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Crown International Corporation Limited
皇冠環球集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

DISCLOSEABLE TRANSACTION

**(1) SUBSCRIPTION OF NEW SHARES IN
GRANDLIFE HEALTHCARE-SAMOA**

**(2) DEEMED DISPOSAL IN RELATION TO THE ISSUE OF
NEW SHARES BY GRANDLIFE HEALTHCARE-SAMOA**

**(3) PROVISION OF SHAREHOLDER'S LOAN TO THE
GRANDLIFE HEALTHCARE GROUP**

THE SHARE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, after trading hours on 5 August 2019, the Company and Mr. Chang entered into the Share Subscription Agreement. Pursuant to the Share Subscription Agreement, the Company and Mr. Chang has agreed to subscribe for 128,000 and 152,000 Grandlife Healthcare-Samoa Shares respectively at the consideration of US\$128,000 and US\$152,000 respectively.

As at the date of this announcement, the Company is the sole holder of all 100,000 Grandlife Healthcare-Samoa Shares in issue. Upon Completion, the Company and Mr. Chang shall hold 228,000 and 152,000 Grandlife Healthcare-Samoa Shares respectively, representing 60% and 40% of all Grandlife Healthcare-Samoa Shares respectively.

The Grandlife Healthcare Group shall conduct the Business through Grandlife Healthcare-PRC.

Shareholder's Loan

Subject to fulfilment of the Conditions Precedent, any member of the Grandlife Healthcare Group may, at any time when the Share Subscription Agreement remains in effect, serve a Drawdown Notice on the Company. Upon receipt of a Drawdown Notice, the Company shall by itself or through a Lender advance to a Borrower a Shareholder's Loan on the date and in the principal amount and manner specified on the Drawdown Notice, provided that a Drawdown Notice shall not specify a principal amount such that, immediately after the Lender has advanced such Shareholder's Loan, the aggregate outstanding principal amount of all tranches of Shareholder's Loan owed by all Borrowers to all Lenders would exceed RMB100,000,000 (or equivalent HK dollars or US dollars).

Each such Shareholder's Loan may be provided in tranches, carry an annual interest of 12% per annum, and be repayable in full within seven (7) days after the relevant Lender serves a written demand on the relevant Borrower. No part of the dividend or profits of the Grandlife Healthcare Group or the Business may be distributed to its shareholders unless and until all outstanding Shareholder's Loan together with interest thereon have been repaid in full.

Dividend to be distributed by Grandlife Healthcare-Samoa

After the end of each financial year of Grandlife Healthcare-Samoa, it shall, provided it has repaid all outstanding Shareholder's Loan together with interest thereon in full and subject to the unanimous passing of any resolutions by the Parties at any general meeting of Grandlife Healthcare-Samoa to the contrary, within one month after its receipt of its audited consolidated financial statements for such financial year, make to the Parties a distribution of an aggregate amount equal to the audited consolidated net profit after tax of Grandlife Healthcare-Samoa for such financial year less any accumulated loss brought forward from the previous financial year (if any).

LISTING RULES IMPLICATIONS

The allotment and issue of 152,000 Grandlife Healthcare-Samoa Shares (representing 40% of the share capital of Grandlife Healthcare-Samoa as enlarged by the issue of new Grandlife Healthcare-Samoa Shares under the Subscription Agreement) by Grandlife Healthcare-Samoa, being an direct wholly-owned subsidiary of the Company as at the date of this announcement, to Mr. Chang, constitutes a deemed disposal transaction of the Company under Chapter 14 of the Listing Rules.

Further, as it is contemplated under the Share Subscription Agreement that the Business is to be jointly established and operated by the Company and Mr. Chang through the Grandlife Healthcare Group, the members of the Grandlife Healthcare Group are joint venture entities under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio exceeds 5% but is less than 25%, the Share Subscription Agreement and the transactions contemplated thereunder, including (i) the subscription of 128,000 Grandlife Healthcare-Samoa Shares by the Company; (ii) the Company's commitment to advance the Shareholder's Loan to the Grandlife Healthcare Group; and (iii) the deemed disposal of the Company in relation to the allotment and issue of 152,000 Grandlife Healthcare-Samoa Shares by Grandlife Healthcare-Samoa to Mr. Chang, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, after trading hours on 5 August 2019, the Company and Mr. Chang entered into the Share Subscription Agreement to enable the Company and Mr. Chang to conduct the Business.

THE SHARE SUBSCRIPTION AGREEMENT

Date: 5 August 2019

Parties:

- (i) Crown International Corporation Limited (皇冠環球集團有限公司) ; and
- (ii) Mr. CHANG Hua-Cheng (張華正)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Chang is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Subscription of new shares in Grandlife Healthcare-Samoa

Pursuant to the Share Subscription Agreement, the Company and Mr. Chang entered into the Share Subscription Agreement. Pursuant to the Share Subscription Agreement, the Company and Mr. Chang has agreed to subscribe for 128,000 and 152,000 Grandlife Healthcare-Samoa Shares respectively at the consideration of US\$128,000 and US\$152,000 respectively, subject to fulfilment of the conditions precedent set forth in the section titled "Conditions precedent to Completion" below.

As at the date of this announcement, the Company is the sole holder of all 100,000 Grandlife Healthcare-Samoa Shares in issue. Upon Completion, the Company and Mr. Chang shall hold 228,000 and 152,000 Grandlife Healthcare-Samoa Shares respectively, representing 60% and 40% of all Grandlife Healthcare-Samoa Shares respectively.

The subscription price payable by each of the Company and Mr. Chang was determined after arm's length negotiations between the Company and Mr. Chang with reference to the nominal value of US\$1 per Grandlife Healthcare-Samoa Share.

Pursuant to the Share Subscription Agreement, the Parties have agreed to procure Grandlife Healthcare-HK, a wholly-owned subsidiary of Grandlife Healthcare-Samoa, to procure the establishment of Grandlife Healthcare-PRC through which the Parties shall conduct the Business.

Conditions precedent to Completion

Completion is conditional upon the fulfilment (or waiver if applicable) of the following conditions (each a "**Condition (Subscription)**"):

- (i) the Company having delivered or caused to be delivered to Grandlife Healthcare-Samoa evidence it has paid to Grandlife Healthcare-Samoa (or a bank account designated by Grandlife Healthcare-Samoa) US\$128,000; and

- (ii) Mr. Chang having delivered or caused to be delivered to Grandlife Healthcare-Samoa evidence he has paid to Grandlife Healthcare-Samoa (or a bank account designated by Grandlife Healthcare-Samoa) US\$152,000.

Mr. Chang may, at any time and at his sole and absolute discretion, and by way of serving a written notice on the Company, waive the Condition (Subscription) set forth in (i) above. The Company may, at any time and at its sole and absolute discretion, and by way of serving a written notice on Mr. Chang, waive the Condition (Subscription) set forth in (ii) above.

In the event that any Condition (Subscription) shall not have been fulfilled (or waived in accordance with the terms of the Share Subscription Agreement) on the date falling three (3) months after this Agreement, the Share Subscription Agreement shall lapse and be of no further effect, and no Party shall have any liability and obligation to the other Party, save in respect of any antecedent breaches of this Agreement.

Completion

Completion shall take place on the Completion Date.

Shareholder's Loan

Provided that the following conditions (collectively the “**Conditions (Loan)**”) shall have been fulfilled:

- (i) the completion of the establishment of Grandlife Healthcare-PRC;
- (ii) all business registration certificates, all necessary licenses and permits pertaining to the Business having been obtained and issued;
- (iii) all key personnel for the Business having been employed to the satisfaction of the Company (in its sole and absolute discretion); and
- (iv) a duly completed and signed Drawdown Notice together with the supporting documents having been submitted to, and to the satisfaction of, the Company (in its sole and absolute discretion),

Any member of the Grandlife Healthcare Group (each a “**Borrower**”) may, at any time when the Share Subscription Agreement remains in effect, serve a Drawdown Notice on the Company. Upon receipt of a Drawdown Notice, the Company shall, by itself or through its subsidiaries (other than any member of the Grandlife Healthcare Group) (together with the Company, the “**Lenders**”), advance to the Borrower a Shareholder’s Loan on the date and in the principal amount and manner specified on the Drawdown Notice, provided that a Drawdown Notice shall not specify a principal amount such that, immediately after a Lender has advanced such Shareholder’s Loan to the Borrower, the aggregate outstanding principal amount of all tranches of Shareholder’s Loan owed by all Borrowers to all Lenders would exceed RMB100,000,000 (or equivalent HK dollars or US dollars).

Each such Shareholder’s Loan may be provided in tranches, carry an annual interest of 12% per annum, and be repayable in full within seven (7) days after the relevant Lender serves a written demand on the relevant Borrower. No part of the dividend or profits of the Grandlife Healthcare Group or the Business may be distributed to the Parties unless and until all outstanding Shareholder’s Loan together with interest thereon have been repaid in full.

Management of the Grandlife Healthcare Group

Pursuant to the Share Subscription Agreement, conditional upon the Company and Mr. Chang remaining holders of 60% and 40% of all issued shares in Grandlife Healthcare-Samoa respectively, the boards of directors of each of Grandlife Healthcare-Samoa and Grandlife Healthcare-HK shall have no more than three (3) directors, of which the Company shall be entitled to nominate up to two (2) directors and Mr. Chang shall be entitled to nominate up to one (1) director.

Dividend to be distributed by Grandlife Healthcare-Samoa

After the end of each financial year of Grandlife Healthcare-Samoa, it shall, provided it has repaid all outstanding Shareholder’s Loan together with interest thereon in full and subject to the unanimous passing of any resolutions by the Parties at any general meeting of Grandlife Healthcare-Samoa to the contrary, within one month after its receipt of its audited consolidated financial statements for such financial year, declare to the Parties a dividend of an aggregate amount equal to the audited consolidated net profit after tax of Grandlife Healthcare-Samoa for such financial year less any accumulated loss brought forward from the previous financial year (if any).

INFORMATION OF THE GROUP

The Group is principally engaged in the businesses of property investment, property development, hotel investment and operations, and financial consultancy services in the PRC.

INFORMATION ON MR. CHANG

Mr. Chang has over 20 years of experience in operating and providing consultancy services in the comprehensive healthcare, cultural and tourism sectors. He is an expert in marketing research, overall strategic planning, business consultancy and staff training in the comprehensive healthcare sector. Since 2007, Mr. Chang has been managing his aged care team which has, over the years, been providing consultancy services to over 200 enterprises located in over 20 provinces, cities and autonomous regions in the PRC.

INFORMATION OF THE GRANDLIFE HEALTHCARE GROUP

Grandlife Healthcare-Samoa is a company incorporated in Samoa on 24 May 2019, and a direct wholly-owned subsidiary of the Company as at the date of this announcement.

Grandlife Healthcare-HK is a company incorporated in Hong Kong on 19 June 2019, and a direct wholly-owned subsidiary of Grandlife Healthcare-Samoa as at the date of this announcement.

From the date of its incorporation up to the date of this announcement, neither Grandlife Healthcare-Samoa nor Grandlife-HK has operated any business or generated any revenue or profit, or has any assets (save the US\$100,000 cash injected by the Company into Grandlife Healthcare-Samoa by way of share capital) or any liabilities.

REASONS FOR ENTERING INTO THE SHARE SUBSCRIPTION AGREEMENT

It has been the business strategy of the Group to proactively seek potential investment opportunities which could enhance its value to its shareholders. The Company has been proactively looking for potential investment opportunities to create shareholders' value through, among other things, making investments that have promising outlooks and prospects.

Further, as disclosed in the Company's annual report for the financial year ended 31 March 2019, as the healthcare industry is a key industry heavily supported by the PRC government, the concept of comprehensive healthcare, which includes provision of preliminary planning, research, establishment, staff training and post-establishment management services to healthcare operators, will become an important goal of the Group's future development. The Group has been identifying professional teams in these sectors to develop comprehensive healthcare businesses through cooperation.

Pursuant to the above strategy, the Group has identified Mr. Chang, an expert with years of experience in operating and providing consultancy services to enterprises involved in the comprehensive healthcare sector, to subscribe for Grandlife Healthcare-Samoa Shares and conduct the Business of the Grandlife Healthcare Group in providing health care and nursing home services to senior citizens in the PRC.

The Company's agreement to provide the Shareholder's Loan to the Grandlife Healthcare Group demonstrates the Group's confidence in and support to the Business. As and when the Grandlife Healthcare Group generates net profit, the Company shall recap the principal and interest from the Shareholder's Loan before such profits shall be distributed to the Parties.

The Grandlife Healthcare Group will utilise the proceeds of the Consideration and the Shareholder's Loan on the establishment and operations of the Business.

The Directors believe that the Share Subscription Agreement, the subscription of the Grandlife Healthcare-Samoa Shares by each of the Company and Mr. Chang, and the Company's commitment to provide the Shareholder's Loan thereunder, will provide an opportunity to the Company to enter into the comprehensive healthcare business, and is fair and reasonable and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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Further, as it is contemplated under the Share Subscription Agreement that the Business is to be jointly established and operated by the Company and Mr. Chang through the Grandlife Healthcare Group, the members of the Grandlife Healthcare Group are joint venture entities under Chapter 14 of the Listing Rules.

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FINANCIAL IMPACT OF ISSUE OF THE GRAND HEALTHCARE-SAMOA SHARES BY GRANDLIFE HEALTHCARE-SAMOA TO THE COMPANY

Immediately after Completion and the allotment and issue of the new Grandlife Healthcare-Samoa Shares by Grandlife Healthcare-Samoa to the Company and Mr. Chang respectively, each of Grandlife Healthcare-Samoa and Grandlife Healthcare-HK will continue to be a subsidiary of the Company. As the overall net change in the Company ownership interest in each of Grandlife Healthcare-Samoa and Grandlife Healthcare-HK will not result in a loss of control in Grandlife Healthcare-Samoa and Grandlife Healthcare-HK, according to the prevailing accounting standards, there will be no material gain or loss expected to accrue to the Company's consolidated income statement as a result of the deemed disposal arising from the allotment and issue of the new Grandlife Healthcare-Samoa Shares by Grandlife Healthcare-Samoa. The movement in the consolidated net assets of the Company arising from the allotment and issue of the new Grandlife Healthcare-Samoa Shares by Grandlife Healthcare-Samoa will be dealt with in the equity of the Company. The above accounting treatment will be subject to review by the independent auditors of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board”	the board of Directors of the Company
“Business”	the business of providing healthcare and nursing home services to the senior citizens in the PRC through Grandlife Healthcare-PRC or the branches, companies and/or subsidiaries thereof to be established from time to time
“Company”	Crown International Corporation Limited (皇冠環球集團有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	the completion of the subscription of Grandlife Healthcare-Samoa Shares by the Parties in accordance with the Share Subscription Agreement
“Completion Date”	the date falling two (2) days after the last outstanding Condition (Subscription) shall have been fulfilled (or waived if applicable), or such other date as the Parties may agree in writing
“Director(s)”	director(s) of the Company
“Drawdown Notice”	each duly completed and signed drawdown notice issued by any member of the Grandlife Healthcare Group to the Company to draw down the Shareholder’s Loan or any part or tranche thereof on the date and in the principal amount and manner specified on the Drawdown Notice
“Grandlife Healthcare Group”	Grandlife Healthcare-Samoa and its subsidiaries from time to time

“Grandlife Healthcare-HK”	Grandlife Healthcare Group Limited (國壽大健康集團有限公司) a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of Grandlife Healthcare-Samoa
“Grandlife Healthcare-PRC”	one or more company(-ies) with limited liability to be established under the laws of the PRC which shall be wholly-owned subsidiary(-ies) of Grandlife Healthcare-HK through which the Business shall be carried out and conducted
“Grandlife Healthcare-Samoa”	Grandlife Healthcare Holdings Limited (國壽大健康控股有限公司), a company incorporated in Samoa with limited liability, and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Grandlife Healthcare-Samoa Share(s)”	ordinary share(s) of nominal value US\$1 each in the share capital of Grandlife Healthcare-Samoa
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chang”	Mr. Chang Hua-Cheng (張華正)
“Parties”	the Company and Mr. Chang
“PRC”	the People’s Republic of China, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan are excluded

“RMB”	Renminbi, the lawful currency of the PRC
“Share Subscription Agreement”	the agreement for subscription of shares and financing the operation of Grandlife Healthcare-Samoa, dated 5 August 2019 entered into between the Company and Mr. Chang
“Shareholder’s Loan”	the loan up to the extent of RMB100,000,000 (or equivalent HK\$ or US\$) to be provided by the Company or its subsidiaries to the Grandlife Healthcare Group for the purpose of the Business
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
Crown International Corporation Limited
HUNG Man
Chairman

Hong Kong, 5 August 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Hung Man, Mr. Li Yong Jun, Mr. Liu Hong Shen and Mr. Meng Jin Long; and three independent non-executive Directors, namely Mr. Long Tao, Mr. Ren Guo Hua, and Mr. Chen Fang.