Thesis Report

on

Distribution Strategy of Apparel Industries in Bangladesh: A Case Study on Crystal International Group Limited

Submitted by:

Md. Shafique Alam Mehedi

ID: MBA2102023003

Program: Masters in Business Administration (Major in Marketing)

Semester: Spring -2022

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of Master of Business Administration



Sonargaon University (SU)

Dhaka- 1215

Date of Submission: May 11, 2022

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Sharmila Sikder

Lecturer

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Date of Submission: May 11, 2022

Letter of Transmittal

May 11, 2022

Sharmila Sikder
Lecturer
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Thesis report.

Dear Madam,

With humble honor and respect, I am submitting my thesis report on "Distribution Strategy of Apparel Industries in Bangladesh: A case study of Crystal International Group Limited". As per partial accomplishment of the requirements for the MBA degree, I have completed thesis from "Crystal International Group Limited" [As per partial accomplishment of the requirements for the MBA degree, this thesis report has been carried out] under the supervision of you.

This report is an integral part of our academic courses in completion of the MBA program which has given me the opportunity to have an insight into the (Distribution Strategy). I hope this report reflects on the contemporary issues on the (Marketing) that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report. I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

Md. Shafique Alam Mehedi
ID: MBA2102023003
Department of Business Administration
Sonargaon University (SU)

Certificate of Supervisor

This is to certify that the thesis report "Distribution Strategy of Apparel Industries in Bangladesh: A case study of Crystal International Group Limited" has been prepared as a part of completion of the MBA program from Department of Business Administration, Sonargaon University (SU), carried out by Md. Shafique Alam Mehedi, bearing ID: 2102023003 under my supervision. The report or the information will not be used for any other purposes.

……

Sharmila Sikder
Lecturer
Department of Business Administration
Sonargaon University (SU)

Student's Declaration

I am Md. Shafique Alam Mehedi, a student of Master of Business Administration, ID: MBA2102023003 from Sonargaon University would like to solemnly declare here that thesis report on "Distribution Strategy of Apparel Industries in Bangladesh: A case study of Crystal International Group Limited" has been authentically prepared by me. While preparing this report, I didn't breach any copyright act internationally. I am further declaring that, I did not submit this report anywhere for awarding any degree, diploma or certificate.

Sincerely Yours

Md. Shafique Alam Mehedi
ID: MBA2102023003
Major: Marketing
Semester: Spring-2022

Letter of Authorization

Certified that this thesis project report titled “Distribution Strategy of Apparel Industries in Bangladesh: A case study of Crystal International Group Limited” is the bon fide work of Student’s name: Md. Shafique Alam Mehedi, who carried out the research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Sharmila Sikder

Lecturer

Department of Business Administration

Sonargaon University (SU)

ACKNOWLEDGEMENT

I wish to extend my gratitude to all the people who helped me accomplish my report title, “Distribution Strategy of Apparel Industries in Bangladesh: A case study of Crystal International Group Limited”. At the very beginning, I want to thank my faculty advisor and thesis supervisor in Sonargaon University, Sharmila Sikder, who has given me precious guidance from her busy schedule. I am very grateful for all her advice in order to make my thesis report more effective.

Secondly, I am grateful to Mr. Fayshal Akash, Production Associate of Crystal Industrial Bangladesh Private Limited (Bangladesh) in marketing (Operations) department for being my thesis supervisor. He has shown me how to get things done easily and helped me a lot. I am thankful to Mr. Shamsul Arefeen, Department Head (Operations & Quality) of Social Crystal Industrial Bangladesh Private Limited for granting my thesis in his department. I want to express my sincere gratitude to Mr. Tushar Mukherjee, Asst. Manager of Marketing (Operations) department for his cordial cooperation and encouragement.

EXECUTIVE SUMMARY

The core objective of the thesis is to fulfill the requirement of the MBA program as prescribed by the Sonargaon University. An intern has to prepare project report at the end of the thesis period but the main objective of the thesis is to get the hands-on experience of the real world organization. The thesis was completed with the objective of getting practical knowledge in the Marketing (Operations) department of **Crystal Industrial Bangladesh Private Limited.**

The first responsibility I was assigned on this eight week of thesis period was to assist the trainer for the TTT program. Secondly, I was allotted the work of Medical Insurance Data Sheet Update and SPPS was the last task, I was assigned during my thesis program. As an intern, I realized that I was successful to gather a lot of significant learning experiences which would be helpful in my future career. The Marketing department of **Crystal Industrial Bangladesh Private Limited** offered me ample space and opportunities, not only to learn but also to exhibit my skills as a Marketing team member. I could use my theoretical knowledge of Marketing in real practice while participating in many discussions. I was actively involved in the department meetings where I shared my knowledge and views regarding the performance **Crystal Industrial Bangladesh Private Limited.**

I also attempted to gather more information on basic job functions of other departments to have better understanding of the relation between them and the Marketing department. It was commendable to see how whole heartedly they welcomed, acknowledged and appreciated new ideas and knowledge. I have provided few recommendations based upon my understanding and knowledge. I successfully completed all the assigned duties and handed them over to the senior supervisor at the end of the thesis. I thoroughly enjoyed the challenges that came along every single day. I could also bring some minor improvisations during my thesis which were able to leave their marks. These lessons that I have learned will be a valuable one for my future endeavors as well.

LIST OF ACRONYMS

AIM	Ace Institute of Management
MBA	Masters of Business Administration
TTT	Train The Trainer
SU	Sonargaon University
SPPS	Staff Product Purchase Scheme
OB	Organization Behavior
MC	Managerial Communication

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Chapter: 1

INTRODUCTION

Rationale for Selecting the Report:

The textile and garment industry is the basic tool for most developing countries to enter the road of industrialization. This typical light industry sector which need less capital intensive and require low technology are the open door for developing country to enter into this field. In addition, the high wages in developed countries have created favorable conditions for the manufacturing and the exportation of textile and garment products. Furthermore, on January 1, 2006, WTO put an end to the worldwide system of textile and apparel quotas, created a leap for the textile and garment industry in Asian countries (Kilduff & Chi, 2006) in which there are Bangladesh.

On the other hand, the industry cost of textile and garment in South America, Caribbean, and Eastern European are high, therefore, it tend to decrease and shift to Asian, where have cheap labor cost and other costs. Together with the safety quality problems that the Chinese firm involved recently, foreign customer are seeking the substitute in Bangladesh, with can also provide cheap price and meet the quality requirement.

However, in 2009, 52% of the EU's garment import is provided from developing countries, in which China found 28% market which make it became the market leader, only 24% are market share for all other countries (Nathan, 2009). The reasons for the lower market share of some other developing countries in which there are Bangladesh compare to China are the production inefficiency related to both access to financing, infrastructure services (e.g. power supplied, modern information technology...) and managerial problem (Chaffai, Kinda, & Plane, 2009). In this paper we described the global chains management of the textile and garment industry in Bangladesh, to examine how the model work as well as to examine the efficiency of using the distribution channel, especially focus on the role of intermediaries in the channel.

1.2 Background (Why Bangladesh):

In my research I choose Bangladesh because it is one of the biggest readymade garments industry in Bangladesh is the largest manufacturing sector and the most important GDP contributor in the country. Today, Bangladesh is the world's second largest readymade garment exporting country, generating approximately $30 billion in export value every year.

1.3 Why apparel industry in Bangladesh:

If anyone thinks about Bangladeshi exports the first thing comes in the mind is the Bangladeshi garments products. According to Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the RMG sector's contribution to GDP was 11.17% in the fiscal year of 2017-18. But not long before in the fiscal year of 2013-14, the sector contributed 14.17% IN GDP which indicates a decrease by 3%.

In FY2018, Bangladesh's total GDP was TK22, 504,793 million where RMG sector's contribution was TK2, 513,471 million. Although the overall GDP has increased by 7.86%

where the service sector contributed the highest to GDP which was 52.11%. RMG sector's sector contribution isn't increasing comparing to the last few years.

According to business experts, lack of diversified products and sluggish private investments are the root causes of this negative trend in the apparel sector. Export earnings from the textile sector are mainly dependent on four to five basic products such as T-shirts, sweaters and other knit products.

1.4 Bangladesh Competitive Advantages:

Bangladesh has two distinctive competitive advantages in comparison to other countries industry.

• Low labor costs

• Domestic production of raw material

But the questions how other countries can manage to export literally same amount of textile products then Bangladesh as they are importing the raw material from other countries like Bangladesh? I will try to get answer of this question in this report.

1.5 Why middle man:

I decided to learn about role and importance of intermediaries which are helping the manufactures to go global. The intermediaries are playing prime role the in the businesses these days. If we see any big chain clothes retailer Like H&M or Zara they are price competiveness is one of their big competitive advantage. How they manage to sell cheap with profits one of reason is that they introduces new practices in the supply chain and they integrated services and smartly uses the competitive advantages of different countries all together in one. For instance Gap buys raw material from Bangladesh finishing in China other countries. The business in china and Bangladesh is not as simple as in the developed countries although they are trying to organize the system but still the investor need a lot of local knowledge to approach the right quality.

1.6 International Distribution channel in Connection withBangladeshi distribution channel

Exports are not only contribute to the major part of the economy but also the main source of getting the foreign exchange more you export Governments are always busy to making export oriented policies and there are several public intermediaries which are helping the exporters to

increase their international presence .Some time these strategies bring some conflicts like long term American blame undervalued Chinese currency. IF china undervalued its currency only reason is doing is to make their exports cheaper. As national markets expand and a new opportunities arise for satisfying consumer demand, greater specialization in distribution is evident both in level of distribution and in goods and services handled (Mallen, 1996) Move rover, as the global marketplace expands, many multinational firms have influenced by mounting pressures to develop a worldwide communication, distribution and information network that facilities the free flow of information and goods across national boundaries (Min &Eom, 1994).

According to economic survey of Bangladesh is exporting about 46 billion of garments and raw material exports every year and its accounts it's more than half of total country exports. On the other hand Vietnamese is exporting more value addition products, in the garments industry the value additions are the finished products.

The international distribution channels is links towards the local distribution channels of Bangladesh through different channels and intermediaries like governments organizations, private pressure groups or selling intermediaries.

Exporting and importing from different countries need certain knowledge about the products, and a lot authentication to seller and buyer too. Like Nimage a Swedish IT Company using different intermediaries to produce certain quality of Software's.Each Intermediary is specialized in its field.

In the export market the manufactures from the developing countries reach to the high end market like Europe and America with the help of different intermediaries.
Some of these intermediaries enhance the performance of the Manufacture and make it more competitive and cost effective (Like state own organizations and private consultants) and other help them to reach to the international markets. We selected some of these intermediaries from both countries and compare with the theory like supply chain management, channel management etc.

This model explains the structure of the global outsourcing of the brands in to cost effective developing counties. This shows how company from other countries outsources its operation in different small countries. This model explains how they outsourced their manufacturing and how they manage to link domestic and global value chains.

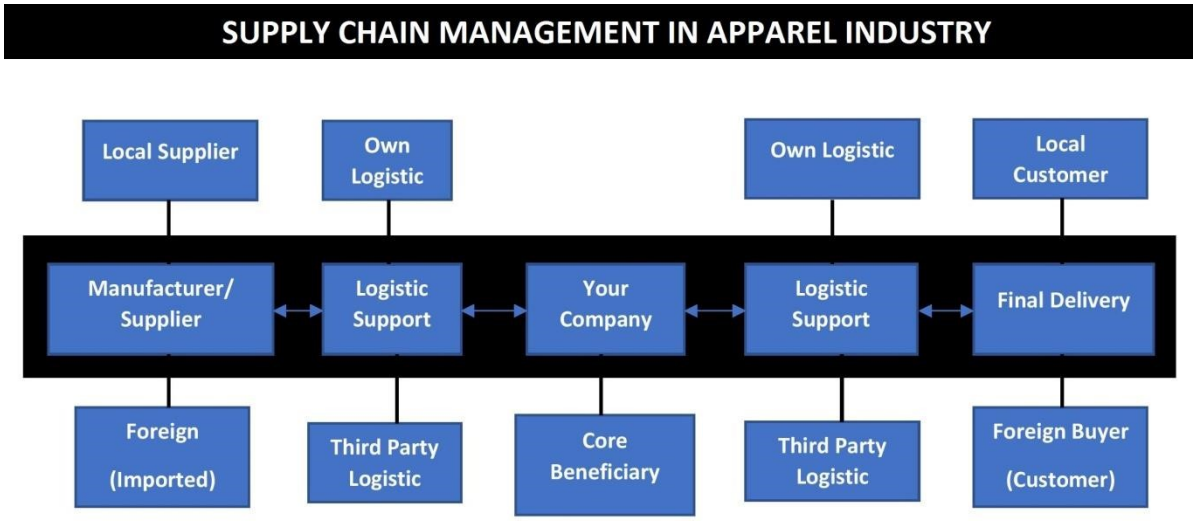


Figure 1: Global Supply Chain Structure: Domestic and Global Sourcing

1.7 Purpose

The purpose of this paper is to find the export potential of textile products of Bangladeshi Textile Industry. Textile industry is main industry in Bangladesh and one of the main and fast growing industries. Bangladesh is exporting more value added products, How Bangladesh get advantage in the Value addition. In what Bangladesh is good in marketing, Technology, or other skills? What factors help them to be more competitive? If they are good what are reasons to being good? One of the main motivations of this study is to find answers to these questions. In this study I search for the reasons in the working, structure and visions of intermediaries in both countries. In this study with the help comparison makes a conclusion to see that intermediary's performance matter in the overall performance of the industry eventually increase in the export of the country.

1.8 Limitation of the study

We are analyzing Bangladeshi distribution channels with focusing on the intermediaries so we are limited our research to the intermediaries which help and increase the capability of export.

1.9 Methodology:

This is an Exploratory Research, which briefly reveals and analyzes the Distribution Strategy of Apparel Industries in Bangladesh and we will defend our research methodology choice and with reason theory explain our research plan.

According to (Yin, 2003) there are three commonly used approaches in scientific research, namely exploratory, descriptive and explanatory research. Descriptive research aims to portray an accurate profile of persons, events or situations. This may be an extension of a piece of exploratory research. It is necessary to have a clear picture of the phenomenon on which you wish to collect data prior to the collection of the data. Project tutors are often cautious of work that is too descriptive. They want you to go further and to draw conclusions from your data. They encourage you to develop the skills of evaluating data and creating ideas. These are higher-order skills than those of accurate description. Description in management and business research has a very clear place. However, it should be thought of as a means to an end rather an end in itself. (Saunders, 2000)

My research is the descriptive research as we are analysis the current structure of distribution system and roles of different intermediates with context with Bangladeshi apparel industry.

Type of research:

This is an Exploratory Research, which briefly reveals and analyzes the Distribution Strategy of Apparel Industries in Bangladesh.

Sources of Information:

I have collected the information/data from the following sources, which has helped me to make this report. The source is divided into two parts:

- Primary Source
- Secondary Source

The "Primary Sources" are as follows:

Data collected for the first time is called primary data. The methods used to collect such data include:

- Face-to-face conversation with the respective officers and staffs of the Branch.
- Informal conversation with the clients.
- Practical work exposures from the different desks of the departments of the Branch covered.

▪ The "Secondary Sources" of data and information are:

The secondary data sources are annual reports, manuals, and brochures of Social Crystal Industrial Bangladesh Private limited and different publications of Company. To identify the implementation, supervision, monitoring and repayment practice- interview with the employee and extensive study of the existing files.
Methods used to collect secondary data include:

- Annual Report of Crystal Industrial Bangladesh Private Ltd and
- Internet.

Chapter 2:
Literature Review

Marketing channel decisions are among the most important decisions that management faces today. Indeed, if one looks at the major strategy of the marketing mix (product, price, promotion and distribution), the greatest potential for achieving a competitive advantage now lies in distribution (Obaji, 2011).

Distribution, as one of four elements of marketing complex, is an inseparable part of marketing decisions which involves all the decisions about distribution of products to the end user. The issues of distribution were analyzed by a number of marketing specialists (Berman, 1999; Kim, 1996; Delton, 1997; Frazier, 1999; Kotler, 2003; Rosenbloom, 1999; Stern, 2006; etc.)paying a big attention to the elaboration of the procedures of marketing channel design (Gudonaviciene & Alijosiene, 2008).

Distribution still offers a new frontier for competing successfully, especially if the emphasis is placed on the design and management of superior marketing channel systems to provide excellent customer services. Yet designing optimal marketing channel systems to boost sales, formulating innovative distribution strategies and managing channels system effectively is no simple task. (Obaji, 2011)

The very earliest formal conceptions of marketing channels focused on the functions performed by a distribution system and the associated utility of these functions and the overall system. Reflecting their presence in industrial and transitional economies, marketing channels gradually came to be viewed as the set of interdependent organizations involved in the process of making a product or service available for use or consumption (Coughlin, Anderson, Stern, & El-Ansary, 2001). This institutional oriented perspective draws attention to those members (e.g. wholesalers, distributors, retailers, etc.) comprising the distribution system and engaged in the delivery of goods and services from the point of conception to the point of consumption (Anderson & Coughlan, 2002). The management of such institutions through marketing channel management involves the planning, organizing, coordinating, directing and

controlling efforts of channel members (Gundlach et al, 2006).In general, the concept of distribution refers to where and how product and services are to be offered for sale, all essential mechanism and logistical supports for the transfer of goods and services as well as ownership of goods and services to the customers (Stern et al, 2006). A successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy the desired consumer (Kotler & Keller, 2009).

One of the initial problems encountered when the area of integrated distribution is discussed is the problem of definition. No single "model" distribution system can be tailored for all business firms. The distribution function, like other functions of the firm, must be developed within the framework of management philosophy and available resources of the individual firm. During the 1960s, three characteristic or identifiable approaches to integrated distribution management have emerged. They are: physical distribution management, materials management and business logistics. (La Londe, Grabner, & Robeson, 1993).

Research devoted to channel management has played an important role in the marketing discipline for over 40 years. Two main areas of channels research in marketing have evolved. First, how channels are organized or structured has been a focal point, centering on the level of channel integration, reliance on multiple channels, distribution intensity and organizational policies relating to centralization, formalization, standardization, and surveillance (cf. Dwyer &Oh, 1988; John &Weitz, 1988; Fein & Anderson, 1997; Shervani, Frazier & Challagalla, 2007). Second, how ongoing channel relationships are coordinated in a behavioral sense has been even more prominent, dealing with methods of channel governance, including the impact of contracts, the development and application of interfirm power, communication approaches, levels of control and conflict, and the attainment of trust and commitment (cf. Frazier, 1983; Anderson & Weitz, 1992; Boyle, Dweyer, Robicheau and Simpson, 1992; Morgan and Hunt, 1994; Kumar, Sheer and Steenkamp, 1995; Lusch and Brown, 1996).

Chapter 3:

An Overview of Crystal International Group Limited

3.1 History of Crystal International Group Limited.:

Crystal International Group was founded in Hong Kong by Mr. and Mrs. Kenneth Lo in 1970. At our inception, we had a workshop with a few sewing machines and knitting looms producing sweaters.

Today, we have around 20 self-operating manufacturing facilities spanning across five countries. With a workforce of approximately 80,000, we deliver over 470 million pieces of apparel a year to the best-in-class apparel brands in the world, offering them the right product at the right time at the right cost. Our broad range of apparel products includes lifestyle wear, denim, intimate, sweater and sportswear and outdoor apparel.

3.2 Mission:

Our co-creation business model is critical to achieving and enhancing our industry leading position as supported by the powerful combination of our almost five decades of industry experience, long-term partnerships with globally leading apparel brands, a diversified product portfolio, and a multi-country manufacturing platform, which have driven our ability to launch new commercially successful products for our customers continuously.

3.3 Vision

We have developed based on our corporate culture of caring "For The Greater Good" — where the good of customers, colleagues, society and the global environment are our priorities. We believe sustainability allows us to create "shared value" for shareholders and stakeholders through our business process. To this end, we take a holistic approach to sustainability using the five pillars: Environment, Innovation, Product Integrity, Employee Care, and Community Engagement.

3.4 Objective:

Crystal International Group Limited is a global leader in the apparel manufacturing industry. Founded in Hong Kong in 1970, we have developed diversified product categories into five segments, namely **Lifestyle wear, Denim, Intimate, Sweater, and Sportswear and outdoor apparel**, with leading positions in corresponding categories. We operate a multi-country

manufacturing platform, with around 20 production facilities spanning five countries, including **Vietnam, China, Cambodia, Bangladesh and Sri Lanka**.

At Crystal, we serve a group of leading global brands, through a highly differentiated "Cocreation" business model, offering value-added services and satisfying our customers through accumulated knowledge of the fashion market, promptness of service and creative innovation. We strive to produce the right products at the right time and at the right cost which is critical component to the success of our customers' global apparel brands in an ever-changing industry environment. The Group maintains a keen focus on sustainability and was ranked 17th out of 50 in the Fortune business magazine "Change the World" list in 2016. The list recognizes companies across the worlds that have made significant social and environmental contributions.

- To strive hard to optimize profit through conduction of transparent business operations within the legal & Social framework with malice to none and justice for all in respective of gender disparity, caste, creed or religion or region.
- To Increase productivity.
- To create more jobs with minimum investments.
- To be competitive in the internal as well as external markets.
- To maximize export earning with minimum imported in-puts.
- To reduce the income gap between top & bottom categories of employees.

- To promote corporate social responsibilities (CSR) amongst all.

○ 3.5 Functions of Crystal International Group Ltd:

Knit Division

Our Knits division specializes in manufacturing casual wear, sweater, sportswear and outdoor wear, with manufacturing facilities in countries and regions spanning China, Bangladesh, Vietnam and Cambodia. We have forged partnerships with multiple well-known international brands including UNIQLO, A&F, GAP over the years. Committed to our sustainable development strategy, we put in great efforts in our people-oriented management, employee care and environmental protection. We strive to create a competitive wage and welfare system, as well as a platform for learning and personal development.

Denim Division

Our Denim division focuses on manufacturing denim products for various renowned international fashion brands such as Levi's , GAP and H&M. With novel technologies, we are

eager to develop innovative products of new finishing effects, cutting and fabrics. We also enhance our productivity by introducing the intelligent production line and "SMART" Laundry. We deliver seamless and optimal services to customers from product development to manufacturing at all times. This enables us to become one of the global leaders in denim manufacturing category with factories locating in 3 countries, including China, Vietnam and Cambodia.

Intimate Division

Our Intimate division specializes in lingerie and swimwear products which include bra, corset, sleepwear, bikini top, shape-wear, camisole, panty and garter belt. Our clients cover renowned global brands such as Victoria's Secret, PINK, UNIQLO, H&M, Lindex and Lane Bryant etc. With our professional Product Development team, we keep abreast of the latest trends by working together with our suppliers in material sourcing, product design and development, to generate innovative ideas, bring forth co-creation and create value for our customers. Our Intimate factories locate in 3 countries including China, Vietnam and Bangladesh.

○3.6 Organization Structure:

We believe our sustainable growth measures are pivotal to our strong performance and reputation over recent years across geographies and products. While we pursue our growth strategies, we focus on implementing robust environmental conscious practices and are committed to operating our business in a sustainable manner. We intend to continuously work to reduce our carbon footprint, increase energy efficiency, reduce water consumption and reduce material usage. Also, we believe our focus on employee care and various initiatives of employee welfare led to a high satisfactory rate among our employees and thus increased productivity. We believe, as one of the early-movers who tap into the strength of sustainable practices, we will strive to stay ahead of the competition in the apparel manufacturing industry. Our employees are essential to the success of our business. To ensure that our staff is engaged, loyal and committed to carrying out our mission, The Group has made several commitments to meeting the needs of our people.

People development

We emphasize the development of our employees in order to enhance their knowledge, professional skills, personal growth and job satisfaction and to facilitate their career advancement. Different training programmers are designed for our employees at various

positions. Some of our training initiatives include the P.A.C.E. (Personal Advancement and Career Enhancement) programmed that empower women workers through life skills education. Our Associate Programmed is a rigorous fast-track management programmed through which we develop university graduates with high potential into future corporate leaders.

Employees' well-being

We are committed to conducting our operations in accordance with the industry standards and legal requirements of the countries in which we operate. We believe in providing a safe and decent work environment for our employees. Our Social Compliance Policy and Social Compliance Manual that apply to the whole group provide guidance and instructions on health and safety, and many other aspects involving human rights and compensation. The manual applies to both Crystal's wholly-owned factories and subcontractors.

Employee engagement

We believe that effective communication is a prerequisite for building and managing an engaged workforce, and that it is vital to the success in fostering an employee's sense of belonging and in enhancing mutual understanding between the company and the employees. Crystal Group believes in keeping its employees informed and in open communication with them. From regular meetings and informal gatherings to newsletters and online social networking platforms, the management uses various channels to enhance and maintain close relationships with their teams. To ensure a fair and equitable workplace, we have put in place a grievance mechanism that allows all employees to voice complaints or grievances to the management

○3.7 Management Structure of Crystal International Group Ltd.:

Corporate Governance:

Corporate governance is the key to its sustenance. Good Corporate Governance is the key to successful sustenance Corporate Governance is as follows:

Board of Directors:

In line with the concept of good corporate management practice and the provisions of Articles of Association, The Board of Directors, The Top Management tier is responsible for overall control and supervision of the entire affairs of the Company primarily through strategic planning & budgetary control mechanisms. To this end, The Board of Directors hold periodic

meetings to resolve issues of policies and strategies, recording the minutes/ decisions for implementation by the Executive Management.
The Board of Directors is reconstituted every year by the shareholders through retirement /reelection/ election of one third of its members. Members of the Board of Directors often travel abroad to bring into focus, the Company's image and acquire technological gains. Top Management inaugurates / participates in seminars, training courses, conferences, and various cultural activities of the employees and workers which instill in them a sense of belongingness.

Separate Role of the Chairman and Managing Director:

The positions of Chairman and Managing Director are held separate persons. The Chairman is responsible for functions of the Board while the Managing Director serves as the Chief Executive of the Company.

Audit Committee of Board:

An audit committee consisting of the Independent Director as Chairman and two other Directors as member has been constituted in terms of the Bangladesh Securities and Exchange Commission (BSEC) guidelines for ensuring good governance practices.

Executive Management:

The Managing Director, the CEO, is the head of the Executive Management Team which comprises senior members of the Management Apparatus. Within the limits of delegated authority and responsibility by the Board of Directors, Executive Management operates through further delegation of authority at every echelon of the line management. The Executive Management operates within the frame work of policy & planning strategies set by the Top Management with periodic performance reporting for guidance. The Executive Management is responsible for preparation of segment plans/ sub-segment plans for every profit centers with budgetary targets for every item of goods & services and are held accountable for deficiencies, with appreciation for outstanding and exceptional performances. These operations are continuously carried out by the Executive Management through series of Committees, Sub-Committees, Adhoc Committees &Standing Committees assisting the line management.

Functional Department 9of Crystal International Group Ltd:

Crystal International Ltd is one of the structured organizations. All the responsibilities of the company are divided to different departments. The department looks after total factory operations. It has a number of sections and each section has definite responsibility. Some of departments are listed below-

1. Production Department
2. Sales and Marketing Department
3. Finance and Accounts
4. Management Information Department (MIS)
5. Administration Department
6. Human Resource Development (HRD) Department **and many others.**

Sales and Marketing:

The main duty for the marketing department is to convince the buyer. The search for the buyers who are looking for RMG products from Bangladeshi Garments coming from deferent part of the world. As the buyers are highly concern in yarn they test the sample and marketing department deals this sample- testing price and time of shipment.

Board Committees

Audit Committee

Anthony Nigel Clifton Griffiths (Chairman), George Chang, Alvin Mak

Our Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Anthony Nigel Clifton Griffiths, Mr. George Chang and Mr. Alvin Mak, all of which are our independent non-executive Directors. Mr. Anthony Nigel Clifton Griffiths has been appointed as the chairman of the Audit Committee and possesses the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process, review and oversee the existing and potential risks of the Group and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Alvin Mak (Chairman), George Chang, Kent Wong, Kenneth Lo

Our Company established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee consists of three independent non-executive Directors, being Mr. Alvin Mak, Mr. George Chang and Mr. Kent Wong and one executive Director, being Mr. Kenneth Lo. Mr. Alvin Mak has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Kenneth Lo (Chairman), Anthony Nigel Clifton Griffiths, Alvin Mak, Kent Wong

Our Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of three independent non-executive Directors, being Mr. Anthony Nigel Clifton Griffiths, Mr. Alvin Mak and Mr. Kent Wong and one executive Director, being Mr. Kenneth Lo, who is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

Corporate Development Committee

Andrew Lo (Chairman), Frankie Wong, Dennis Wong, Howard Lo, George Chang, Alvin Mak, Kent Wong, Andy Li, Mark Lee

Our Company also established a Corporate Development Committee to review and advice on the Board of future development opportunities for our business and formulation of business

growth strategy. This committee acts as an advisory think tank and its membership consists of Mr. Andrew Lo (Chairman), Mr. Frankie Wong, Mr. Dennis Wong, Mr. Howard Lo, Mr. George Chang , Mr. Alvin Mak, Mr. Kent Wong, Mr. Andy Li and Mr. Mark Lee.

Corporate Information

Registered Name

CRYSTAL INTERNATIONAL GROUP LIMITED

Registered Office

Ugland House

P.O. Box 309

Grand Cayman KY1-1104

Cayman Islands

Headquarters

5-7/F., AXA Tower

Landmark East

No. 100 How Ming Street
Kowloon, Hong Kong

Company's Website

https://www.crystalgroup.com

Authorized Representatives

LO Ching Leung Andrew

NG Tsz Yeung

Company Secretary

NG Tsz Yeung

Principal Share Registrar and Transfer Office

Maple Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hill, Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopwell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel: 852 2862 8555
Fax: 852 2865 0990
Email: hkinfo@computershare.com.hk

Auditor and Reporting Accountants

Deloitte Touche Tohmatsu

Legal Advisers

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

Financial Year End

December 31

Share Listing

The Stock Exchange of Hong Kong Limited
(stock code: 2232)

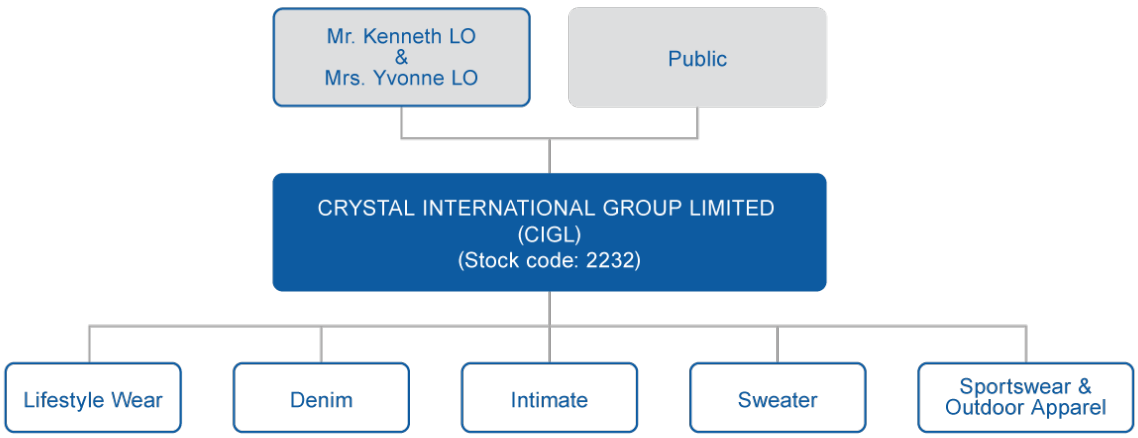
Listing Date

3 November 2017

Board Lot

500

Corporate Structure



Chapter 4:

Distribution Strategy of Bangladeshi Apparel Industry

4.1 Products and Main Export Markets of Garment and Textile

The apparel sector in Bangladesh has two sub-sectors: garments made from woven cloth, and those made from non-woven material, namely, sweaters and knitwear. These differ in terms of the "effective" trade policy put on them by the US and EU which are Bangladesh's main markets (Kee and Krishna, 2007) .

Bangladesh is a famous destination for a number of world class buyers, like Levis, Nautica, target, JC penny, Wrangler, Lee, Charming Shoppes, Nike, Wall mart, Sara lee, Outdoor, American eagle, Perry ellise, TCP From USA and Europe. All the activities are focused for some certain regions. Therefore, finished products are exported to European Union, United States, Canada, Japan, and Hong Kong, India, China.

Garment and Textile dealing region:

Garment and Textile industry, consisting approximately eleven different business entities dealing with each other (e.g. figure: 1). Outcomes depend on effective information and credit flow among business entities. Apparel Manufacturer is the center of all activities. Apparel Manufacturer need fabric as a main raw material for production. Therefore, company is always interlinked with local and foreign textile companies. In case of, composite companies fabric comes from own textile as a result of backward linkage. In Bangladesh, very few composite manufacturers are enjoying this advantages compare to India and china.

In order to meet the demand for ultimate local and international buyers Garment and Textile work together as an individual unit. Companies can be directly communicated by international and local buyers through merchandiser and buying house. Textile manufacturer follows almost the same strategies as it is performed by garment manufacturer.

In addition, Textile Company needs a very strong supply of raw cotton. India, USA, Sudan, Zambia all these countries produce huge amount of raw cotton. In Bangladesh raw cotton is being imported from these countries in order to produce fine quality yarn for weaving fabric.

Without having updated machinery and skilled work force a factory can't increase efficiency level. Italy, Switzerland, Germany, Turkey, all these countries are a good manufacturer of garments and textile machinery. Textiles and Garments acquire machines for production from these countries. Garment and Textile Companies need to deliver the finish products to buyers all over the world. For that a strong distribution network is a crucial to control overall activities. Garment and Textile companies use different local and international shipping and Transportation Company which is called Clearing and Forwarding (C&F) agent. Some companies have their own developed transportation system, but those are not sufficient enough to control the entire market.

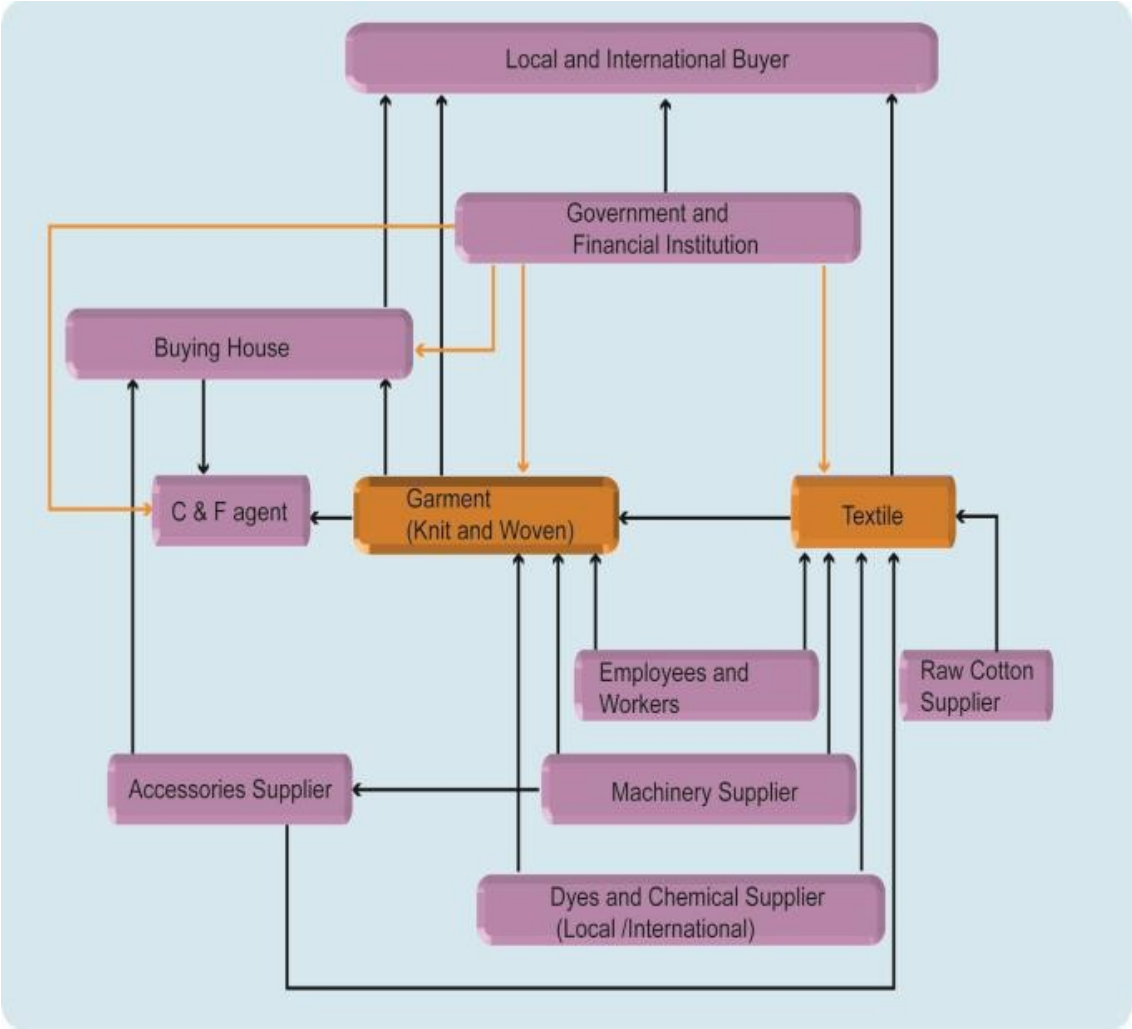


Figure 1: Garments and Textile dealing regions

Dyes and Chemical Suppliers supply dyes and chemical to textile and garments. Textile needs more of dyes and chemical then garments. Only garment washing plant needs to use some sort of chemical for washing purpose. Textile requires good amount Dyes and chemicals. Textile and Garments out source dyes and chemical form abroad directly or through local suppliers. Accessories supplier maintains good relationship with Garments and Textile directly for better flow of different hanger, zipper, button, packaging materials etc. Without accessories garments product can't be portrayed as finished product. Different types of accessories are used in order to make the product more presentable to buyers.

In this sector credit flow is highly supported by Government and Financial institutions in order to deal with internationally by giving the opportunities of opening LC and finance facilities.

Also, different Banking institutions offer long-term loan facilities. International compliance focuses on working environment and labor laws is also very significant for attracting new buyers. Employee and worker policy often play a very imperative role in garments and textile business.

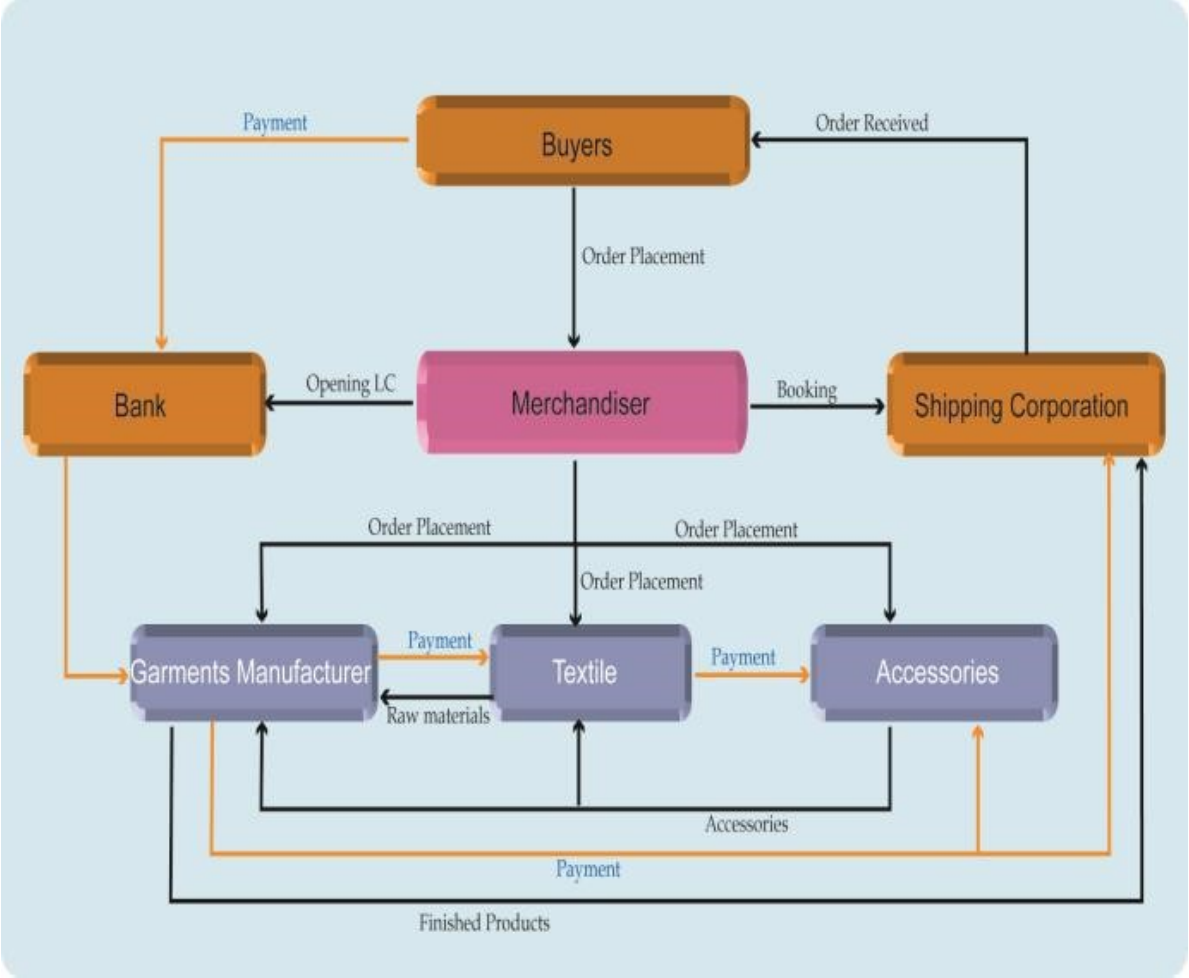


Figure 2: Garments and Textile buying process model

Most of the Garments and Textiles are one hundred percent export oriented. As a result, businesses have very little contribution to local market. Apparently, the Buying process starts from merchandiser, who plays a very essential role in this sector (e.g. figure: 2). Merchandiser could be factory oriented or Buying house oriented. Buyers directly contact with the

merchandiser of a particular manufacturer through ICT tools (B to B market place, E mail) about order placement. After having the formal communication with the Buyer, merchandiser starts working with making further communication with related business entities. First merchandiser talks with the selected Garments about placing order.

Initial stage merchandiser asks for sample production and sends that sample to buyer's destination by courier services from Bangladesh. Once the sample is approved by buyers, merchandiser can go for bulk production. Meanwhile, merchandiser communicates with textile for supplying fabric to garment. Then merchandiser asks the accessories suppliers to supply all necessaries accessories to garment. After making the bulk production by garment, finished products need to be sent to buyer destination. Merchandiser contacts with the Bank about opening Letter of Credit (LC) and Shipping Corporation for transporting finished product.

Apparel supply chain (e.g. figure: 5) is patronized by various B to B ecommerce platforms. These forces are changing the nature and dealing process of apparel business frequently.

In Bangladesh many apparel companies are not aware about this emerging platform. Globalization is changing the apparel dealing process in a form of B to B e-ecommerce. Old economic trends have been added recently by newer globalization trends which affect deeply the apparel supply chain modifying its configuration and intensifying the industry competitive pressure (Cepolina, 2011).

For Apparel Company, distribution channel starts from Supplier it could be raw cotton, yarn or fabric. Suppliers make the materials available for production. Manufacturer (Garment or Textile businesses) produces the finish product and sends it to buyer by using shipping agent. Or finished products are sent to Buying house as per requirements and it is shifted to buyer by buying house through shipping agent.

Information and Communication Technologies (ICT) for Apparel and Textile:

ICT in Apparel is a crucial factor for establishing organizational competencies. The entire dealing processes of apparel companies are highly supported by ICT tools. ICT tools are the only way to communicate with international buyers (e.g. figure: 3). Some marketing activities are also done by ICT tools. thus, organization can enhance its competiveness .Competencies can be reached by the evolution of the companies in the field of ICT networking, organizational networking and knowledge networking (Cepolina, 2011).

Activities performed by apparel companies with Buyers through ICT

1. Get the order from foreign buyers through Buying house or directly through Internet

2. Sell the product to the local or international buyers

3. Provide information to the manager of the organization

4. Send the order to the production department

5. Get the product from production department for local and international sale

6. Sales department also send product and report to local store and to the manager

7. Get information from marketing department about market demand.

ICT model for Garments and Textile

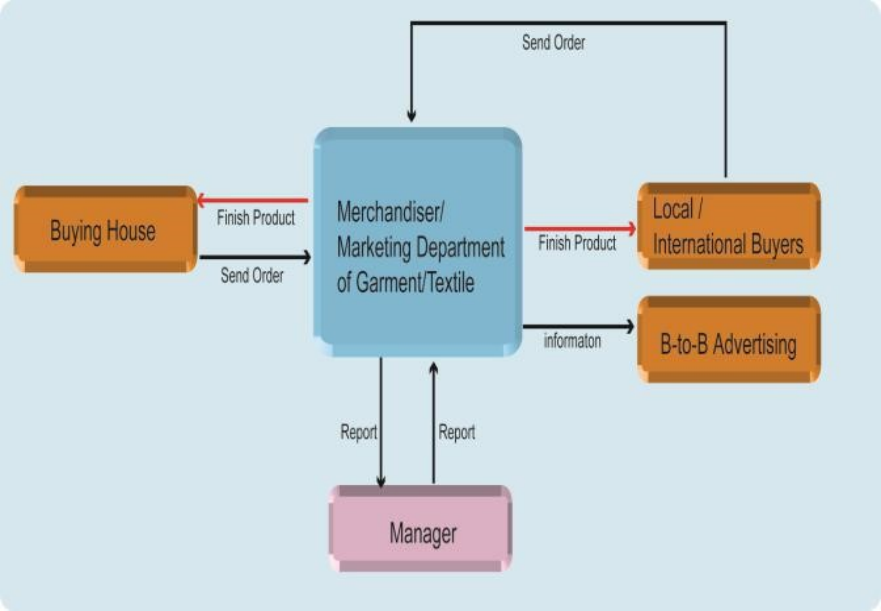


Figure 3: ICT Model for Garment and Textile

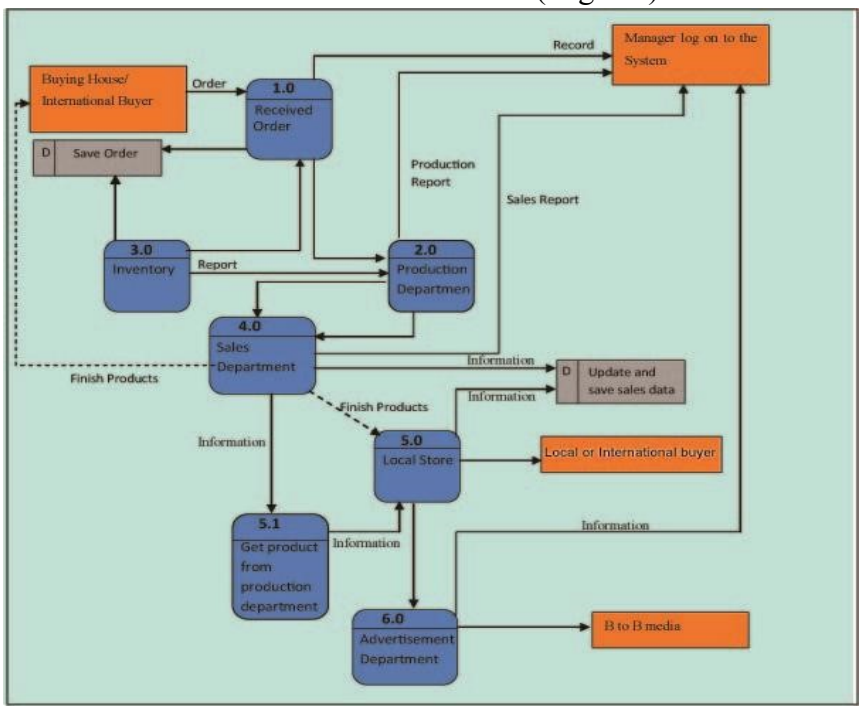


Figure 4: DFD Model for Garment and Textile

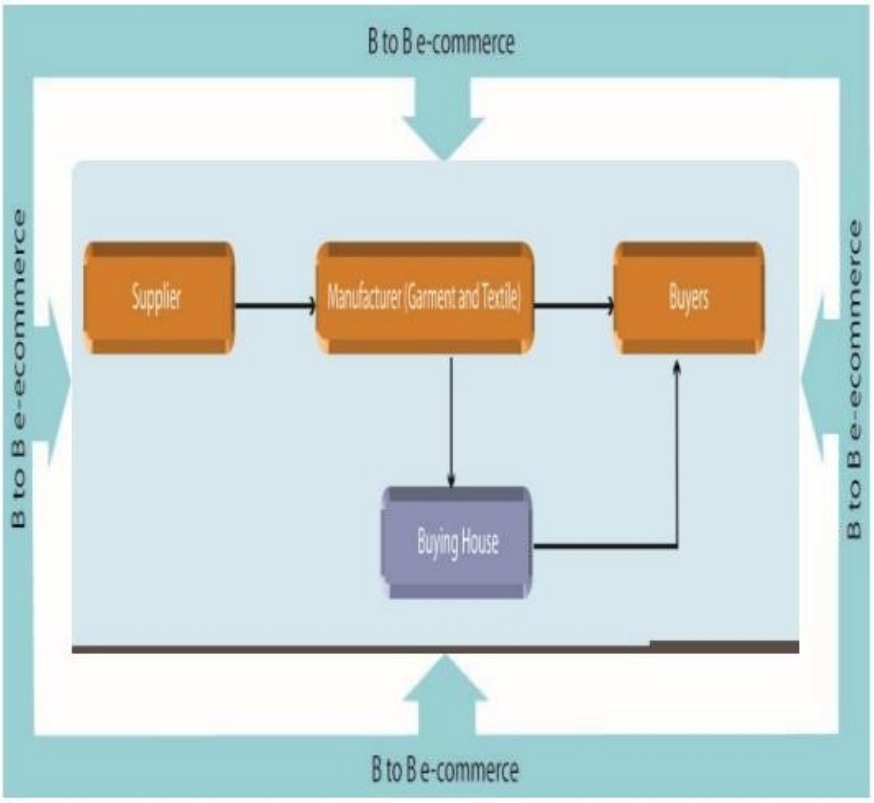


Figure 5: Distribution Channels

Industrial Tour for Buyers

Garments and Textile is the only sector, where product comes last and process comes first. In other businesses the concentration is always on the Product. Even though, a strong brand image doesn't work to motivate buyers. New Buyers never place any order unless or until they visited the factory and get satisfied. In this sector, brand image works as an encouraging factor not the match-winning factor. Almost 36 world top most international buyers including Wal-Mart, Levi's, Gap. JCP are out sourcing finished products from Bangladesh.

Opex garments, Sinha Textile Group, Beximco, Padma Textile are renowned Brands not only in Bangladesh but also worldwide. Opex is an international brand and it is famous for is quality products. Opex has business with world 36 top most buyers. That mean Opex has very good brand image worldwide. This brand image is not sufficient to get a purchase order from new buyer. Before making any new order, new buyer usually visit the factory, where it is located and get satisfied. During the time of visit, buyers generally focus on quality of the product and capacity of the company. Garments and Textile companies often invite these buyers to visit the factory and get familiar with the capacity and quality.

For other products like cosmetic, FMCG, Luxuries product, this thing doesn't take place. We all know that Unilever is famous brand. So if anyone wants to purchase a bulk amount of product from Unilever, one does not need to visit Unilever's factory and get satisfied because we all know that Unilever has a strong commitment for its quality product. That means the name Unilever works as motivating factor. But in case of garments a strong, superior brand name doesn't have that much power to motivate buyer.

Activities of Buying Houses

Buying house has the capability to manage or contact with different buyers. In fact, buying houses manufactures garments products and acts like as a subcontractor. In case of FMCG, these middlemen can only trade by simply Buying and receive some profit. In case of Garment, middlemen acts like a manufacturer and coordinator. If the business is a foreign company, the company has to contact with different Buying houses to make the negotiation. Buying house works as a middle men and perform all tasks from manufacturing to export. Buying houses therefore works as a media between buyer and seller. intangibility intension is very difficult to measure then tangibility particularly in case of service quality. Customer needs, wants, preferences change any point of time without giving some hints to industry.

In that case, the work area of the buying house can be enormous. Buying house contacts with manufacturer of garment products, maintain contacts with textile and manage fabric (later on fabric is sent to garment manufacturer). The Buying houses also contact Accessories Company for colleting accessories and finally Buying house makes a shipment of the final products. Buying houses usually make profit by getting commission from garments, textile and accessories businesses. Also, Buying house make profit by selling garments product to the buyers and make profit along with commission from garments, textile, accessories business. In fact Buying house works as a manufacture of product.

International Compliance

Often compliance requirements are treated as pre condition of negotiation by the international buyers. International Compliances issues are the biggest issues regarding Garments and Textile manufacturing. Brand image, quality and productivity will be less important if company is unable to fulfill the compliances requirements. Even world biggest and famous buyers (Levi's, Gap, Nike, and Wal-Mart) consider compliance requirement before they place any order to garment and textile manufacturers. These buyers first ensure compliances requirements than place order. Sometimes, these buyers post their compliance requirements as a banner or posters in front of manufacturing units located in Bangladesh and declare as authorized suppliers.

Garments and Textile companies group maintain top most important to compliance of local and international rules and regulation related to child labor, force labor, harassment abuse, Health and safety issue, benefits, work hour, over time, discrimination and natural environment. Companies also maintain global standard in factory and work management.

Highest priority has always been on work place safety. Most of the cases factories are equipped with mechanical, Chemical, electrical hazard free.

Diversification and Modernization

Diversification and Modernization are also significant issues in this sector. Most of the cases manufacturer wants to diversify and modernize their business so that they can increase the capabilities to meet the demand. For that Textile has a tendency to set up state-of-the-art plants and machinery.
Although, the production/manufacturing is completed by exiting set up, garments and textile set up new plant for showing the capabilities.

Foreign expert

Almost all Garment and Textile manufacturers rely on foreign expert. Maximum cases expert are recruited from India, Sri-Lanka and Turkey. These expert works on the top level. These foreign experts work as a Brand promoter of a company. On the other hand, those people are used to convince the international buyers. As Bangladesh has huge business connection with India and Sri Lanka, for that, most of the experts are from those countries.

Vertical Integration

When we see an organization is known as composite organization, it will make the way clear for the vertical integration. Vertical integration has a great impact over buyers. Buyers feel comfortable to have a business with that composite organization. In general vertical integration means a comprehensive plant that can have the capacity to outsource the raw materials of the production internally. Although companies main focus on ready made garments but many companies stepped to backward Linkage industry with a view to maintaining quality and reduce lead time for export. Many companies have separate Textile division which consists of Spinning, Yarn Dyeing and Weaving, Fabric dyeing, Printing and Finishing, Composite Knitting unit.

Managing Relationship

Garment and Textile business are all about making relationship with the respect buyers. Manufacturer wants to make a good relationship by fulfilling the desire wants of the buyers. As result loyalty program has been developed and repeat purchase take palace.
On the other hand Business has to make very strong relationship with the suppliers. All about making the good flow of supplies from suppliers and finished product for buyers.

New Product Development (R&D)

Besides dealing business with the buyers companies established its own Research and Development Department to meet the current demand of the customers. This R&D is responsible for developing new fabric construction and meets the buyer's requirement efficiently and effectively.
R & D is using world-class textile design software "dexpro" by famous software company "Textronic", India.

Corporate Social Responsibility (CSR)

Companies provide schooling facilities to the local children and worker children, Health care facilities, day care center for worker children, Canteen and Club facilities in the factory. For that, companies have established School, College, and Hospital.
Now, Bangladesh boasts a large number of well-known composite apparel companies. Companies are aware that their activities have a major impact on the environment. To save natural environment in the factory area many companies has undertaken a massive tree plantation program. Beside each factory has waste management plant and to avoid hazard.

Promotional Strategies

Garments and Textile business follow business-to-business concept. As result it has to make a good relationship with the buyers and suppliers. The main promotional campaigns are limited to Magazine advertisements and arranging tradeshow for buyers.
In this sector manufacturer need not go to the buyer rather buyer comes to manufacturer in different ways. Manufacturer needs to formulate strategies to retain the buyers. Manufacturer arranges a formal presentation about product, machinery in front of buyers. It's all about manufacturer capacity, whether they can fulfill the requirements of the buyer. Sometimes manufacturer send Company brochure including Product and machinery setup just to give an impression about company about fulfilling the requirements.

Organization Sustainability

According to Costanza& Pattern (1995), Sustainable organization introduces constraints aimed at:

 Lowering material and energy depletion intensity (at production, use and dismissal)

 Avoiding toxic dispersion and lower pollution

 Enhancing using renewable resources and re-using of exhausted tangibles

 Increasing the service intensity (by artifacts sharing and by functions dispensing, etc.)

 Increasing recycling efficiency, with profitability of the new business aiming at the tangibles reverse logistics (from waste, to 'raw' materials)

 Increasing energy efficiency

Competitiveness will turn towards the ability of offering to the customer expected product functions with proper satisfaction and non-renewable resource balance (Cepolina, 2011).

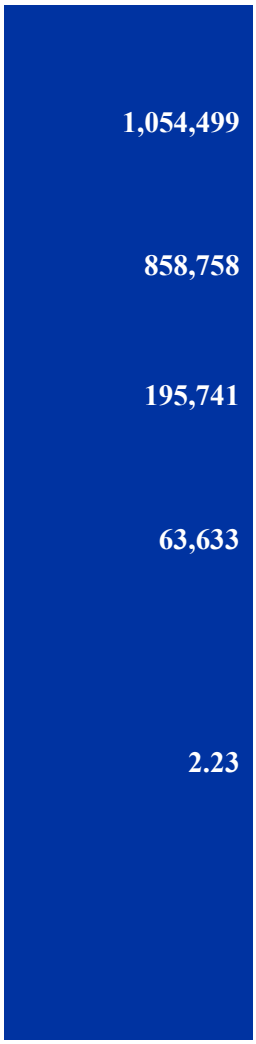
Chapter 5:

Business Overview of Crystal International Group Limited

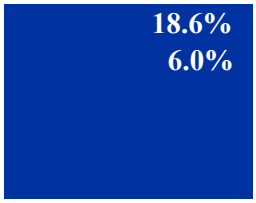
5.1 Financial Highlights

Six months ended 30 June

	2021 (unaudited)	2020 (unaudited)
	1,054,499	
	858,758	
	195,741	
	63,633	
	2.23	



Key Financial Information (US$'000)



Revenue 921,014

Cost of Sales 750,509

Gross Profit 170,505

Profit for the period 27,584

Earnings per share (US cents)

– basic 0.97

Key Financial Ratios

Gross profit margin (%) 18.5%

Net profit margin (%) 3.0% **At 30 June At 31 December**

	2021 (unaudited)	**2020 (audited)**

Key Financial Information (US$'000)		
Total assets	**1,891,990**	1,782,512
Total liabilities	**690,908**	618,131
Total equity	**1,201,082**	1,164,381
Net debt [1]	**-**	-
Cash and cash equivalents	**419,612**	383,427
Key Financial Ratios		
Net debt to equity ratio (%) [2]	**-**	-
Cash conversion cycle (days) [3]	**56**	64

Notes:

1. Net debt represents total interest-bearing bank borrowings less bank balances and cash.
2. Net debt to equity ratio represents total interest-bearing bank borrowings less bank balances and cash, divided by total equity.
3. Cash conversion cycle represents inventory turnover days plus trade and bills receivables turnover days, less trade and bills payables turnover days.

(Extracted from 2021 Interim Report)

5.2 Business Review



Market Overview

Since the beginning of 2020, the outbreak of the COVID-19 pandemic has severely and adversely impacted the world's economic activities. At the start of the year, the COVID-19 outbreak was impacting the PRC and a few Asian markets such as Japan and Korea during the first quarter of 2020. Subsequently, the continuing spread of COVID-19 compelled governments in Europe and the US to announce national lockdowns in the second quarter of 2020. Inevitably, lockdowns have hampered the supply chain and retail markets in the apparel industry, with manufacturers forced to shut down factories and with retailers and malls having to close stores and outlets temporarily. This situation led to increased levels of inventory at retailers, as the demand for textile and apparel products largely came to a halt in the major apparel markets, such as the US and the PRC, during this period.

In the second half of the year, demand for apparel products has seen a sequential improvement, where the markets have gradually reopened from the national lockdowns. With retail shops resuming operations, though with shortened operating hours, channel inventories

at various retailers and brands have gradually been digested and have reached a healthier level than even before the pandemic during the third quarter and heading into the fourth quarter. Throughout the period, online sales across all retail brands have seen exceptional growth, as consumer behavior has changed under the "new normal". People are spending more time at home, due to work-from-home arrangements and travel restrictions, amid the lockdowns. These consumers are now demanding more comfort/casual wear compared to traditional work wear. In addition, end-consumer demand is also influenced by the public consciousness of adopting a healthier lifestyle requiring more frequent workouts. These changes have accelerated the convergence between fashion and sportswear, creating a favorable situation for the development of at leisure wear.

Whilst every business has been hit hard by the pandemic, large-scale manufacturers are comparably more sustainable than smaller players in view of their stronger financial health, flexibility in cash flow management and the capability to respond more quickly to the rebounding customer order demand. Branded customers have paid more attention to their supply chain management during the pandemic than usual, and have been working more closely with their key vendors in every aspect ranging from conducting assessment of their financial strength to collaboratively securing container space for order shipment in order to minimize supply chain disruption. As such, we believe that the pandemic, though having a negative impact on profitability in the short term, will further accelerate supply chain consolidation and create opportunities for larger players in the longer term.

Business Review

The Group's operations were negatively impacted by the pandemic. Initially in the first half of the year, the outbreak affected some of our factory operations by requiring their suspension in several of our production bases, as mandated by local governments. In addition to operation suspensions at our own factories, demand across the whole of the apparel industry was weak in the first eight months of the year, due to the imposition of control measures by various governments, which led to the piling up of channel inventories. Lockdowns and restrictions on public life in many cities of major apparel markets, such as Japan, Korea, Europe and the US, have caused several of our customers' retail shops either to close permanently or to be

temporarily closed for months. The closure of the stores of our branded customers resulted in a sharp decrease in overall order demand for our products and some order cancellations, especially in April and May. A temporary extension of payment terms was granted to some of our key customers upon their request, as the closure of retail stores led to deteriorating cash flow positions of some branded customers during this period. In particular, one of our customers, Ascena Retail Group, Inc. and certain of its subsidiaries ("Ascena"), filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia, the USA (the "Petition") to implement a financial restructuring plan on 23 July 2020. Our assessment of the overall default risks of our outstanding trade receivables has resulted in a degree of loss on trade receivables.

Operating in a challenging business environment this year, the Group has taken the opportunity to enhance its production efficiency across our multi-country manufacturing platform. The Group has optimized its overheads in some of our factories and streamlined certain management structures to improve the overall management efficiency in various divisions. While there is a one-off cost associated with the restructuring, it is believed that this will bring longer-term benefits to the overall operational efficiency of the Group.

Order demand rebounded meaningfully in the fourth quarter as a result of healthier inventory levels at retailers and prudent order placements by our branded customers in previous quarters. Together with the continuing strong demand from the two internationally renowned sportswear branded customers that the Group recently started to supply, we have been actively expanding capacities at our major factories to support this strong order growth.

The above factors have resulted in the Group's revenue for the year ended 31 December 2020 declining to US$1,985 million (2019: US$2,428 million) and the gross profit margin improving slightly to 19.4% (2019: 19.1%). Net profit for the year ended 31 December 2020 was US$108 million (2019: US$152 million), representing a net margin of 5.4% (2019: 6.3%).

In view of the outbreak situation in different countries, the Group has adjusted its pace of expansion and delayed some of its capital spending. Consequently, capital expenditure for the year ended 31 December 2020 was reduced, amounting to US$54 million (2019: US$111

million). Together with a healthy operating cash flow, this action has resulted in the Group achieving a net cash position at 31 December 2020 (2019: net debt to equity ratio of 1.0%).

The Board recognizes the long-term support of our shareholders and has resolved to propose a final dividend of HK5.8 cents per ordinary share. Taken together with the interim dividend of HK3.0 cents per ordinary share, this represents a distribution of 30% of the Group’s net profit for the year.2020 marks the 50th anniversary of the Group’s foundation in 1970. In view of the strong cash position for the Group at 31 December 2020, the Board wishes to propose a special dividend of HK5.0030 cents per ordinary share in celebration of the Group’s semi centenary. If approved by shareholders, the total dividend per ordinary share for the year ended 31 December 2020 would amount to HK13.8 cents (2019: HK12.5 cents).

(Extracted from 2020 Annual Report)

5.3 Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and the Company's prospectus dated 23 October 2017 is set out below:

Results

US$'000	2016	2017	2018	2019
				Year ended 31 December
Revenue	1,763,392	2,177,994	2,495,966	2,427,723
Profit before tax	144,780	174,371	170,000	174,322
Income tax expenses	(21,128)	(25,854)	(20,808)	(22,418)
Profit for the year	123,652	148,517	149,192	151,904
Attributable to:				
Owners of the Company	123,652	148,429	149,192	151,904
Non-controlling interests	–	88	–	–
	123,652	148,517	149,192	151,904

	2020
	Year ended 31 December
Revenue	**123,117**
Profit before tax	**(15,032)**
Income tax expenses	**108,085**
Profit for the year	
Attributable to:	
Owners of the Company	**108,085**
Non-controlling interests	–
	108,085

US$'000	2016	2017	2018	2019	2020
					1,985,332

Assets and liabilities

US$'000	2016	2017	2018	2019	2020
				At 31 December	
Total assets	1,360,823	1,821,725	1,839,952	1,816,168	**1,782,512**
Total liabilities	(1,052,594)	(910,957)	(853,513)	(728,150)	**(618,131)**
Total equity	308,229	910,768	986,439	1,088,018	**1,164,381**
Attributable to:					
Owners of the Company	305,558	910,768	986,439	1,088,018	**1,164,381**
Non-controlling interests	2,671	—	—	—	—
	308,229	910,768	986,439	1,088,018	

(Extracted from 2020 Annual Report)

4.4 Analyst Coverage

Company	Analyst	Contact Email
Company	Analyst	Contact Email
China Construction Bank International	Anita Chu	anitachu@ccbintl.com
Citi Global Markets	Eric Lau	eric.h.lau@citi.com
HSBC Global Research	Christina Chen	christina.z.chen@hsbc.com.hk
Industrial Securities	Emma Wang	wangyuanyjs@xyzq.com.cn
Morgan Stanley	Terence Cheng	terence.cheng@morganstanley.com
Nomura International	Emily Lee	emily.lee@nomura.com
Yuanta Securities (Hong Kong)	Peter Chu	peter.kk.chu@yuanta.com

5.5 Achivements

2022

UNIQLO Quality Supplier Award
China Lifestyle Wear Factory

UNIQLO

Carbon Neutral Label

Crystal International Headquarters

Climate Partner

Gold Certification - Leadership in Energy and Environmental Design (LEED)

Crystal International Headquarters

U.S. Green Building Council **Best**

Improvement Award

China Lifestyle Wear Factory

Adidas

2021

Hong Kong Green Organization

Crystal International Headquarters

Environmental Campaign Committee **Excellence in Design for Greater**

Efficiencies (EDGE) Preliminary Certificate

Vietnam Denim Factory

SGS

Energy Efficiency Award in Industry - Construction in 2021, Top Runner 2021

Vietnam Intimate factory

Steering Board of the Vietnam National Energy Efficiency Programme - Ministry of Industry and Trade, the Vietnam Energy Conservation and Energy Efficiency Association

The Digital Content Creator Award - P.A.C.E. Awards 2021

China Denim Factory

Gap Inc.

The P.A.C.E. Photo of the Year Award - P.A.C.E. Awards 2021

Cambodia Denim Factory

Gap Inc.

Top 100 Sustainable Companies in Vietnam 2021

Vietnam Intimate factory

Vietnam Chamber of Commerce and Industry, the Ministry of Labour, Invalids and Social Affairs, the Ministry of Natural Resources and Environment, and the Vietnam General Confederation of Labour

5-star Award at Green Energy in Large Energy User

Vietnam Sportswear and Outdoor Apparel Factory

Hanoi Department of Industry and Trade and German Development Cooperation Organization

2020 Corporate Social Responsibility Recognition Award

Vietnam Lifestyle Wear Factory

American Chamber of Commerce in Hanoi (Amcham)

Hong Kong – Guangdong Cleaner Production Partners (Manufacturing) Commendation

China Lifestyle Wear Factory

Environmental Protection Department of the Government of the HKSAR, the Department of Industry and Information Technology of Guangdong Province

Hong Kong – Guangdong Cleaner Production Partners Excellent (Manufacturing) Commendation

China Denim Factory and China Intimate Factory

Environmental Protection Department of the Government of the HKSAR, the Department of Industry and Information Technology of Guangdong Province

2021 Best Annual Reports Awards – Certificate of Excellence in Environmental, Social and Governance Reporting

Crystal International Hong Kong

Management Association **Best**

Companies To Work For In Asia

Awards 2021 (Hong Kong)

Crystal International

HR Asia

Best Companies to Work for in Asia 2021 (Vietnam)

Vietnam Lifestyle Wear Factory, Vietnam Intimate Factory

HR Asia

ISO 14001:2015 Environmental Management Systems Certification

Vietnam Lifestyle Wear Factory

Intertek

Hong Kong ESG Reporting Awards 2021: Best ESG Report - Mid-cap Commendation

Crystal International

Hong Kong ESG Reporting Awards (HERA) Limited

Excellence in Design for Greater Efficiencies (EDGE) Final Certificate

Vietnam Lifestyle Wear Factory

SGS

ISO 14001:2015 Environmental Management Systems Certification

China Denim Factory

SGS

ISO45001: 2018 Occupational Health and Safety Management Certification

Vietnam Lifestyle Wear Factory

Intertek

ISO45001: 2018 Occupational Health and Safety Management Certification

China Lifestyle Wear Factory

SGS

ISO 9001:2015 Quality Management System Certification

Bangladesh Intimate Factory

Intertek

BOCHK Corporate Environmental Leadership Awards 2020: Manufacturing Sector - Silver Award, 5 Years+ EcoPioneer and EcoChallenger

China Lifestyle Wear Factory

Federation of Hong Kong Industries and Bank of China (Hong Kong)

BOCHK Corporate Environmental Leadership Awards 2020: 5 Years+ EcoPioneer and EcoPartner

China Sweater Factory

Federation of Hong Kong Industries and Bank of China (Hong Kong)

Gold Label - Low Carbon Manufacturing Programme (LCMP)

Bangladesh Intimate Factory

WWF Hong Kong

Prestigious Export Enterprise 2020

Lifestyle Wear Factory, Intimate Factory, and Sportswear and Outdoor Apparel Factory in Vietnam

The Ministry of Industry & Trade in Vietnam

ISO 50001:2018 Energy Management Systems Certification

China Lifestyle Wear Factory

SGS

Social Enterprise Supporter Award 2020

Crystal International

Fullness Social Enterprises Society

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Intimate Factory and Vietnam Intimate Factory

WWF Hong Kong

Green Office Awards Labeling Scheme

Crystal International Group Limited

World Green Organization

2020

ISO 45001:2018 Occupational Health and Safety Management Certification

Vietnam Sportswear and Outdoor Apparel Factory

Intertek

ISO 45001:2018 Occupational Health and Safety Management Certification

China Intimate Factory

China Quality Certification Center

Hong Kong ESG Reporting Awards 2020: Best ESG Report - Small-cap Commendation, Excellence in Environmental Positive Impact Commendation

Crystal International

Alaya Consulting

Corporate Social Responsibility Recognition Award 2020

Vietnam Lifestyle Wear Factory

The American Chamber of Commerce in Hanoi

Gold member of the Corporate Membership Programme (CMP)

Crystal International Group Limited

WWF-Hong Kong

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Sweater Factory

WWF Hong Kong

BOCHK Corporate Environmental Leadership Awards 2019: 5 Years+ EcoPioneer Companies and EcoChallenger

China Lifestyle Wear Factory and China Sweater Factory

Federation of Hong Kong Industries and Bank of China (Hong Kong)

Excellence in Design for Greater Efficiencies (EDGE) Preliminary Certificate

Vietnam Lifestyle Wear Factory

International Finance Corporation

Prestigious Export Enterprise 2019

Vietnam Lifestyle Wear Factory

The Ministry of Industry & Trade in Vietnam

Hong Kong Green Organisation

Crystal International Headquarters

Environmental Campaign Committee

Excellence of the Year Innovation & Sustainability Lifestyle Wear Factory Asia Pacific

Crystal International

Le Fonti Awards

2019 Class-A Factory

China Lifestyle Wear Factory

UNIQLO

Plan A Eco-factory Standard

Bangladesh Intimate Factory

Marks & Spencer

Best Companies to Work for in Asia 2020

Vietnam Lifestyle Wear Factory

HR Asia

SDG2000: the most influential 2,000 companies for a sustainable future

Crystal International

World Benchmarking Alliance

1st HSBC business excellence awards

Crystal International Group Limited

Hongkong and Shanghai Banking Corporation in Bangladesh

ISO 14001:2015 Environmental Management Systems Certification

China Lifestyle Wear Factory

Intertek

2019

Gold member of the Corporate Membership Programme (CMP)

Crystal International Group Limited

WWF-Hong Kong

Awards for Sustainability Excellence

Crystal International Group Limited

The Chamber of Hong Kong Listed Companies

Corporate Governance Excellence Awards - Category 5 (Newly Listed Company)

Crystal International Group Limited

The Chamber of Hong Kong Listed Companies

ListCo Excellence Awards 2019 Crystal

International Group Limited am730,

ifeng.com and PR Asia

Green Office Awards Labelling Scheme

Crystal International Group Limited

World Green Organisation

Corporate Social Responsibility Recognition Award 2019

Vietnam Lifestyle Wear Factory

The American Chamber of Commerce in Hanoi

5S Factory Award

Crystal Martin International Limited

Cambodian Garment Training Institute

Change Maker Award Crystal

Sweater Limited

Gap Inc. P.A.C.E Program.

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Lifestyle Wear Factory, China Denim Factory and China Intimate Factory

WWF Hong Kong

Certificate of Merit

Vietnam Lifestyle Wear Factory

Vietnam Association for Conservation of Nature and Environment

ISO 14001:2015 Certification

Vietnam Lifestyle Wear Factory

BOCHK Corporate Environmental Leadership Awards 2018: 5 Years+ EcoPioneer Companies and EcoChallenger

China Lifestyle Wear Factory and China Sweater Factory

Federation of Hong Kong Industries and Bank of China (Hong Kong)

UNIQLO Quality Supplier Award

Vietnam Sweater Factory

UNIQLO

Hong Kong Green Organisation

Crystal International

Environmental Campaign Committee

Certificate of "Partnership Recognition – Fashion & Speed"

Crystal Martin (Hong Kong) Limited (Crystal International's Intimate Division)

H&M

Platinum Supplier

Crystal Martin (Hong Kong) Limited (Crystal International's Intimate Division)

H&M

2018

Certificate of Merit

Vietnam Lifestyle Wear Factory

Vietnam Association for Conservation of Nature and Environment

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Denim Factory

WWF Hong Kong

Corporate Social Responsibility Recognition Award 2018

Vietnam Lifestyle Wear Factory

The American Chamber of Commerce in Hanoi

Certificate of Merit

Vietnam Lifestyle Wear Factory

Ministry of Planning and Investment of Vietnam

Wastewise Certificate - Basic Level; Energywi$e Certificate

Crystal International Headquarters

Environmental Campaign Committee

UNIQLO Quality Supplier Award

Crystal Elegance Industrial Limited (Crystal International's Knits Division)

UNIQLO

The Best Flash Speedy Supplier

Crystal Elegance Industrial Limited (Crystal International's Knits Division) H&M

Hong Kong Green Organisation

Crystal International

Environmental Campaign Committee

Speed Production; Speed Development; Collaboration (T1&T2); Best Customer Perceived Quality; and Best Sustainability Performance

Crystal Martin (Hong Kong) Limited (Crystal International's Intimate Division)

H&M

Caring Company – 15 years+

Crystal International

The Hong Kong Council of Social Service

2017

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Lifestyle Wear Factory and China Sweater Factory

WWF Hong Kong

HKQAA CSR Index Plus Mark

Crystal International

Hong Kong Quality Assurance Agency

15 Years Plus Caring Company

Crystal International

Hong Kong Council of Social Service

2016

17th Place - Fortune "Change the World" list

Crystal International

Fortune Magazine

10 Years Plus Caring Company Crystal

International

Hong Kong Council of Social Service

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Denim Factory and Vietnam Lifestyle Wear Factory

WWF Hong Kong

2015

Platinum Label - Low Carbon Manufacturing Programme (LCMP)

China Lifestyle Wear Factory and China Sweater Factory

WWF Hong Kong

2014

Touching CSR Award 2014

Crystal International

The Association of Distinguished Corporation

Outstanding Corporate Social Responsibility Award

Crystal International

Mirror Post

2013

Carbon Less 17% Certificate - Hong Kong Awards for Environmental Excellence

Crystal International Headquarters

Environmental Campaign Committee

2012

Manufacturing Gold Award - Hong Kong Awards for Environmental Excellence

China Lifestyle Wear Factory

Environmental Campaign Committee

Platinum Label - Low-carbon Office Operation Programme

Crystal International Headquarters WWF

Hong Kong

Productivity and Quality Grand Award Lifestyle

Wear Division

Hong Kong Productivity Council

Platinum Label - Low Carbon Manufacturing Programme

China Denim Factory and China Intimate Factory

WWF Hong Kong

Import & Export Trades Gold Award - Hong Kong Awards for Environmental Excellence Manufacturing Sectoral award

Crystal International

Environmental Campaign Committee

2011

Manufacturing Gold Award - Hong Kong Awards for Environmental Excellence

China Denim Factory

Environmental Campaign Committee

Gold Award - 2010/2011 Hang Seng Pearl River Delta Environmental Grand Awards

China Lifestyle Wear Factory

Hang Seng Bank

2010

Manufacturing Gold Award - Hong Kong Outstanding Corporate Citizen Award

Crystal International

Hong Kong Productivity Council

5.6 Sustainability

Crystal International's core business comprises 20 garment manufacturing facilities operating at a high rate of productivity, it makes energy, water and waste management a clear operational priorities for us.

To ensure we use resources efficiently and minimize adverse environmental impacts, we have set Global 5-Year Environmental Targets since 2007, creating a measurable and time-bound blueprint for our environmental stewardship efforts.

Going forward, we have unveiled the latest set of Global 5-Year Sustainability Targets thatruns from 2018 to 2022. With new social targets incorporated, the Targets sets out our ambition to take sustainable fashion to the next level.

THIRD GLOBAL 5-YEAR SUSTAINABILITY TARGETS (2018-2022)

2018-2021 Performance

Reduce carbon footprint per garment by 10% -9%

Reduce fresh water consumption per garment by 8% -52%

Plant 1 million trees 663,000

Empower 40,000 females through CARE Programme49,500

Engage employees in 10,000 volunteering hours

55,800

SECOND GLOBAL 5-YEAR ENVIRONMENTAL TARGETS & RESULTS

2013-2017

Reduce carbon footprint per garment by 6% -14%

Reduce fresh water consumption per garment by 10%

-33%

Increase the use of renewable energy to between 5% and 10%

42%

Increase the use of recycled water to 50% 54%

Reduce energy consumption per garment by 5% -26%

Plant 1 million trees

1,191,196

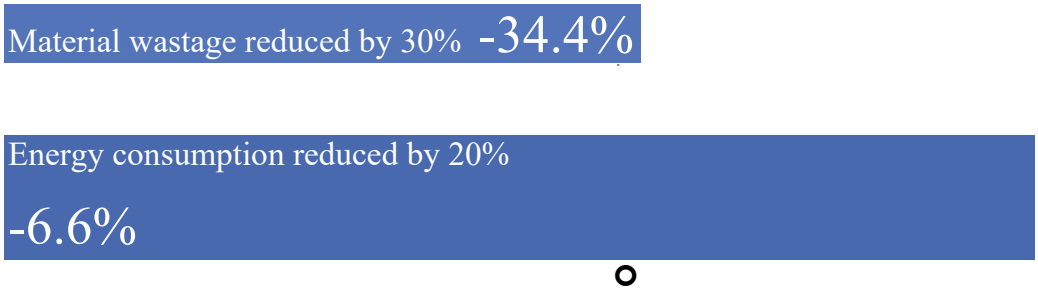
FIRST GLOBAL 5-YEAR ENVIRONMENTAL TARGETS & RESULTS

2008-2012

Reduction of carbon footprint per garment by 8% -

21.3%

Plant 1,000,000 trees 1,046,647


Material wastage reduced by 30%
-34.4%
Energy consumption reduced by 20%
-6.6%

Chapter 6:

Analysis & Findings

6.1 SWOT Analysis of Crystal International Group Ltd:

Strengths: attributes of the person or company those are helpful to achieve the objective.

Weaknesses: attributes of the person or company those are harmful to achieve the objective.

Opportunities: external conditions those are helpful to achieve the objective
.
Threats: external conditions which could do damage to the objective

Strength:

Crystal International Group Ltd. is a rapidly expanding company. After starting its journey in it has already crossed the net turnover. All the units of the factory enjoy higher use of machinery that is imported from Germany, Switzerland, Italy & Japan. As a result it can maintain a smooth rate of production. Well trained human recourses are strengths of the company. They train up their key personal within the country and in abroad. In this way the company can get some competitive advantages over the competitions. The HRM practice is also remarkable in Crystal International Group Ltd.

Weakness:

Crystal International Group Ltd is highly dependent on Cotton. And raw materials of cotton are becoming expensive. Sometimes transaction time at Ports and transportation time create many problems there. And the higher taxes, power and interest rates are also included in weaknesses of this apparel company.

Opportunity:

There are bright opportunities for the Company in the overseas market. If it can communicate well and capture a significant market portion in the Europe and USA market, it can be the leader in apparel fields. Growth rate of Domestic apparel Industry is increasing. Besides this, Product development and Diversification are also happening to cater global needs.

Threats:

For Crystal International Group Ltd. Competition level is increasing both in local and abroad market. And the competition will be stiffer among the other foreign competitors like Sri-lanka, China, Pakistan and India are prominent. To balance between demand & supply and price & quality are also included in threats this company.

6.2 Findings:

Lack of software system:

At present Crystal International Group Limited is using their own software for operating the organizational task, but it is not online basis software.

Shortage of backup:

Because of the software not online basis so the backup of the files is very important.

Lees experienced employees:

Lees experienced employees performing the marketing sector. They are not well-experienced to satisfied customer.

Less number of employees:

Again, at front desk there is less number of employees for the account opening task as well as dispatch related works. So, it takes a bit longer time to finish off his or her job.

Chapter 7:

Recommendations and Conclusion

7.1 Recommendations

Creating online basis software:

At present Crystal International Group Limited is using their own software for operating the organizational task, but it is not online basis software. If any occurrence happens then the whole department has to suffer for this problem. So if they upgrade the system then that could be more effective for operating the task in organization.

Ensuring the backup:

Because of the software not online basis so the backup of the files is very important. Using of software reduces environmental pollution like less using of paper but company's important documents can be under risk. So the company should more aware of the backup and ensure that they have the documents backup.

Appointing more Peoples:

Crystal International Group Limited. has a huge number of customers, a group of less members is not sufficient to handle them properly. So if they appoint more skilled people that can make it easy to cope up with regarding task that can make more customers, because of more customers the demand of product will be increased. So Crystal International Group Limited can make more profit.

Adding Research and Development team with Sales and Marketing Department:

Although Crystal International Group Limited has Research and Development department but if they add an open R&D team with Sales and Marketing department so that customers can easily consult with them and then they come to marketing department. Now it's a lengthy process because firstly marketing department consult with R&D then they discuss with customers. So if they do that it will reduce more time like 24 office hours.

7.2 Conclusion

This study focused on opportunities for increasing exports of the apparel products of Bangladesh. One way of doing this is too improve the performance of intermediaries which are involved in the different parts of the supply chain processes. They have same vision and mission similar types of activities and services they promise. Although there is difference in some services but intermediaries governmental or private in Bangladesh claim to get similar types of the goals. But the question is why the results are different why Bangladesh with a lot competitive advantages with cheap labor and domestic production of raw material forced to export its raw material to other countries and unable to add value by its own self. Bangladeshi industry has to give the big pieces of the cake to other countries.

Lots of new apparel industries have been established in last few years and these industries have made this sector very competitive. So, now apparel industries have to organize their operation and do their operations according to the need of the market. Apparel industries no more depend on a traditional method. In this competitive world this sector has trenched its wings wide enough to cover any kind of financial services anywhere in this world. The major task for apparel industries, to survive in this competitive environment is by managing its assets and liabilities in an efficient way.
Business line of this company in manufacturing and marketing of high quality Yarn, which have large, yet share in apparel sector in Bangladesh. If the Crystal International Group Limited wants to complete with world class apparel industries, they must have analyzed about marketing distribution channel, price margin maintains by them and the promotional activities given to traders etc. In order to know the current marketing management system of these companies they must have to do market research.

Each and every organization has its own way to do business. Bangladesh has good prospect of Garment and Textile product. We have couple of advantages over other countries, out of them cheap labor cost is one. Textile and Garment have a common flow of changes. Before, Garment and textile happened to be owned by western part of the world. It takes long time to develop and consistently passing through Asia. After developing Asian economy it will again move to another undeveloped area. The main concern is to develop an economy. Right now we have couple of composite mills working very efficiently. But those are not enough for a country to be developed. As we have low cost on raw materials and cheap labor we can use these opportunities and can compete with our main competitors. Some MNC’s have found the potentiality of Garment and Textile In our country. For that, a number of foreign investments

are coming towards our country. But if we compare our Garments and Textiles with MNC's, variation will not be in terms of quality but in terms of Marketing. Those MNC's have huge budget for marketing activities, but our local companies have very limited budget for formulating marketing activities. All we need to create a competitive marketing system, in order to attract new customer, develop core strength and retain existing customer.

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