consolidated financial statements.

## **INFORMATION ON THE SELLER AND THE TARGET COMPANY**

### **Information on the Seller**

The Seller is a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of CGL. CGL is owned by Mr. Lo as to 50% and Mrs. Lo as to 50%. The principal activity of the Seller is investment holding.

## Information on the Target Company

The Target Company is a limited liability company incorporated under the laws of Hong Kong and principally engaged in the development and production of flat knitted shoe upper products. At the date of this announcement, the Target Company is owned by the Seller as to approximately 71.9% and Grandmax as to approximately 28.1%. Grandmax is a company incorporated under the laws of the British Virgin Islands. The executive directors of the Company Mr. Lo Ching Leung Andrew, Mr. Wong Sing Wah and Mr. Lo Howard Ching Ho are also directors of the Target Company. To the best of the knowledge, information and belief of the directors of the Company and having made all reasonable enquiries, Grandmax and its ultimate beneficial owners are independent third parties of the Company at the date of this announcement.

Set out below is the financial information of the Target Company prepared for the two years ended 31 December 2019 and 2020 in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December	
	2019	2020
	(Audited)	(Unaudited)
	(HK\$'000)	(HK\$'000)
<b>Revenue</b>	55,183	49,198
<b>Profit before tax</b>	9,845	8,286
<b>Profit after tax</b>	7,857	6,510

Based on the valuation of an independent valuer adopting the market approach, the market value of the Target Company at 31 March 2021 was estimated to be approximately HK\$116,998,000.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing and trading of garments. The Target Company is principally engaged in the development and production of flat knitted shoe upper products. The Board considers that the shoes knitting techniques of the Target Company provide strong technical support to the Group's performance sweater business, and the shoes knitting machine capabilities of the Target Company also support the Group's product innovation. The Acquisition represents an opportunity to synergize the resources and technical know-how of the Group and the Target Company, enabling the Group to offer more comprehensive products portfolio and services to its customers.

As Mr. Lo and Mrs. Lo are the controlling shareholders (as defined in the Listing Rules) of the Seller, they have abstained from voting on the Board resolution approving the SPA.

The directors of the Company (including the independent non-executive directors, but excluding Mr. Lo and Mrs. Lo who have abstained from voting) are of the view that the SPA was entered into in the ordinary and usual course of business of the Group after arm's length negotiation between the parties, reflects normal commercial terms and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

The Target Company is owned by the Seller as to approximately 71.9%. The Seller is a wholly-owned subsidiary of CGL, which is owned by Mr. Lo as to 50% and Mrs. Lo as to 50%. Mr. Lo is an executive director of the Company, the chairman of the Board and a controlling shareholder of the Company. Mrs. Lo is an executive director of the Company, the vice chairman of the Board, a controlling shareholder of the Company and the spouse of Mr. Lo. Hence, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**As the Acquisition is subject to fulfilment and/or waiver, if applicable, of various conditions precedent which may or may not be fulfilled, there is no assurance that the Acquisition will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 4 June 2021

*As at the date of this announcement, the Board comprises Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne, Mr. LO Ching Leung Andrew, Mr. WONG Chi Fai, Mr. WONG Sing Wah and Mr. LO Howard Ching Ho, as executive directors; and Mr. GRIFFITHS Anthony Nigel Clifton, Mr. CHANG George Ka Ki, Mr. MAK Wing Sum Alvin and Mr. WONG Siu Kee, as independent non-executive directors.*