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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)

**DISCLOSABLE TRANSACTION IN RELATION TO
ACQUISITION OF 20% SHARE EQUITY IN
CHINA INVESTMENT HAOTIAN (BEIJING) EQUITY
INVESTMENT FUND MANAGEMENT COMPANY LIMITED
AND
CONTINUED SUSPENSION OF TRADING**

THE ACQUISITION

The Board is pleased to announce that on 10 August 2023, the Purchaser, an indirect wholly-owned subsidiary of the Company and the Vendor, entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally to sell the Sale Equity for the Consideration of RMB20,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in relation to the Acquisition is more than 5% but all applicable percentage ratios are less than 25%, the entering into of the Sale and Purchase Agreements shall constitute a disclosable transaction on the part of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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THE SALE AND PURCHASE AGREEMENT

Date: 10 August 2023

Parties: (1) Hongda Holdings Limited, an indirect wholly-owned subsidiary of the Company as purchaser; and
(2) Mr. Zhang Chenglong as vendor.

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor is an Independent Third Party.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Equity, representing the 20% share equity of the Target Company.

Consideration

The consideration for the sale and purchase of the Sale Equity shall be RMB20,000,000 which shall be settled by the Company, used to pay to the Target Company to settle the remaining share capital of the Target Company due from the Vendor after the fulfilment of the following conditions:

- (a) the Vendor having completed the transfer and the necessary registration procedures of the Sale Equity to the Purchaser;
- (b) RMB80,000,000 out of RMB100,000,000 of the share capital of the Target Company has been paid by the Vendor.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the net assets value of the Target Company of RMB100,000,000 upon Completion.

The Directors consider that the consideration is fair and reasonable after taking into account of the above factor. The Group will finance the consideration by its internal financial resources.

Completion

Completion shall take place on the Completion Date, being a date on which the Purchaser pays the consideration for the Sale Equity under the conditions for payment of the consideration pursuant to the Sales and Purchase Agreement have been satisfied.

Upon Completion, the Target Company will become an associate of the Company.

INFORMATION OF THE VENDOR AND THE TARGET COMPANY

The Vendor is an Independent Third Party and as at the date of this announcement, the Target Company is wholly owned by the Vendor.

The Target Company has yet to commence its business but proposed to engage in private equity fund investment and management and provide financial advisory services. The Target Company is a company established in the PRC with limited liability with a registered capital of RMB100,000,000, none of which is paid up as at the date of this announcement.

REASONS FOR THE ACQUISITION

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

The Purchaser is a limited company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in investment holdings and the operations of the Group in the PRC.

The Vendor has engaged in private equity fund investment in the PRC for many years and has a deep understanding of the PRC capital market and accumulated valuable investment experience. The Vendor has established a wide range of business networks which would greatly promote and help the Group to expand financial advisory services and other businesses in the PRC.

In consideration of the above, the Directors are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined under Chapter 14 of the Listing Rules in relation to the Acquisition is more than 5% but all applicable percentage ratios are less than 25%, the entering into of the Sale and Purchase Agreements shall in aggregate constitute a disclosable transaction on the part of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 July 2023, and will remain suspended.

The Company will make further announcement(s) to keep the Shareholders and potential investors informed of any progress as and when appropriate.

DEFINITION

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

“Acquisition”	the acquisition by the Purchaser of the Sale Equity from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors

“Company”	Crown International Corporation Limited, a company incorporated in Hong Kong with limited liability, the issued Shares which are listed on the Main Board of the Stock Exchange (stock code: 0727)
“Completion”	completion of the Acquisition according to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which the Purchaser pays the consideration for the Sale Equity under the conditions for payment of the consideration according to the Sale and Purchase Agreement has been satisfied
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Hongda Holdings Limited (宏大控股有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 10 August 2023 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Equity
“Sale Equity”	the 20% of share equity in the Target Company
“Share(s)”	issued share(s) of the Company
“Shareholder(s)”	Holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Investment Haotian (Beijing) Equity Investment Fund Management Co., Ltd (中投浩天(北京)股權投資基金管理有限公司), a company established in Beijing, the PRC with limited liabilities
“Vendor”	Mr. Zhang Chenglong (章成龍), a citizen of the PRC, an Independent Third Party of the Company
“%”	Per cent

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Crown International Corporation Limited
Meng Jin Long
Chairman

Hong Kong, 10 August 2023

As at the date of this announcement, the executive Directors are Mr. Meng Jin Long and Mr. Chan Yuk Charm; and the independent non-executive Directors are Ms. Liu Ting, Mr. Xiao Ganghua and Mr. Ng Ki Man.