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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
DISPOSAL OF PROPERTY HOLDING SUBSIDIARIES

The Board is pleased to announce that the Vendor (indirect wholly-owned subsidiaries of the Company) and the Purchaser entered into the Agreement 1 and Agreement 2 pursuant to which the Vendor have agreed to sell and the Purchaser have agreed to acquire the Sale Equity Interests at the Consideration of RMB41.67 million (equivalent to approximately HK\$50 million) and RMB25 million (equivalent to approximately HK\$30 million). As at the date of this announcement, the Target Companies are indirect wholly-owned subsidiaries of the Company. Upon Completion, the Company will cease to hold any interests in the Target Companies.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

AGREEMENT 1

Principal terms of the Agreement 1 are set out below:

Date

29 March 2022

Parties

- (i) the Purchaser; and
- (ii) the Vendor

The Purchaser is a company incorporated in British Virgin Islands with limited liability and principally engaged in investment holding. The Purchaser is Triumph Goal Limited. The Purchaser is beneficially owned by 晏華英. The Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Sale Equity Interests represent the entire equity interests in the Target Company. The principal assets of the Target Company are the entire legal and beneficial interests in the Yingkou Property.

Consideration

The Consideration is RMB41.67 million (equivalent to approximately HK\$50 million) which shall be payable by the Purchaser to the Vendor within 7 days from the agreement signed.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to (i) the unaudited net asset value of the Target Company as at 31 December 2021 of approximately RMB40.1 million (equivalent to approximately HK\$48.12 million) (the "NAV"), having taken into account the realization value of the Yingkou Property as at 31 December 2021 prepared by an independent valuer; and (ii) the reasons for and benefits of the Disposal as stated under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

The Consideration represents a premium of approximately RMB1.57 million above the NAV.

The Directors consider that the Consideration represents a reasonable term to the Group under the current circumstances of the PRC property market.

Completion

The transaction is completed upon the availability of legal opinion which is 30 March 2022.

Upon completion of the Disposal, the Company will cease to hold any interest in the Target Company.

INFORMATION OF THE TARGET COMPANY AND THE YINGKOU PROPERTY

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in development, investment and sales of properties. Its principal asset is the Yingkou Property, representing a commercial and office building located at Kunlun Avenue, Yingkou, Liaoning Province, the PRC. Yingkou Property with a gross floor area of approximately 10,740 sq.m..

Financial Information of the Target Company

The unaudited financial information of the Target Company for the financial years ended 31 March 2020 and 2021 as prepared in accordance with Hong Kong Financial Reporting Standards are as follows:

	For the years ended 31 March	
	2020	2021
	(Unaudited)	(Unaudited)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before taxation	2,557	2,403
Profit after taxation	1,918	1,802

According to the unaudited financial information of the Target Company, the unaudited net asset value of the Target Company as at 31 December 2021 was approximately RMB40.1 million (equivalent to approximately HK\$48.12 million).

AGREEMENT 2

Principal terms of the Agreement 2 are set out below:

Date

29 March 2022

Parties

- (i) the Purchaser; and
- (ii) the Vendor

The Purchaser is a company incorporated in British Virgin Islands with limited liability and principally engaged in investment holding. The Purchaser is Triumph Goal Limited. The Purchaser is beneficially owned by 晏華英. The Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Sale Equity Interests represent the entire equity interests in the Target Company. The principal assets of the Target Company are the entire legal and beneficial interests in the JingGangShan Property.

Consideration

The Consideration is RMB25.0 million (equivalent to approximately HK\$30 million) which shall be payable by the Purchaser to the Vendor within 7 days from the agreement signed.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to (i) the unaudited net asset value of the Target Company as at 31 December 2021 of approximately RMB22.9 million (equivalent to approximately HK\$27.4 million) (the "NAV"), having taken into account the realization value of the JingGangShan Property as at 31 December 2021 prepared by an independent valuer; and (ii) the reasons for and benefits of the Disposal as stated under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below.

The Consideration represents a premium of approximately RMB2.1 million above the NAV.

The Directors consider that the Consideration represents a reasonable term to the Group under the current circumstances of the PRC property market.

Completion

The transaction is completed upon the availability of legal opinion which is 30 March 2022.

Upon completion of the Disposal, the Company will cease to hold any interest in the Target Company.

INFORMATION OF THE TARGET COMPANY AND THE JINGGANGSHAN PROPERTY

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in development, investment and sales of properties. Its principal asset is the JingGangShan Property, representing a hotel building located at No. 1 Lanhuaping Road, JingGangShan, the PRC. JingGangShan Property with a gross floor area of approximately 9,124 sq.m..

Financial Information of the Target Company

The unaudited financial information of the Target Company for the financial years ended 31 March 2020 and 2021 as prepared in accordance with Hong Kong Financial Reporting Standards are as follows:

	For the years ended 31 March	
	2020	2021
	(Unaudited)	(Unaudited)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
(Loss)/profit before taxation	(397)	2,060
(Loss)/profit after taxation	(480)	1,545

According to the unaudited financial information of the Target Company, the unaudited net asset value of the Target Company as at 31 December 2021 was approximately RMB22.9 million (equivalent to approximately HK\$27.4 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the announcement of the Company dated 18 August 2021 and 26 January 2022 in relation certain outstanding liabilities of the Company, the Company is indebted to certain creditors amounted to approximately HK\$90 million and RMB140 million. Coupled with the unfavourable market condition arising from the outbreak of COVID-19 pandemic, the board is in the view to dispose the Company's assets in order to reduce the Company's debts.

FINANCIAL EFFECT OF THE DISPOSAL

The actual amount of the loss on the Disposal to be recognised in the consolidated financial statements of the Group depends on the net assets/liabilities of the Target Companies at the date of Completion and therefore may be different from the amount mentioned above.

USE OF PROCEEDS

The net proceeds from the Disposal in the amount of approximately HK\$80.0 million will be fully used for loan repayment purpose.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement 1”	the sale and purchase agreement entered into between the Vendor and the Purchaser in relation to the Disposal
“Agreement 2”	the sale and purchase agreement entered into between the Vendor and the Purchaser in relation to the Disposal

“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in the PRC, except a public holiday, a Sunday and a Saturday
“Company”	Crown International Corporation Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0727.HK)
“Completion”	completion of the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity Interests by the Vendor, pursuant to the terms and conditions of the Agreement 1 and Agreement 2
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“PRC”	the People’s Republic of China
“Purchaser”	Triumph Goal Limited, a company incorporated in British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interests”	entire equity interests in the Target Company
“Share(s)”	share(s) of par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Crown Tianhe Resources Limited, a company incorporated in Hong Kong with limited liability and 你的客棧(營口)酒店管理有限公司, a company incorporated in PRC with limited liability
“Vendor”	宏大控股有限公司, a company incorporated in PRC with limited liability and Crown Resort Holdings Limited, a company incorporated in Samoa with limited liability
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.2. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

By Order of the Board
Crown International Corporation Limited
Hung Man
Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. HUNG Man, Mr. LI Yong Jun and Mr. MENG Jin Long; and five independent non-executive Directors, namely Mr. CHEN Fang, Mr. REN Guo Hua, Mr. WONG Siu Hung, Patrick, Mr. TSANG Hin Fun Anthony and Mr. TAM B Ray Billy.