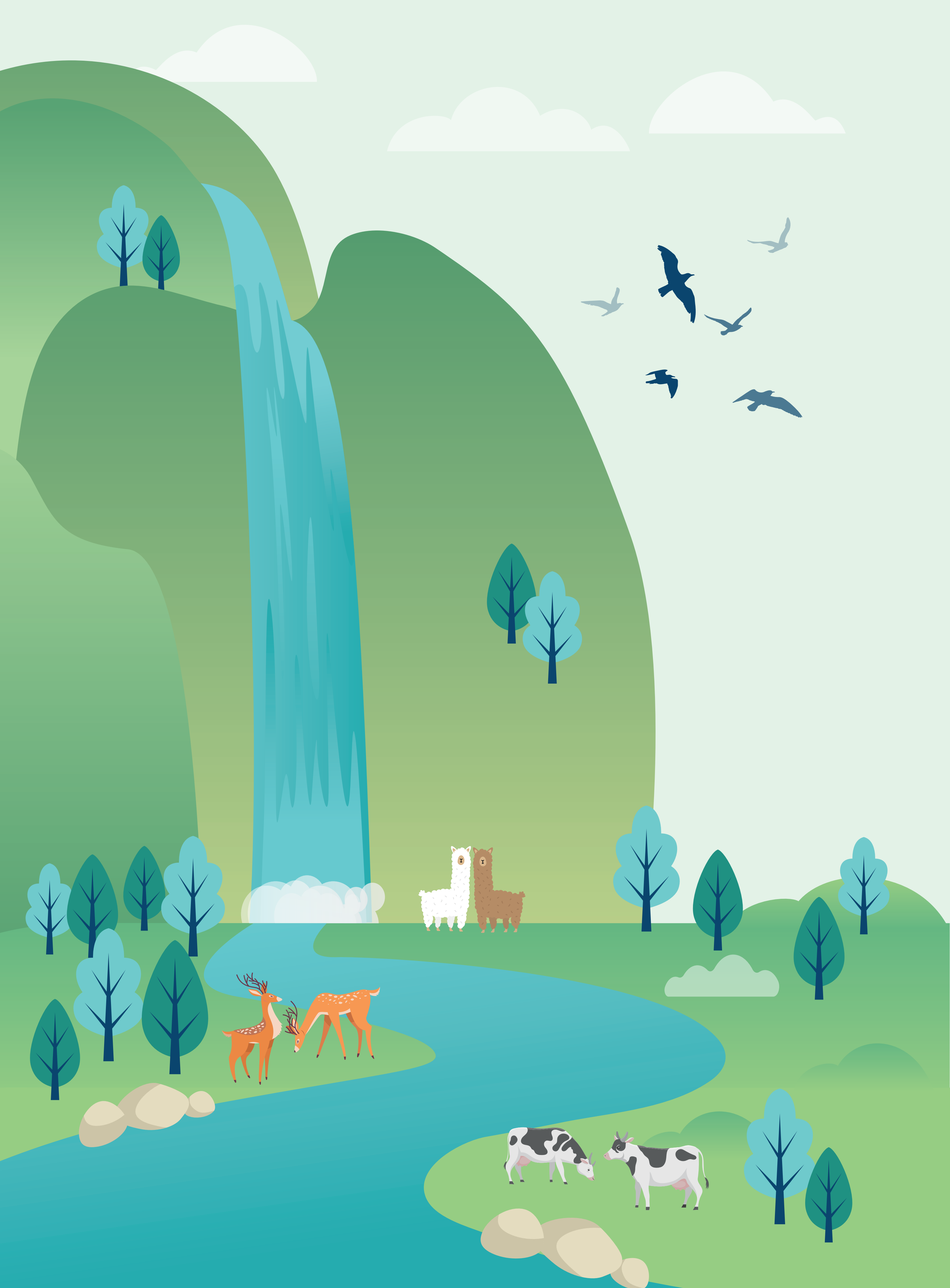
晶苑國際集團有限公司*
CRYSTAL INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)
(於百慕達註冊成立的有限公司並以存續方式於開曼群島註冊)
Stock code 股份代號: 2232

CRYSTAL INTERNATIONAL INTERIM REPORT
晶苑國際中期報告
2022

* For identification purposes only 僅供識別



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. LEE Kean Phi Mark

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

BOARD COMMITTEES

Audit Committee

Mr. CHANG George Ka Ki *(Chairman)*
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee

Remuneration Committee

Mr. MAK Wing Sum Alvin *(Chairman)*
Mr. CHANG George Ka Ki
Mr. WONG Siu Kee
Mr. LO Lok Fung Kenneth

Nomination Committee

Mr. LO Lok Fung Kenneth *(Chairman)*
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes

Corporate Development Committee

Mr. LO Ching Leung Andrew *(Chairman)*
Mr. WONG Chi Fai
Mr. WONG Sing Wah
Mr. LO Howard Ching Ho
Mr. LEE Kean Phi Mark
Mr. CHANG George Ka Ki
Mr. MAK Wing Sum Alvin
Mr. WONG Siu Kee
Mrs. MAK TANG Pik Yee Agnes
Mr. LI Wai Kwan

AUTHORISED REPRESENTATIVES

Mr. LO Ching Leung Andrew
Mr. NG Tsz Yeung

COMPANY SECRETARY

Mr. NG Tsz Yeung

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
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Cayman Islands

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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LEGAL ADVISERS

Simpson Thacher & Bartlett
Maples and Calder (Hong Kong) LLP

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INVESTOR RELATIONS

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STOCK CODE

2232

Financial Highlights

The financial figures are presented in United States Dollars ("**US$**").

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Key Financial Information (US$'000)		
Revenue	**1,241,643**	1,054,499
Cost of sales	**1,012,141**	858,758
Gross profit	**229,502**	195,741
Profit for the period	**75,535**	63,633
Earnings per share (US cents)		
— basic	**2.64**	2.23
Key Financial Ratios		
Gross profit margin (%)	**18.5%**	18.6%
Net profit margin (%)	**6.1%**	6.0%

	At 30 June	At 31 December
	2022	2021
	(unaudited)	(audited)
Key Financial Information (US$'000)		
Total assets	**1,978,287**	1,959,495
Total liabilities	**670,203**	666,176
Total equity	**1,308,084**	1,293,319
Net debt (note a)	**—**	—
Cash and cash equivalents	**413,724**	401,270
Key Financial Ratios		
Net debt to equity ratio (%) (note b)	**—**	—
Cash conversion cycle (days) (note c)	**65**	56

Notes :

(a) Net debt represents total interest-bearing bank borrowings less bank balances and cash.

(b) Net debt to equity ratio represents total interest-bearing bank borrowings less bank balances and cash, dividend by total equity.

(c) Cash conversion cycle represents inventory turnover days plus trade and bills receivables turnover days, less trade and bills payables turnover days.

Management Discussion and Analysis

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 2022.

MARKET OVERVIEW

With the relaxation of the 2019 Novel Coronavirus ("**COVID-19**") related restrictions on mobility amongst various countries, consumer demand for apparel products has strengthened and has surpassed pre-pandemic levels in the first six months of 2022. The recovery of consumer confidence has supported the strong order placement from brand customers. The rising consumer awareness of health and increasing demands for working out and outdoor activities continue to support the move towards the further development of sportswear and athleisure products.

On the supply chain side, with more and more governments adopting a co-existent approach in dealing with the COVID-19 virus, the negative impact of the pandemic on the global supply chain disruption has been contained. While production interruption was minimal, the rise in commodity and raw material prices has led to price inflation on general consumer products, with apparel products being no exception. International oil prices and cotton prices surged rapidly in the first quarter. Although there were signs of stabilisation as commodity and oil prices retreated in the second quarter, international oil and cotton price levels remain relatively higher than during the previous two years of the pandemic. Similarly, the global container freight index, although showing signs of relaxation in recent months, still maintained a much higher level than it was before the pandemic. All signs pointed to higher supply chain costs for the global apparel brands.

BUSINESS REVIEW

Recovery of end-consumer demand led to strong orders from our brand customers during the first six months ended 30 June 2022. Most of our product categories recorded double-digit growth in revenue terms during the period. In particular, revenue growth in Sportswear and outdoor apparel was the most significant amid a continuously rising revenue base, thanks to the ongoing support from all of our major sportswear brand customers. All sportswear customers, including the most recently onboarded international renowned sportswear brand, have appreciated the capability of Crystal. These sportswear customers view us as their long-term strategic partner, which is demonstrated by their continuing strong demand for our products.

The Group's revenue for the six months ended 30 June 2022 increased significantly compared to the previous year, amounting to US$1,242 million (six months ended 30 June 2021: US$1,054 million). The gross profit margin was similar to the same period last year at 18.5% (six months ended 30 June 2021: 18.6%) but, pleasingly, net profit for the six months ended 30 June 2022 was US$76 million (six months ended 30 June 2021: US$64 million), representing a net margin of 6.1% (six months ended 30 June 2021: 6.0%).

In 2021, with the approval from the Board, Crystal took the initiative to announce our commitment to "Net Zero by 2050", in line with the climate science goal to keep global warming below 1.5°C. As a strategic partner of our brand customers who are also committed to being carbon neutral by 2050, Crystal steps up our efforts in sustainable development of our company to commit and with a vision to lead the industry towards net zero emission goal. The Group has set its interim target of reducing 35% aggregate greenhouse gas emissions by 2030, aligned with a science-based target approach. During the six months ended 30 June 2022, the Group has engaged an external consultant to formulate our roadmap to achieve this long-term ambition, which includes setting up individual targets, the corresponding action plans to achieve such targets and a timeline for each of our factories to work towards its goals. The Group has integrated net zero into our corporate strategy as we continue to ramp up our decarbonisation actions. As a promising start to our net zero journey, our headquarters in Hong Kong has been certified as "Carbon Neutral Company" in March and we have received the "Commitment to Net-Zero Certificate" from the Hong Kong Quality Assurance Agency.

Enhancing energy efficiency and productivity is part of the Group's net zero strategy in low carbon manufacturing. The utilisation of renewable energy plays an important role in the Group's decarbonisation journey. To step up the Group-wide solar photovoltaic ("**PV**") adoption plan, the Group has recently installed a solar PV system with a capacity of 1 MW in one of our factories in the People's Republic of China ("**China**"), which is expected to generate more than 1,000MWh of electricity every year. The Group currently possesses a total capacity of 6.7MW solar PV panels installed across all of its factories. On the productivity enhancement front, the Group has launched a smart warehouse project at one of its factories in Vietnam during the six months ended 30 June 2022, with an aim to take the Group closer to becoming Industry 4.0 compliant and enhancing its productivity in the long term.

The Group continued to invest in capacity expansion projects according to schedule. Capital investment for the six months ended 30 June 2022 amounted to US$56 million (six months ended 30 June 2021: US$53 million).

The Board recognises the long-term support of shareholders and has resolved to declare an interim dividend of HK5.0 cents per ordinary share (six months ended 30 June 2021: HK4.0 cents), representing a distribution of 24.1% of the Group's net profit for the six months ended 30 June 2022.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2022 compared to the same period in 2021, by product category, each expressed as an absolute amount and as a percentage of total revenue was:

	For the six months ended 30 June			
	2022		2021	
	US$'000	%	US$'000	%
Lifestyle wear	345,331	27.8%	358,647	34.0%
Denim	307,327	24.8%	253,415	24.0%
Sportswear and outdoor apparel	279,445	22.5%	202,305	19.2%
Intimate	249,913	20.1%	186,169	17.7%
Sweater	59,627	4.8%	53,963	5.1%
Total Revenue	1,241,643	100.0%	1,054,499	100.0%

The recovery of the end consumer market supported our strong customer order demand in the first half of 2022, increasing the Group's revenue by 17.7% compared to last year. The Group has been successfully implementing its strategy to lift the revenue contribution from Sportswear and outdoor apparel, from 19.2% in the first half of 2021 to 22.5% in the first half of 2022.

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

	For the six months ended 30 June			
	2022		2021	
	US$'000	%	US$'000	%
United States ("**U.S.**")	538,979	43.4%	370,257	35.1%
Asia Pacific (note 1)	400,288	32.3%	458,896	43.5%
Europe (note 2)	235,054	18.9%	176,756	16.8%
Other countries/regions	67,322	5.4%	48,590	4.6%
Total Revenue	1,241,643	100.0%	1,054,499	100.0%

Notes:

(1) Asia Pacific primarily includes Hong Kong, Japan and China.

(2) Europe primarily includes Germany, the Netherlands and the United Kingdom.

Gross Profit and Gross Profit Margin

	For the six months ended 30 June			
	2022		2021	
	Gross Profit US$'000	Gross Profit Margin %	Gross Profit US$'000	Gross Profit Margin %
Lifestyle wear	68,221	19.8%	71,342	19.9%
Denim	54,115	17.6%	46,635	18.4%
Sportswear and outdoor apparel	49,124	17.6%	36,331	18.0%
Intimate	45,707	18.3%	32,068	17.2%
Sweater	12,335	20.7%	9,365	17.4%
Total Gross Profit	229,502	18.5%	195,741	18.6%

Compared with the first half of 2021, the gross profit margin of Lifestyle wear, Denim and Intimate remained relatively stable in the first half of 2022. For Sportswear and outdoor apparel, we currently focus on order inflows, resulting in a decrease in gross profit margin. For Sweater, the acquisition of Masterknit Limited provides strong technical support to our Sweater business, leading to the increase in gross profit margin.

Other Expenses and Finance Costs

To meet shipment delivery requirement, additional airfreight cost was incurred in the first half of 2021, but no significant airfreight cost has been recorded in the first half of 2022.

Our administrative, other expenses and other income remained relatively stable at 9.6% of revenue in the first half of 2022 (first half of 2021: 9.5%).

The effective borrowing rate for the Group in the six months ended 30 June 2022 ranged from 1.25% to 5.00% compared to 1.22% to 5.00% for the same period in 2021. Finance costs amounted to 0.4% of revenue for both periods.

Net Profit

Despite ongoing COVID-19 pandemic, the Group achieved a net profit of US$76 million for the six months ended 30 June 2022. Net profit as a percentage of revenue increased from 6.0% in the first half of 2021 to 6.1% in the first half of 2022.

Capital Management

The consolidated financial position of the Group remained sound throughout the first half of 2022. The positive operating cash flow of US$122 million in the six months (US$77 million for the same period in 2021) contributed to cash and cash equivalents of US$414 million at 30 June 2022, compared to US$401 million at 31 December 2021. Cash and cash equivalents were mainly denominated in Hong Kong dollars ("**HK$**") and US$. Bank borrowings, mainly denominated in HK$ and US$, have decreased from US$168 million at 31 December 2021 to US$118 million at 30 June 2022. All bank borrowings of US$118 million at 30 June 2022 contained a repayable on demand clause and US$118 million was repayable within one year.

The Group held a positive net cash position of US$296 million at 30 June 2022. The gearing ratio (total interest-bearing bank borrowings, less bank balances and cash, divided by total equity) at 30 June 2022 was nil (31 December 2021: nil).

Due to seasonal factors, our conversion cycle for the six months ended 30 June 2022, averaged 65 days, compared to 56 days for the whole of 2021. Turnover of trade and bills receivables averaged 43 days in the first half of 2022, compared with 42 days average turnover throughout 2021. Inventory turnover averaged 59 days in the first half of 2022, compared with 52 days throughout 2021. Trade and bills payables turnover averaged 37 days in the first half of 2022 compared to 38 days throughout 2021.

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 2022, capital expenditure amounted to US$56 million, compared to US$42 million for the same period in 2021. Capital commitments at 30 June 2022 were US$41 million compared to US$55 million at 31 December 2021.

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.

Use of Proceeds from Initial Public Offering

The net proceeds have been applied in accordance with the allocation set out in the announcement made by the Company on 13 March 2019 as follows:

— US$259 million (HK$2,019 million) for capital expenditure to increase manufacturing capacity

— US$58 million (HK$457 million) for upstream vertical integration into fabric production in Asia

— US$122 million (HK$952 million) for the repayment of Vista Corp Holdings Limited and its subsidiaries (the "**Vista**") related loans

— US$49 million (HK$381 million) for working capital and general corporate purposes

For the period from 3 November 2017 (the listing date of the Company) to 30 June 2022, US$462 million (HK$3,599 million) of the net proceeds has been applied:

— US$259 million (HK$2,019 million) to expand manufacturing capacity

— US$32 million (HK$247 million) to pursue upstream vertical integration

— US$122 million (HK$952 million) to repay the Vista related loans

— US$49 million (HK$381 million) to use as working capital

The net proceeds will be utilised in the manner set out below:

Use	**Segment**	**Revised Allocation of Net Proceeds as set out in the Announcement dated 13 March 2019** (US$'million)	**Unutilised Net Proceeds at 31 December 2021** (US$'million)	**Utilised Net Proceeds for the six months ended 30 June 2022** (US$'million)	**Unutilised Net Proceeds at 30 June 2022** (US$'million)	**Expected Timeline for Applying Unutilised Net Proceeds at 30 June 2022**
Additional manufacturing facilities in Vietnam	Lifestyle wear, Sweater and Sportswear and outdoor apparel	88	0	0	0	
Additional manufacturing facilities in Vietnam	Denim and Intimate	112	0	0	0	
Additional manufacturing facilities in Bangladesh	Lifestyle wear and Sportswear and outdoor apparel	59	0	0	0	
Upstream vertical integration in Asia		58	27	1	26	By 31 December 2023
Repayment of Vista related loans		122	0	0	0	
Working capital and general corporate purposes		49	0	0	0	
Total		488	27	1	26	

Use	Segment	Revised Allocation of Net Proceeds as set out in the Announcement dated 13 March 2019 (HK$'million)	Unutilised Net Proceeds at 31 December 2021 (HK$'million)	Utilised Net Proceeds for the six months ended 30 June 2022 (HK$'million)	Unutilised Net Proceeds at 30 June 2022 (HK$'million)	Expected Timeline for Applying Unutilised Net Proceeds at 30 June 2022
Additional manufacturing facilities in Vietnam	Lifestyle wear, Sweater and Sportswear and outdoor apparel	686	0	0	0	
Additional manufacturing facilities in Vietnam	Denim and Intimate	876	0	0	0	
Additional manufacturing facilities in Bangladesh	Lifestyle wear and Sportswear and outdoor apparel	457	0	0	0	
Upstream vertical integration in Asia		457	217	7	210	By 31 December 2023
Repayment of Vista related loans		952	0	0	0	
Working capital and general corporate purposes		381	0	0	0	
Total		3,809	217	7	210	

At 30 June 2022, unutilised net proceeds were deposited in licensed banks and these will be applied in accordance with the allocation set out in the announcement made by the Company on 13 March 2019. The Directors intend to utilise such net proceeds in the manner disclosed in the announcement made by the Company on 13 March 2019.

Pledge of Assets

At 30 June 2022, pledge of assets of the Group are set out in note 19 to the condensed consolidated financial statements.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

For the period ended 30 June 2022, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

Significant Investments Held

For the six months ended 30 June 2022, the Group held no significant investments.

Material Acquisitions and Future Plans for Major Investment

Further to the acquisition of a fabric mill in Vietnam in 2021, the Group continues to look for opportunities to expand its fabric mill business. The Group did not have other future plans for major investments or acquisition for major capital assets at the date of this interim report.

Contingent Liabilities

At 30 June 2022, the Group had no material contingent liability (31 December 2021: Nil).

Subsequent Events after the Reporting Period

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

EMPLOYMENT, TRAINING AND DEVELOPMENT

The Group employed about 77,000 people at 30 June 2022. Total staff costs, including administrative and management staff, for the six months ended 30 June 2022 equated to 25.0% of revenue, compared to 26.4% in the same period of 2021. The Group remunerates its staff according to their performance, qualifications and industry practices, and conducts regular reviews of its remuneration policy. Employees may receive discretionary bonuses and monetary rewards based on their ratings in annual performance appraisals. The Group also offers rewards or other incentives to motivate the personal growth and career development of employees, such as on-going opportunities for training to enhance their technical and product knowledge as well as their knowledge of industry quality standards. Each new employee of the Group is required to attend an introductory course, while there are also various types of training courses available to all employees of the Group.

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, consisting of five pillars: environment, innovation, product integrity, employee care and community engagement, serves as a guiding principle when planning our sustainability strategies.

Our sustainability framework and initiatives align with the United Nations Sustainable Development Goals[i] ("**SDGs**") to tackle global challenges. 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 different collaborative projects.

i The United Nations Sustainable Development Goals are the 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.

In line with the strategic direction of our operations, we are advancing collaboratively towards the achievement of our Third Global 5-year Sustainability Targets (2018–2022). We have taken a further step by committing to net zero emissions by 2050, aligned with climate science to keep global warming below 1.5°C. We also set an interim target of reducing 35% aggregate greenhouse gas emissions by 2030. Our commitment and decarbonisation planning also earned us a Commitment to Net-Zero Certificate from the Hong Kong Quality Assurance Agency.

With the completion of the Third Global 5-year Sustainability Targets by the end of 2022, we will set out our next milestone by drawing up the "Crystal Sustainability Vision 2030", which comprises a comprehensive set of social and environmental targets to address the industry sustainability challenges.

Net Zero 2050 Vision and Environmental Stewardship

Under the framework of our Third Global 5-year Sustainability Targets, we are dedicated to combating climate change, conserving water resources, and planting trees globally. Since the start of our sustainability programme in 2007, our carbon footprint per garment has reduced by 40% and 2.9 million trees have been planted in our operating countries.

We have incorporated the net zero emissions goal by 2050 into our corporate strategy. To achieve this long-term ambition, we pursue low-carbon manufacturing operations and expand the use of renewable energy progressively, in particular rooftop solar PV that have reached a total capacity of 6.7 MW. In terms of energy efficiency, we rolled out the corporate decarbonisation package to provide a standardised low-carbon setup for our factories. It is expected to result in 3–5% absolute carbon reduction. We are also developing a detailed roadmap, so that each of our factories will have their own carbon reduction target and specifically defined decarbonisation measures to achieve the goals within a clear timetable.

We have completed a preliminary climate-related risk analysis according to the guidelines from the Task Force on Climate-related Financial Disclosures ("**TCFD**") to understand more about our key climate-related risks and opportunities. The identified physical and transition risks, the associated impacts on our operations and our mitigating actions were integrated into our strategic planning and the Group risk management system.

In addition to our climate actions, we are actively building a circular economy model to redefine the way we design and manufacture our products, make efficient use of resources and manage waste. We have launched various projects to embody circularity, for example, the Wash Minus-[ii] denim wear collection in partnership with Noble Biomaterials and Ellen MacArthur Foundation's Jeans Redesign project[iii]. Our factories are also moving ahead towards our "Zero Landfill" goal by putting circularity into practice. Our knits factories in China and Vietnam have diverted 100% of their production waste away from landfill by working with qualified waste co-processing partners.

ii The Wash Minus- denim wear collection is launched by Crystal Denim, the denim division of Crystal, in partnership with Noble Biomaterials. The collection, which is made with recycled and circular denim fabric and finished with odour-eliminating positively charged ions, instils the concept of water conservation from cradle to grave.

iii The Jeans Redesign Project, initiated by Ellen MacArthur Foundation, brought together more than 80 denim experts to develop the Jeans Redesign Guidelines. The guidelines aim to guide the industry to design and make products aligned with the principles of a circular economy.

To conserve precious freshwater resources, we have continued a holistic approach to conserve freshwater, including the adoption of water-efficient washing processes and advanced technologies, using recycled water, and process reengineering. These practices contributed to a significant drop in our freshwater consumption per garment by 54% against 2017 level.

Employee Care and Community Engagement

As women's status is poised to improve in many of our operating countries, we take steps to improve gender equality by empowering our female employees, who account for nearly 70% of our workforce. We have already empowered over 50,000 female employees through our self-developed CARE[iv] programme, which aims to develop our workers from achieving effectiveness to embracing breakthroughs.

To foster gender equality and maternity protection in the workplace, we have been working with global partners on different programmes such as CARE Australia's STOP[v] to conduct anti-sexual harassment training. Close to 30,000 employees underwent anti-sexual harassment training in how to identify and report such unwelcome behaviour. In addition, our knits factories in China and Vietnam participated in the Centre for Child Rights and Business' WeCare+ to support working parents, their children and young workers.

We leverage digitalisation to offer online training including Gap Inc.'s P.A.C.E. and Knits College which allows more flexible learning by our employees. Knits College is an online learning and exchange platform that offers a total of 89 online courses under five subject categories, attracting over 2,600 person-times of completed learnings in one year since its debut. Other online training initiatives such as Harvard Business School online leadership courses and new SuccessFactors[vi] Learning Management System have also been made available to develop the job and personal skills of our staff and workers.

The health and safety of our employees continues to be of our utmost importance as COVID-19 persisted. Our operations have channelled resources in different ways to protect employees, including relief materials, pandemic-related allowance and regular disinfection in factory premises. We have worked with local governments and trade unions and have implemented factory-wide testing and vaccination programmes, ensuring that our workforce is nearly 100% vaccinated. We also provided mental health support services, which benefitted around 500 employees.

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

v Enhancing Women's Voice to Stop Sexual Harassment ("STOP") is an initiative of international humanitarian aid organisation CARE Australia. It aims to enhance women's voice and economic rights at both the national and factory levels by working to prevent and address the under-reported problem of sexual harassment in mainland Southeast Asia's garment sector.

vi SuccessFactors is an all-in-one HR system that connects the whole company by streamlining all HR operations as well as personnel processes, including learning, development, recruiting, on-boarding, performance and compensation management.

Extending our care to the communities, we have participated in various types of community services, with an aggregate of around 60,000 volunteering hours in countries where we operate since 2018, exceeding the target set under the Third Global 5-year Sustainability Targets. Our employees contributed their skills, time and compassion across different focus areas of our community programmes, covering community activities, education, environmental protection, health and medical care, and community resilience.

OUTLOOK AND PROSPECTS

Signs of retreating commodity and raw material prices have been observed starting from the second half of 2022. While the retail inventories to sales ratio among clothing and clothing accessory stores in the U.S. has maintained at a healthy level, certain U.S. channel retailers have been more conservative in providing outlook and guidance to the market amid macroeconomic headwinds and concerns for a potential economic recession.

For the remainder of this year, the Group is seeing a sustainable recovery from the COVID-19 pandemic. However, order demand from our brand customers has turned more conservative compared to the time when markets first reopened in 2021, while demand from sportswear customers remains strong thanks to the continuous support from our key customers. Accordingly, the Group will continue to invest prudently in further expansion at various locations of our multi-country manufacturing platform including Vietnam, Cambodia and Bangladesh to support our customer order demand. Capital investment for the full year is expected to be higher than the level in 2021.

With the recent acquisition of the fabric mill in Vietnam, the Group has demonstrated its dedication to pursue vertical integration for the longer-term development of the Group. Currently, the Group is making smooth progress to integrate the fabric mill business into our operations. At the same time, the Group will continue to look for opportunities to make further investments in the fabric mill business, both organically to build our own mill and inorganically to acquire suitable targets where available, with an aim to gradually locating our fabric supply regionally and locally among our garment facilities to support our operations and meet the demand from our key customers effectively.

Corporate Governance and Other Information

COMMUNICATION WITH SHAREHOLDERS

The Company's 2022 Annual General Meeting (the "**2022 AGM**") was held on 15 June 2022. All resolutions at the 2022 AGM were passed by way of a poll and the poll results were posted on the websites of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Company on the same day.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK5 cents (approximately US0.6 cent) per ordinary share for the six months ended 30 June 2022, payable on Thursday, 15 September 2022, to shareholders whose names appeared on the register of members of the Company on Monday, 5 September 2022.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company was closed from Thursday, 1 September 2022 to Monday, 5 September 2022 both days inclusive, during which period no transfer of shares was registered. To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates had to 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 Wednesday, 31 August 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BOARD OF DIRECTORS

At 30 June 2022, the composition of the Board was:

Executive Directors

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

Non-executive Director

Mr. LEE Kean Phi Mark

Independent Non-executive Directors

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

There has been no change in the Board composition up to the date of this report.

Updates on Directors' Information

Changes in the information of the Directors during the six months ended 30 June 2022 and up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), are set out below:

(1) Mr. LEE Kean Phi Mark was appointed a non-executive Director of the Company with effect from 1 February 2022. Mr. LEE Kean Phi Mark ceased to be the chairman of the Commerce and Industry Committee of the Singapore Chinese Chamber of Commerce ("**SCCCI**") with effect from 14 March 2022 and was appointed the chairman of the Youth Business and Sustainability Committee of SCCCI with effect from 15 March 2022.

(2) Mr. GRIFFITHS Anthony Nigel Clifton retired from office as an independent non-executive director of the Company and ceased to be a chairman of the Audit Committee of the Company (the "**Audit Committee**") and a member of the Nomination Committee of the Company (the "**Nomination Committee**") with effect from the conclusion of the 2022 AGM on 15 June 2022.

(3) Mr. CHANG George Ka Ki, an independent non-executive director of the Company, was appointed the chairman of the Audit Committee with effect from 15 June 2022. The annual director's fee of Mr. CHANG George Ka Ki has been revised to HK$525,000 with effect from 15 June 2022.

(4) The annual director's fee of Mr. MAK Wing Sum Alvin, an independent non-executive director of the Company, has been revised to HK$600,000 with effect from 1 January 2022.

(5) Mr. WONG Siu Kee, an independent non-executive director of the Company, was appointed a member of the Audit Committee with effect from 15 June 2022. The annual director's fee of Mr. WONG Siu Kee has been revised to HK$540,000 with effect from 15 June 2022. Mr. WONG Siu Kee ceased to be a board member of the World Diamond Council with effect from 20 May 2022 and was appointed the chairman of the Jewellers' and Goldsmiths' Association of Hong Kong with effect from 9 March 2022.

(6) Mrs. MAK TANG Pik Yee Agnes was appointed an independent non-executive Director and a member of each of the Nomination Committee and Corporate Development Committee of the Company with effect from 15 June 2022.

(7) Mr. Andrew LO's 2022 annual salary (including housing) has been revised to HK$6.254 million with effect from 1 April 2022. The 2022 annual salary of Mr. Frankie WONG, Mr. Dennis WONG and Mr. Howard LO has been revised to HK$2.360 million, HK$5.696 million and HK$3.258 million respectively with effect from 1 April 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SENIOR MANAGEMENT

At 30 June 2022 and up to the date of this report, the composition of the senior management of the Company remains the same as that set out in the 2021 annual report of the Company.

CONTINUING PROFESSIONAL DEVELOPMENT

To assist the Directors and the executives in continuing their professional development, materials on the subject of corporate governance, including the Company's master policies, are provided to the Directors and the executives from time to time to keep them abreast of latest developments.

SHARE AWARD SCHEMES

The Company's share award scheme ("**Share Award Scheme A**") adopted in December 2016 remains the same as set out in the 2021 annual report of the Company.

The Company's further share award scheme ("**Share Award Scheme B**") adopted in April 2017 is valid and effective for a period of ten years, commencing from the date of the first grant of shares under this scheme. Details of this share award scheme are set out in the 2021 annual report of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2022, 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 Securities and Futures Ordinance (the "**SFO**") which were required to be notified to the Company and the 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**")), to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Nature of Interest	Number of shares (note a)	Approximate Percentage of Shareholding in the Company (%)
Mr. Kenneth LO (note b)	Beneficial owner	1,141,136,640	40.00%
	Interest of spouse	1,142,741,140	40.06%
Mrs. Yvonne LO (note c)	Beneficial owner	1,141,136,640	40.00%
	Interest of spouse	1,141,136,640	40.00%
	Founder of a discretionary trust who can influence the trustee	1,604,500	0.06%
Mr. Andrew LO (note d)	Beneficial owner	8,074,080	0.28%
Mr. Dennis WONG (note d)	Beneficial owner	7,497,360	0.26%
Mr. Frankie WONG (note d)	Beneficial owner	4,806,000	0.17%
Mr. Howard LO (note d)	Beneficial owner	1,345,680	0.05%
Mr. LEE Kean Phi Mark (note e)	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, is deemed to be interested in the 1,142,741,140 shares in which Mrs. Yvonne LO is interested.

(c) Under the SFO, Mrs. Yvonne LO, as the spouse of Mr. Kenneth LO, is deemed to be interested in the 1,141,136,640 shares in which Mr. Kenneth LO is interested. Mrs. Yvonne LO and her spouse Mr. Kenneth LO were interested in a total of 1,604,500 shares held by The Incorporated Trustees of Yuk Ching Charity Trust of which Mrs. Yvonne LO is a founder and chairman.

(d) These shares were acquired pursuant to Share Award Scheme A.

(e) These shares were acquired pursuant to Share Award Scheme B.

Save as disclosed above, at 30 June 2022, none of the Directors or chief executive of the Company had any interest or short position in the shares, 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 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 Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2022, the following person(s) (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the shares or short positions in the shares and the underlying shares of the Company, which are required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Nature of Interest	Number of shares (Long position)	Approximate percentage of shareholding in the Company (%)
FIL Limited (note)	Interest in controlled corporation	172,467,500	6.05
Pandanus Partners L.P. (note)	Interest in controlled corporation	172,467,500	6.05
Pandanus Associates Inc. (note)	Interest in controlled corporation	172,467,500	6.05

Note: According to the disclosure of interest forms, FIL Limited is controlled (as defined under the SFO) by Pandanus Partners L.P., which in turn is controlled (as defined under the SFO) by Pandanus Associates Inc.. The 172,467,500 shares of the Company represent the same interests and are therefore duplicated among them.

Save as disclosed above, at 30 June 2022, the Directors are 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 of the Company 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 which were recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

PUBLIC FLOAT

At the date of this report, 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 Listing Rules and as agreed with the Stock Exchange throughout the six months ended 30 June 2022 and up to the date of this report.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedure. 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 the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted as its code of conduct regarding directors' securities transactions, the Model Code as set out in Appendix 10 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 2022 and up to the date of this report.

AUDIT COMMITTEE

During the six months ended 30 June 2022, the composition of the Audit Committee changed. Mr. GRIFFITHS Anthony Nigel Clifton retired from office as an independent non-executive director of the Company and ceased to be the chairman of the Audit Committee with effect from the conclusion of the annual general meeting on 15 June 2022. Mr. CHANG George Ka Ki was appointed the chairman of the Audit Committee with effect from 15 June 2022. Mr. WONG Siu Kee was appointed a member of the Audit Committee with effect from 15 June 2022.

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 party transactions and perform other duties and responsibilities as delegated by the Board.

For the six months ended 30 June 2022, 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 2021. 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 2022, recommending their adoption by the Board. The Audit Committee continued, during the half year, its periodic reviews of the approved connected party transactions and expenditure.

In addition, the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 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 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 has been implemented with weaknesses identified by the tests remedied satisfactorily. Among other important risks examined, succession management and business compliance were reviewed. A significant, long-term programme of investment and strengthening has been commenced regarding succession management. Business compliance is a complex area and the Audit Committee is satisfied with the steps taken so far. In addition, the Audit Committee recommended to the Board the creation of an internal audit team in Vietnam to strengthen the Group's oversight of its Vietnamese operations. The Board endorsed the recommendation and preliminary work to create such a team has started.

The Audit Committee has added environmental, social and governance and climate risk as a comprehensive topic and a standing item on its agenda since the end of 2021 in order to review regularly the effectiveness of the implementation of the Group's policies in this very important area.

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 one important factor in determining the priorities of the Internal Audit programmes.

On Behalf of the Board
Crystal International Group Limited
LO Lok Fung Kenneth
Chairman

Hong Kong, 17 August 2022

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
CRYSTAL INTERNATIONAL GROUP LIMITED
(incorporated in Bermuda with limited liability and registered by way of continuation in the Cayman Islands)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Crystal International Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 25 to 49, which comprise the condensed consolidated statement of financial position at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 August 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June 2022 US$'000 (unaudited)	2021 US$'000 (unaudited)
Revenue	3	**1,241,643**	1,054,499
Cost of sales		**(1,012,141)**	(858,758)
Gross profit		**229,502**	195,741
Other income, gains or losses		**5,972**	9,174
Impairment losses under expected credit loss model, net of reversal	11	**(204)**	(7)
Selling and distribution expenses		**(12,931)**	(15,262)
Administrative expenses		**(108,321)**	(93,599)
Research and development expenses		**(17,184)**	(15,230)
Finance costs		**(4,710)**	(3,891)
Share of results of an associate		**43**	340
Profit before tax	4	**92,167**	77,266
Income tax expense	5	**(16,632)**	(13,633)
Profit for the period		**75,535**	63,633
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(27,899)**	3,451
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit assets		**–**	1,436
Deferred tax expense arising on defined benefit assets		**–**	(371)
Surplus on revaluation of properties		**4,199**	5,303
Deferred tax expense arising on revaluation of properties		**(1,281)**	(1,335)
		2,918	5,033
Other comprehensive (expense) income for the period		**(24,981)**	8,484
Total comprehensive income for the period		**50,554**	72,117

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2022

	NOTE	Six months ended 30 June 2022 US$'000 (unaudited)	2021 US$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**75,370**	63,634
Non-controlling interests		**165**	(1)
		75,535	63,633
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**50,389**	72,118
Non-controlling interests		**165**	(1)
		50,554	72,117
Basic earnings per share for profit attributable to the owners of the Company (US cents)	7	**2.64**	2.23

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	606,689	623,811
Right-of-use assets	8	90,698	86,775
Deposits paid for acquisition of property, plant and equipment		13,575	12,339
Goodwill		74,941	74,941
Intangible assets		78,483	80,942
Interest in an associate		16,216	16,338
Loan receivables		369	520
		880,971	895,666
Current assets			
Inventories		343,468	308,344
Right-of-use assets	8	1,054	1,600
Trade, bills and other receivables	9	165,423	251,305
Trade receivables at fair value through other comprehensive income	10	171,952	99,495
Amounts due from related companies	16	215	217
Loan receivables		1,316	756
Tax recoverable		164	842
Bank balances and cash		413,724	401,270
		1,097,316	1,063,829
Total assets		1,978,287	1,959,495

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2022

	NOTES	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	**3,654**	3,654
Reserves		**1,299,802**	1,285,202
Equity attributable to owners of the Company		**1,303,456**	1,288,856
Non-controlling interests		**4,628**	4,463
Total equity		**1,308,084**	1,293,319
Non-current liabilities			
Other payables	12	**443**	825
Lease liabilities	13	**23,779**	19,461
Deferred taxation		**34,516**	34,714
		58,738	55,000
Current liabilities			
Trade and other payables	12	**402,185**	396,967
Lease liabilities	13	**11,877**	11,367
Amount due to an associate	15	**10,923**	12,719
Dividend payable		**35,789**	—
Tax liabilities		**33,149**	22,526
Bank borrowings	14	**117,542**	167,597
		611,465	611,176
Total equity and liabilities		**1,978,287**	1,959,495

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the Company								
	Share capital US$'000	Share premium US$'000	Property revaluation reserve US$'000	Exchange reserve US$'000	Capital reserve US$'000	Retained profits US$'000	Subtotal US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2022 (audited)	**3,654**	**505,677**	**66,390**	**(47,414)**	**9,903**	**750,646**	**1,288,856**	**4,463**	**1,293,319**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**75,370**	**75,370**	**165**	**75,535**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**(27,899)**	**–**	**–**	**(27,899)**	**–**	**(27,899)**
Surplus on revaluation of properties	**–**	**–**	**4,199**	**–**	**–**	**–**	**4,199**	**–**	**4,199**
Deferred tax expense arising on revaluation of properties	**–**	**–**	**(1,281)**	**–**	**–**	**–**	**(1,281)**	**–**	**(1,281)**
Total comprehensive income (expense) for the period	**–**	**–**	**2,918**	**(27,899)**	**–**	**75,370**	**50,389**	**165**	**50,554**
Dividend recognised as distribution (Note 6)	**–**	**–**	**–**	**–**	**–**	**(35,789)**	**(35,789)**	**–**	**(35,789)**
At 30 June 2022 (unaudited)	3,654	505,677	69,308	(75,313)	9,903	790,227	1,303,456	4,628	1,308,084
At 1 January 2021 (audited)	3,654	505,677	64,815	(61,612)	9,903	641,944	1,164,381	–	1,164,381
Profit (loss) for the period	–	–	–	–	–	63,634	63,634	(1)	63,633
Exchange difference arising on translation of foreign operations	–	–	–	3,451	–	–	3,451	–	3,451
Remeasurement of defined benefit assets	–	–	–	–	–	1,436	1,436	–	1,436
Deferred tax expense arising on defined benefit assets	–	–	–	–	–	(371)	(371)	–	(371)
Surplus on revaluation of properties	–	–	5,303	–	–	–	5,303	–	5,303
Deferred tax expense arising on revaluation of properties	–	–	(1,335)	–	–	–	(1,335)	–	(1,335)
Total comprehensive income (expense) for the period	–	–	3,968	3,451	–	64,699	72,118	(1)	72,117
Dividend recognised as distribution (Note 6)	–	–	–	–	–	(39,694)	(39,694)	–	(39,694)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	58	58
Acquisition of a subsidiary	–	–	–	–	–	–	–	4,220	4,220
At 30 June 2021 (unaudited)	3,654	505,677	68,783	(58,161)	9,903	666,949	1,196,805	4,277	1,201,082

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**121,651**	76,595
INVESTING ACTIVITIES		
Payment for property, plant and equipment	**(43,336)**	(27,381)
Loan receivables advanced	**(973)**	—
(Payment) receipt on settlement of derivative financial instruments	**(589)**	113
Interest received	**819**	583
Proceeds on disposal of property, plant and equipment	**632**	1,163
Loan receivables repaid	**537**	716
Net cash inflow on acquisition of a subsidiary	**—**	604
Payment for right-of-use assets	**—**	(2,615)
NET CASH USED IN INVESTING ACTIVITIES	**(42,910)**	(26,817)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(169,411)**	(96,788)
Repayment of lease liabilities	**(7,216)**	(6,390)
Interest paid	**(4,710)**	(3,891)
New bank borrowings raised	**120,212**	93,286
Capital injection from non-controlling interests	**—**	58
NET CASH USED IN FINANCING ACTIVITIES	**(61,125)**	(13,725)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**17,616**	36,053
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(5,162)**	132
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**401,270**	383,427
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**413,724**	419,612

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. GENERAL AND BASIS OF PREPARATION

Crystal International Group Limited (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 Appendix 16 to 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 additional 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 2022 are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

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).

The Group sells garments directly to its customers and revenue is recognised when control of the goods has transferred, being when the goods have arrived at the specific location (delivery). Transportation and other related activities that occur before the customers obtain control of the related goods are considered as fulfilment activities. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. The Group allows credit periods ranging from 14 to 120 days to its trade customers. The Group allows certain of its trade customers an early settlement discount when the trade customers settle the consideration before the credit period granted. The sales to these trade customers are recognised as revenue when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The Group considers the early settlement discount is a form of cash discount and, accordingly the amount of consideration is adjusted for the effect of the expected early settlement discount for each sales transaction based on the settlement pattern of the trade customers.

The contracts for sales of garments are for periods of one year or less. As permitted under IFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to the unsatisfied contracts is not disclosed.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(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 performance, focuses on types of products.

(i) Lifestyle wear

(ii) Denim

(iii) Sportswear and outdoor apparel

(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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment revenue and results

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

Six months ended 30 June 2022 (unaudited)

	Lifestyle wear US$'000	Denim US$'000	Sportswear and outdoor apparel US$'000	Intimate US$'000	Sweater US$'000	Total US$'000
SEGMENT REVENUE						
External sales	345,331	307,327	279,445	249,913	59,627	1,241,643
Segment profit	68,221	54,115	49,124	45,707	12,335	229,502
Other income, gains or losses						5,972
Impairment losses under expected credit loss model, net of reversal						(204)
Selling and distribution expenses						(12,931)
Administrative expenses						(108,321)
Research and development expenses						(17,184)
Finance costs						(4,710)
Share of results of an associate						43
Profit before tax						92,167

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2021 (unaudited)

	Lifestyle wear US$'000	Denim US$'000	Sportswear and outdoor apparel US$'000	Intimate US$'000	Sweater US$'000	Total US$'000
SEGMENT REVENUE						
External sales	358,647	253,415	202,305	186,169	53,963	1,054,499
Segment profit	71,342	46,635	36,331	32,068	9,365	195,741
Other income, gains or losses						9,174
Impairment losses under expected credit loss model, net of reversal						(7)
Selling and distribution expenses						(15,262)
Administrative expenses						(93,599)
Research and development expenses						(15,230)
Finance costs						(3,891)
Share of results of an associate						340
Profit before tax						77,266

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 the share of results of an associate. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
United States	**538,979**	370,257
Asia Pacific (note a)	**400,288**	458,896
Europe (note b)	**235,054**	176,756
Other countries/regions	**67,322**	48,590
	1,241,643	1,054,499

Notes:

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

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

4. PROFIT BEFORE TAX

	Six months ended 30 June	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**1,773**	1,722
Other staff costs	**280,454**	251,931
Retirement benefit schemes' contributions for other staff	**27,804**	25,110
Total staff costs (note a)	**310,031**	278,763
Depreciation of property, plant and equipment (note a)	**37,070**	35,442
Depreciation of right-of-use assets (note a)	**7,679**	7,532
Amortisation of intangible asset (included in selling and distribution expenses)	**2,459**	2,459
Impairment loss recognised in respect of property, plant and equipment (note b)	**2,574**	—
Cost of inventories recognised as expenses (note a)	**1,005,458**	854,136
Write-down of inventories	**6,683**	4,622
Loss (gain) on disposals of property, plant and equipment	**1,208**	(405)
Gain on termination of leases	**(69)**	(35)
Net loss (gain) arising from changes in fair value of derivative financial instruments	**589**	(210)
Interest income	**(819)**	(583)
Net foreign exchange (gain) loss	**(4,285)**	813
Finance costs:		
— interest expense on lease liabilities	**817**	804
— interest expense on bank borrowings	**1,346**	1,497
— interest expense on factoring arrangement	**2,547**	1,590

Notes:

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

(b) During the six months ended 30 June 2022, due to the economic crisis and the uncertainty in the political environment in Sri Lanka, the Group has performed the impairment assessment on the Group's subsidiary in Sri Lanka. As a result, an impairment loss in respect of property, plant and equipment amounting to approximately US$2,574,000 has been charged to profit or loss and is included in the "other income, gains or losses" line item.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
The income tax expense comprises:		
Hong Kong Profits Tax		
— current period	**10,785**	5,319
— overprovision in prior years	**(6)**	(88)
Overseas taxation		
— current period	**9,625**	9,133
— overprovision in prior years	**(3,184)**	(360)
	17,220	14,004
Deferred taxation	**(588)**	(371)
	16,632	13,633

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.

6. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Final, declared, of HK9.8 cents per ordinary share for 2021 (2021: HK5.8 cents per ordinary share for 2020)	**35,789**	21,317
Special, declared, nil for 2021 (2021: HK5.0 cents per ordinary share for 2020)	**–**	18,377
	35,789	39,694

Pursuant to a resolution passed by the Board of Directors (the "**Board**") on 17 August 2022, the Board has resolved to declare an interim dividend of HK5 cents (six months ended 30 June 2021: HK4 cents) per ordinary share, totalling approximately HK$142,641,000 (equivalent to approximately US$18,176,000) (six months ended 30 June 2021: approximately HK$114,113,000 (equivalent to approximately US$14,656,000)) estimated on the number of shares in issue at 30 June 2022. 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 2022.

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	
	2022	2021
	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	**75,370**	63,634
	'000	'000
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	**2,852,822**	2,852,822

7. EARNINGS PER SHARE (Continued)

No diluted earnings per share was presented for the six months ended 30 June 2022 and 2021 as there were no potential dilutive ordinary shares in issue during both periods.

8. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group incurred total expenditure of approximately US$40,757,000 (six months ended 30 June 2021: US$19,535,000) on the acquisition of property, plant and equipment.

The Group's owned properties classified as property, plant and equipment were revalued by the directors of the Company at the end of the current interim period. The resulting revaluation surplus of approximately US$4,199,000 (six months ended 30 June 2021: US$5,303,000) has been credited to the property revaluation reserve during the six months ended 30 June 2022.

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 1 month to 60 months (six months ended 30 June 2021: 2 months to 44 years) and fixed monthly payments. The Group recognised new right-of-use assets of approximately US$13,908,000 (six months ended 30 June 2021: US$18,171,000) and lease liabilities of approximately US$13,908,000 (six months ended 30 June 2021: US$18,171,000) during the current interim period.

During the six months ended 30 June 2021, the Group recognised new right-of-use assets in relation to a parcel of leasehold land with lump sum payment of approximately US$2,615,000 (six months ended 30 June 2022: nil).

9. TRADE, BILLS AND OTHER RECEIVABLES

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Trade receivables — contracts with customers	121,232	206,726
Less: allowance for expected credit losses	(10,006)	(9,830)
	111,226	196,896
Bills receivable	312	15
Temporary payments to suppliers	11,331	11,032
Other receivables, deposits and prepayments	42,554	43,362
	165,423	251,305

The Group allows credit periods ranging from 14 to 120 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, based on invoice dates.

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Within 60 days	86,015	179,886
61 to 90 days	20,752	14,501
91 to 120 days	3,460	2,278
Over 120 days	999	231
	111,226	196,896

10. 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 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Within 60 days	122,374	77,223
61 to 90 days	33,654	14,962
91 to 120 days	11,871	6,291
Over 120 days	4,053	1,019
	171,952	99,495

Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 21.

11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June 2022 US$'000 (unaudited)	2021 US$'000 (unaudited)
Impairment losses recognised in respect of trade receivables, net of reversal	204	7

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

12. TRADE AND OTHER PAYABLES

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Trade payables	203,419	187,257
Bills payable (Note)	7,538	13,410
	210,957	200,667
Accrued staff cost	86,092	92,303
Other payables	48,353	50,597
Other accruals	57,226	54,225
Total trade and other payables	402,628	397,792

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension.

The total is analysed for reporting purposes as:

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Current	402,185	396,967
Non-current	443	825
	402,628	397,792

At 30 June 2022, the non-current amounts are related to the purchase of property, plant and equipment and are unsecured, interest-free and repayable from 2023 to 2025 (31 December 2021: repayable from 2023 to 2025).

12. TRADE AND OTHER PAYABLES (Continued)

The credit period of trade payables is from 14 to 90 days (31 December 2021: 14 to 90 days). The following is an aged analysis of trade payables based on invoice dates.

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Within 60 days	173,546	181,448
61 to 90 days	30,004	14,667
91 to 120 days	5,563	2,705
Over 120 days	1,844	1,847
	210,957	200,667

13. LEASE LIABILITIES

Included in the lease liabilities is the balance of approximately US$644,000 (31 December 2021: US$1,292,000) with related companies controlled by certain directors of the Company. During the current interim period, interest expense of approximately US$7,000 (six months ended 30 June 2021: US$19,000) has been charged to profit or loss and repayment of approximately US$648,000 (six months ended 30 June 2021: US$1,827,000) has been made in relation to the lease liabilities and interest expense with the related companies.

Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have significant influence in these companies.

14. BANK BORROWINGS

During the six months ended 30 June 2022, the Group obtained new bank borrowings of approximately US$120,212,000 (six months ended 30 June 2021: US$93,286,000) and repaid bank borrowings of approximately US$169,411,000 (six months ended 30 June 2021: US$96,788,000). The bank borrowings of the Group carry interest at market rates ranging from 1.25% to 5.00% (year ended 31 December 2021: 1.21% to 5.00%) per annum.

15. AMOUNT DUE TO AN ASSOCIATE

The amount is trade in nature, unsecured, interest-free and repayable according to the credit period of 90 days. The amount is aged within 90 days.

16. AMOUNTS DUE FROM RELATED COMPANIES

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Amounts due from related companies (note a)		
Companies controlled by certain directors of the Company (note b)	215	217

Notes:

(a) At 30 June 2022, amounts due from related companies included approximately US$215,000 (31 December 2021: US$217,000) which are non-trade in nature, unsecured, interest-free and repayable on demand. The maximum balances during the six months ended 30 June 2022 were approximately US$217,000 (year ended 31 December 2021: US$538,000). The amounts were aged within 30 days.

(b) Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have significant influence in these companies.

17. SHARE CAPITAL

	Number of shares '000	Share capital US$'000
Issued and fully paid		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	2,852,822	3,654

18. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had capital commitments as follows:

	At 30 June 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Contracted for but not provided for in the condensed consolidated financial statements in relation to the acquisition of property, plant and equipment	41,329	54,568

19. 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 2022 US$'000 (unaudited)	At 31 December 2021 US$'000 (audited)
Property, plant and equipment	2,293	2,499
Inventories	4,603	5,009
	6,896	7,508

20. RELATED PARTY TRANSACTIONS

(i) Related party transactions

During the period, the Group entered into transactions with the following related parties:

Relationship	Nature of transaction	Six months ended 30 June 2022 US$'000 (unaudited)	2021 US$'000 (unaudited)
An associate	Purchase of materials	(17,620)	(9,192)
	Claims received	–	14
Companies controlled by certain directors of the Company (note i)	Management service income (note ii)	–	392
	Subcontracting income (note ii)	–	2,257
	Interest expense on lease liabilities	(7)	(19)
	Handling fee received	35	17

Notes:

(i) Certain directors of the Company, namely Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne and Mr. LO Ching Leung Andrew, have significant influence in these companies.

(ii) The income was generated from the services provided to Masterknit Limited prior to the acquisition by the Group during the six months ended 30 June 2021. For details of acquisition, please refer to the Group's consolidated financial statements for the year ended 31 December 2021.

At the end of the reporting period, the Group has provided a corporate guarantee to an associate of the Group to secure the banking facilities granted to an associate to the extent of US$6,500,000 (31 December 2021: US$6,500,000). The Group is required to pay immediately if the associate is unable to meet its obligation.

At 30 June 2022 and 31 December 2021, the Company has provided a corporate guarantee to its subsidiaries to fully secure the bank facilities granted to its subsidiaries. The Company is required to pay immediately if its subsidiaries are unable to meet their obligations.

At 30 June 2022 and 31 December 2021, the Company has provided a corporate guarantee to its subsidiary incorporated in the U.K. to secure its obligation and liabilities in relation to the defined benefits scheme (details disclosed in the Group's consolidated financial statements for the year ended 31 December 2021) to the extent of approximately US$9,698,000 (31 December 2021: US$10,800,000). The Company is required to pay immediately if its subsidiary incorporated in the U.K. is unable to meet its obligation.

20. RELATED PARTY TRANSACTIONS (Continued)

(ii) Emoluments of key management personnel

Emoluments of directors, who are also the key management personnel, during the period were as follows:

	Six months ended 30 June	
	2022	2021
	US$'000	US$'000
	(unaudited)	(unaudited)
Short-term benefits	**1,727**	1,676
Post-employment benefits	**46**	46
	1,773	1,722

The emoluments of directors are recommended to the Board by the Remuneration Committee of the Company having regard to the performance of each individual and comparable market statistics.

(iii) Related party balances

The Group's outstanding balances with related parties at 30 June 2022 and 31 December 2021 are set out in aggregate in these condensed consolidated statement of financial position and the corresponding notes thereto.

(iv) Licence agreement entered into with a related company

The Group entered into a licence agreement on 20 March 2017 with a related company controlled by Mr. LO Lok Fung Kenneth and Mrs. LO CHOY Yuk Ching Yvonne who are executive directors of the Company, pursuant to which the related company agreed to grant to the Group a licence to use certain trademarks and domain names in connection with its business and operations in various territories for three years commencing 1 January 2017 ("**Initial Term**") automatically renewed for a successive three years upon expiration of the Initial Term ("**Renewed Term**"). The consideration is HK$1.00 for the Renewed Term.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

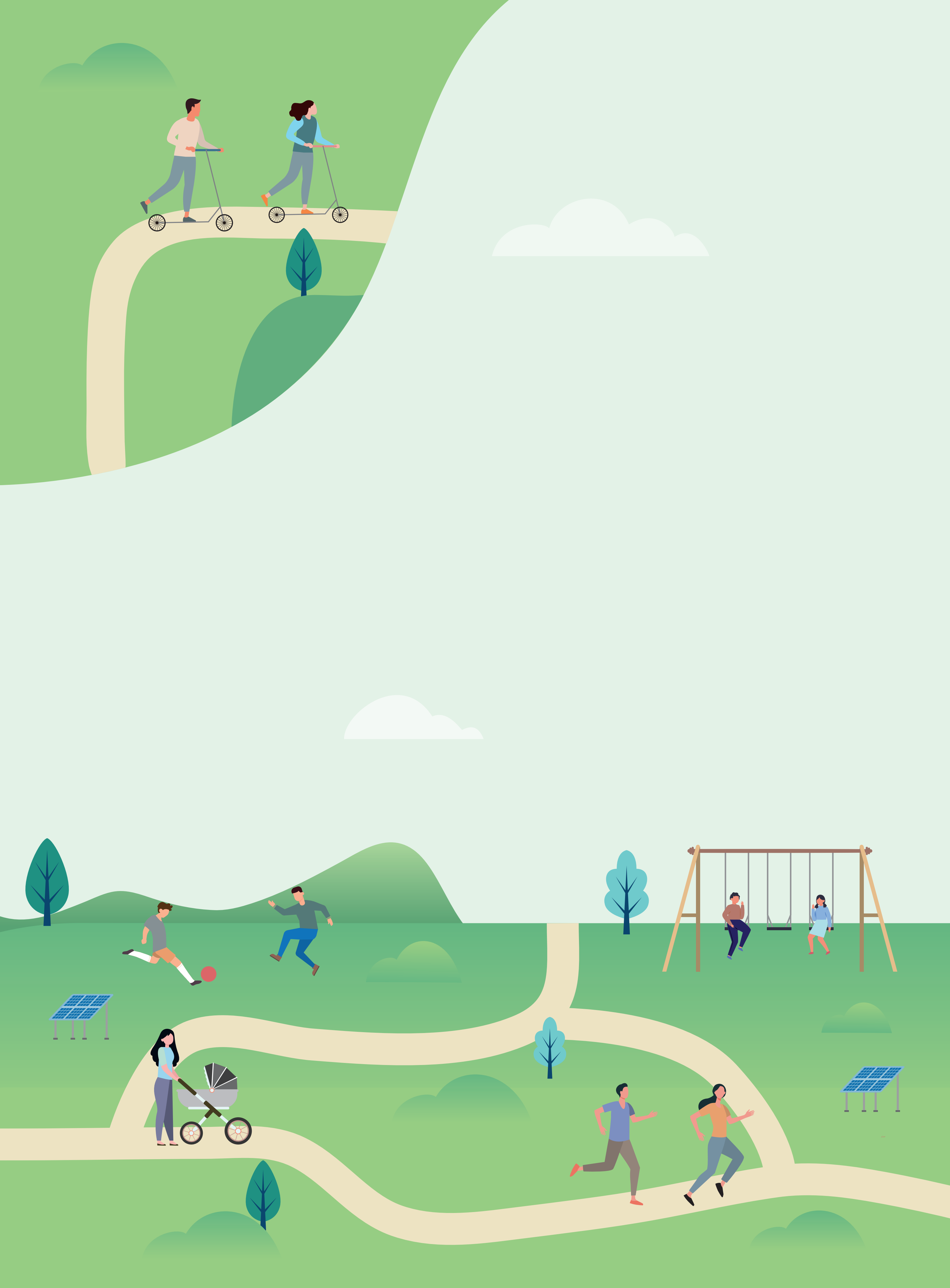
Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

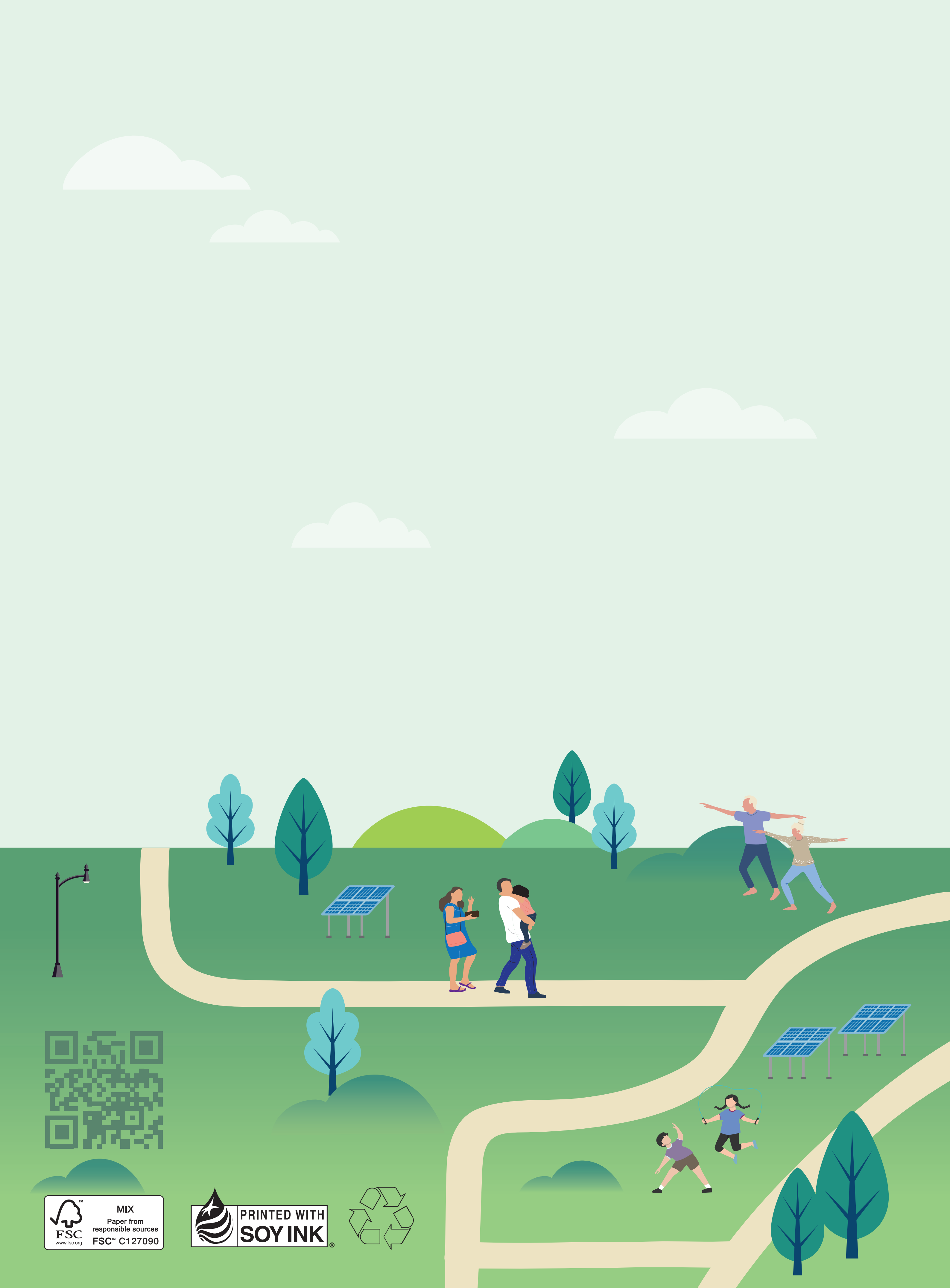
- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value at		Fair value	
	30.6.2022 US$'000 (unaudited)	31.12.2021 US$'000 (audited)	hierarchy	Valuation techniques and key inputs
Financial Asset				
Trade receivables at FVTOCI (note 10)	171,952	99,495	Level 2	A discounted cash flow method is used to assess the present value of the cash flows to be derived from the receivables using the discount rates from the factoring arrangements.

There were no transfers into or out of Level 2 during the period.

For financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.





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