

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Crown International Corporation Limited

皇冠環球集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014**

The board of directors (the “Board”) of Crown International Corporation Limited (the “Company”) presents the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014 (the “Period”) together with the comparative figures for the six months ended 30 September 2013.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**

For the six months ended 30 September 2014

		Unaudited	
		Six months ended 30 September	
		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	1,812	3,123
Other gains, net	4	69,515	28,329
Staff costs		(4,240)	(5,099)
Other operating expenses, net		<u>(11,343)</u>	<u>(11,632)</u>
Operating profit	3	55,744	14,721
Finance income		322	178
Finance costs		(957)	(23,054)
Other non-operating income	5	<u>138,125</u>	<u>–</u>
Profit/(loss) before taxation		193,234	(8,155)
Taxation charge	6	<u>(3,073)</u>	<u>(1,391)</u>
Profit/(loss) for the Period		<u>190,161</u>	<u>(9,546)</u>

	Unaudited	
	Six months ended 30 September	
	2014	2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the Period attributable to:		
Owners of the Company	190,434	(14,558)
Non-controlling interest	<u>(273)</u>	<u>5,012</u>
	<u>190,161</u>	<u>(9,546)</u>
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Currency translation differences	<u>(11,939)</u>	<u>3,200</u>
Other comprehensive (loss)/income for the Period, net of tax	<u>(11,939)</u>	<u>3,200</u>
Total comprehensive income/(loss) for the Period	<u>178,222</u>	<u>(6,346)</u>
Total comprehensive income/(loss) for the Period attributable to:		
Owners of the Company	178,495	(12,188)
Non-controlling interest	<u>(273)</u>	<u>5,842</u>
	<u>178,222</u>	<u>(6,346)</u>
Basic and diluted profit/(loss) per ordinary share for profit/(loss) for the Period attributable to equity holders of the Company	7	
	<u>HK11.15 cents</u>	<u>HK(0.95) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2014

		(Unaudited) 30 September 2014 HK\$'000	(Audited) 31 March 2014 HK'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	8	100,443	93,040
Land use rights	8	5,286	5,345
Goodwill		951	–
Investment property	9	98,423	98,348
Construction in progress		174	174
Available-for-sale financial assets		1,128	1,128
		<u>206,405</u>	<u>198,035</u>
Current assets			
Assets held for sale	10	–	250,931
Receivables, prepayments and deposits	11	353,388	10,955
Bank balances and cash		18,551	41,277
		<u>371,939</u>	<u>303,163</u>
Current liabilities			
Payables and accruals	12	27,447	69,149
Liabilities classified as held for sale	10	–	51,199
Income tax payable		606	–
Borrowings	13	289,304	407,429
		<u>317,357</u>	<u>527,777</u>
Net current assets/(liabilities)		<u>54,582</u>	<u>(224,614)</u>
Total assets less current liabilities		<u>260,987</u>	<u>(26,579)</u>
Non-current liabilities			
Deferred income tax liabilities	14	13,124	13,114
Notes payable	13	120,273	–
		<u>133,397</u>	<u>13,114</u>
Net assets/(liabilities)		<u>127,590</u>	<u>(39,693)</u>
EQUITY			
Share capital and other statutory capital reserves		274,721	167,345
Other reserves		(147,131)	(298,892)
Total shareholders' surplus/(deficit)		<u>127,590</u>	<u>(131,547)</u>
Non-controlling interest		–	91,854
Total equity/(deficit)		<u>127,590</u>	<u>(39,693)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 September 2014 is prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

The unaudited condensed consolidated financial information should be read in conjunction with the financial statements for the year ended 31 March 2014, which had been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The unaudited condensed consolidated financial information has been prepared under the historical cost convention, except as modified by the revaluation of the available-for-sale financial assets and investment property.

This interim financial information has not been audited.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2014.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The Group has not early adopted other new or revised standards and amendments to standards that have been issued but are not yet effective for the accounting period beginning 1 April 2014. The Group is in the process of making an assessment of the impact of these new or revised standards and amendments to standards on the Group’s results and financial position in the period of initial application.

The name of the Company has been changed from “VXL Capital Limited” to “Crown International Corporation Limited” with effect from 11 August 2014. The Directors consider the immediate and ultimate holding Company to be Crown Landmark Corporation, which is incorporated in Cayman Islands.

2. TURNOVER AND SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker, namely the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are principally engaged in (i) hotel operations and (ii) property investment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit which is subject to risks and returns that are different from those of other business segments. Summarized details of the business segments are as follows:

- (a) the hotel operations segment is engaged in hotel investment and rental and food & beverage business;
- (b) the property investment segment is investment in properties; and
- (c) the unallocated segment comprises operations other than those specified in (a) and (b) above and includes that of the corporate office.

Capital expenditures comprise additions to investment property (*Note 9*), land use rights and property, plant and equipment (*Note 8*) and construction in progress. Segment assets consist primarily of property, plant and equipment, land use rights, construction in progress, investments and receivables. Segment liabilities comprise borrowings and operating liabilities. Unallocated assets and liabilities mainly represent assets and liabilities used by the corporate office, which cannot be allocated on a reasonable basis to any segment. They include items such as corporate borrowings.

2. TURNOVER AND SEGMENT INFORMATION (Continued)

The segment results, depreciation and amortization, and capital expenditures based on reportable segment for the six months ended 30 September 2014 and 2013 are as follows:

	Property investment <i>HK\$'000</i>	Hotel operations ^{Note} <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	The Group <i>HK\$'000</i>
Six months ended 30 September 2014					
Segment revenue:					
Sales to external customers	<u>1,812</u>	<u>–</u>	<u>1,812</u>	<u>–</u>	<u>1,812</u>
Segment results	1,993	57,202	59,195	134,674	193,869
Finance income	1	218	219	103	322
Finance costs	<u>(51)</u>	<u>(377)</u>	<u>(428)</u>	<u>(529)</u>	<u>(957)</u>
Profit before taxation	1,943	57,043	58,986	134,248	193,234
Taxation	<u>–</u>	<u>(3,073)</u>	<u>(3,073)</u>	<u>–</u>	<u>(3,073)</u>
Profit for the Period	<u>1,943</u>	<u>53,970</u>	<u>55,913</u>	<u>134,248</u>	<u>190,161</u>
Other segment information					
Depreciation and amortization	86	149	235	135	370
Additions to					
– Property, plant and equipment	<u>3,154</u>	<u>–</u>	<u>3,154</u>	<u>5,164</u>	<u>8,318</u>

Note:

Hotel operations segment included hotels which have not been in operations as at 30 September 2014.

2. TURNOVER AND SEGMENT INFORMATION (Continued)

	Property investment <i>HK\$'000</i>	Hotel operations ^{Note} <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	The Group <i>HK\$'000</i>
Six months ended 30 September 2013					
Segment revenue:					
Sales to external customers	<u>2,495</u>	<u>628</u>	<u>3,123</u>	<u>–</u>	<u>3,123</u>
Segment results	2,196	17,566	19,762	(5,041)	14,721
Finance income	7	160	167	11	178
Finance costs	<u>(1,001)</u>	<u>(10,777)</u>	<u>(11,778)</u>	<u>(11,276)</u>	<u>(23,054)</u>
Profit/(loss) before taxation	1,202	6,949	8,151	(16,306)	(8,155)
Taxation	<u>(2)</u>	<u>(1,389)</u>	<u>(1,391)</u>	<u>–</u>	<u>(1,391)</u>
Profit/(loss) for the Period	<u>1,200</u>	<u>5,560</u>	<u>6,760</u>	<u>(16,306)</u>	<u>(9,546)</u>
Other segment information					
Depreciation and amortization	49	2,308	2,357	129	2,486
Written back of other payables	892	–	892	–	892
Additions to					
– Property, plant and equipment	<u>883</u>	<u>807</u>	<u>1,690</u>	<u>–</u>	<u>1,690</u>

Note:

Hotel operations segment included hotels which have not been in operations as at 30 September 2013.

2. TURNOVER AND SEGMENT INFORMATION (Continued)

The segment assets and liabilities based on reportable segments as at 30 September 2014 and 31 March 2014 are as follows:

	Property investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Total for reportable segments <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	The Group <i>HK\$'000</i>
At 30 September 2014					
Segment assets	104,601	161,079	265,680	294,113	559,793
Bank balances and cash	90	2,591	2,681	15,870	18,551
Total assets	104,691	163,670	268,361	309,983	578,344
Segment liabilities	17,404	9,075	26,479	34,698	61,177
Notes payable	6,422	47,417	53,839	66,434	120,273
Amount due to VXLCP	–	–	–	269,304	269,304
Total liabilities	23,826	56,492	80,318	370,436	450,754
At 31 March 2014					
Segment assets	165,793	292,420	458,213	1,708	459,921
Bank balances and cash	1,189	33,441	34,630	6,647	41,277
Total assets	166,982	325,861	492,843	8,355	501,198
Segment liabilities	46,589	85,091	131,680	1,782	133,462
Amount due to VXLCP	21,754	160,627	182,381	225,048	407,429
Total liabilities	68,343	245,718	314,061	226,830	540,891

2. TURNOVER AND SEGMENT INFORMATION (Continued)

Additional disclosures on segment information by geographical location are shown below:

The Group's businesses operate in Hong Kong and the People's Republic of China (the "PRC"). The Group's revenue for the six months ended 30 September 2014 and 2013 and non-current assets as at 30 September 2014 and 31 March 2014 based on geographical area are as follows:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Revenue		
Hong Kong	–	–
PRC	<u>1,812</u>	<u>3,123</u>
	<u>1,812</u>	<u>3,123</u>
	30 September	31 March
	2014	2014
	HK\$'000	HK\$'000
Non-current assets		
Hong Kong	7,113	8
PRC	<u>199,292</u>	<u>198,027</u>
	<u>206,405</u>	<u>198,035</u>

Revenue is categorized based on the jurisdiction in which the customers are located. Non-current assets are categorized based on where the assets are located.

3. OPERATING PROFIT

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Operating profit is arrived at after charging/(crediting):		
Legal, professional and consultancy fee	1,986	1,099
Auditors' remuneration	784	937
Office rental	1,109	963
Gain on disposal of subsidiaries	(55,114)	(26,195)
Exchange gain on disposal and deregistration of foreign subsidiaries	(13,884)	–
Gain on disposal of property, plant and equipment	(51)	(80)
Depreciation and amortization	370	2,486
Written back of other payables	–	(892)
Net exchange gain	(53)	(543)
	<u> </u>	<u> </u>

4. OTHER GAINS, NET

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Gain on disposal of subsidiaries	55,114	26,195
Exchange gain on disposal and deregistration of foreign subsidiaries	13,884	–
Gain on disposal of property, plant and equipment	51	80
Others	466	2,054
	<u> </u>	<u> </u>
	<u>69,515</u>	<u>28,329</u>

5. OTHER NON-OPERATING INCOME

On 27 June 2014, VXL Capital Partners Corporation Limited (“VXLCPL”), the former ultimate holding company, has agreed to unconditionally and irrevocably waive part of the outstanding due to VXLCPL to the amount of HK\$269,304,000. The amount due to VXLCPL was subsequently settled on 3 October 2014 in accordance with an escrow agreement.

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Waiver of part of the amount due to VXLCPL	138,125	–
	<u> </u>	<u> </u>
	<u>138,125</u>	<u> </u>

6. TAXATION

No provision for Hong Kong profits tax (six months period ended 30 September 2013: Nil) has been made for the Period as the Group has no assessable profit for the Period. Taxation on PRC profits has been calculated on the estimated assessable profit for the Period at the rates of taxation in the PRC.

The provision of deferred income tax on fair value gain on appreciated investment properties recovered through sale has been made according to the requirements set forth in the relevant PRC tax laws and regulations.

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
Current tax – PRC	3,073	1,391
Deferred taxation	—	—
	<u>3,073</u>	<u>1,391</u>

7. BASIC AND DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per ordinary share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 September	
	2014	2013
Profit/(loss) attributable to the equity holders of the Company, HK\$'000	190,434	(14,558)
Weighted average number of ordinary shares in issue	1,708,031,573	1,529,600,200
Basic earnings/(loss) per share, HK cents	<u>11.15</u>	<u>(0.95)</u>

(b) The calculation of diluted earnings/(loss) per ordinary share is based on the profit/(loss) for the Period attributable to equity holders of the Company and the weighted average number of ordinary shares used, which is the same for calculating basic earnings/(loss) per share above, as the Company did not have any dilutive potential ordinary shares arising from share options for the six months ended 30 September 2014 and 2013.

8. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Property, plant and equipment <i>HK\$'000</i>	Land use rights <i>HK\$'000</i>
Six months ended 30 September 2014		
Opening net book value as at 1 April 2014	93,040	5,345
Additions	8,318	–
Disposals	(710)	–
Depreciation and amortization	(293)	(77)
Exchange difference	88	18
	<hr/>	<hr/>
Closing net book value as 30 September 2014	100,443	5,286
	<hr/> <hr/>	<hr/> <hr/>
Six months ended 30 September 2013		
Opening net book value as at 1 April 2013	203,842	51,322
Additions	1,690	–
Disposals	(223)	–
Depreciation and amortization	(1,641)	(845)
Reclassified as assets held for sale	(86,833)	(30,732)
Exchange difference	4,020	1,789
	<hr/>	<hr/>
Closing net book value as 30 September 2013	120,855	21,534
	<hr/> <hr/>	<hr/> <hr/>

9. INVESTMENT PROPERTY

	Six months ended 30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the Period	98,348	128,405
Reclassified as assets held for sale	–	(32,413)
Exchange difference	<u>75</u>	<u>2,381</u>
At end of the Period	<u>98,423</u>	<u>98,373</u>

10. ASSETS HELD FOR SALE AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the Period, the disposal of these assets held for sale and liabilities classified as held for sale are completed. Details of the disposals are disclosed in Note 15 to the condensed consolidated financial information.

	30 September
	2014
	<i>HK\$'000</i>
Assets	
At 1 April	250,931
Completion of disposals	<u>(250,931)</u>
At 30 September	<u><u>–</u></u>
Liabilities	
At 1 April	51,199
Completion of disposals	<u>(51,199)</u>
At 30 September	<u><u>–</u></u>

The operations result of the above hotels for the period ended 30 September 2013 were included under “hotel operations” segment as disclosed in Note 2 to the condensed consolidated financial information.

11. RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 September	31 March
	2014	2014
	HK\$'000	HK\$'000
Current		
Other receivables (<i>note a</i>)	81,546	3,534
Other prepayments and deposits	2,538	7,421
Deposit in the escrow account (<i>note b</i>)	269,304	–
	<u>353,388</u>	<u>10,955</u>

Note a: As at 30 September 2014, other receivables of RMB50,000,000 represents an outstanding proceeds from the disposal of a subsidiary. The receivable was overdue and has not yet settled as at the date of this announcement. Management has engaged a law firm in PRC to take relevant action which is in accordance with the Sales and Purchase Agreement to receive this amount and considered no impairment is needed.

Note b: Deposit in the escrow account is in accordance with the escrow agreement entered into with VXLCP during the Period for the settlement of the amount due to VXLCP. This amount was subsequently released to VXLCP on 3 October 2014 as full settlement of amount due to VXLCP.

12. PAYABLES AND ACCRUALS

	30 September	31 March
	2014	2014
	HK\$'000	HK\$'000
Property acquisition cost payable	–	1,640
Accrued expenses in respect of acquisitions of hotel properties	–	6,547
Other payables and accruals	27,447	15,262
Deposits received for disposal of equity interest in subsidiaries	–	45,700
	<u>27,447</u>	<u>69,149</u>

13. BORROWINGS

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Current		
Amount due to a related party (<i>Note a</i>)	20,000	–
Amount due to VXLCP (<i>Note b</i>)	269,304	407,429
	289,304	407,429
Non-current		
Notes payable (<i>Note c</i>)	120,273	–
Total borrowings	409,577	407,429

Note a: The amount due to a related party is interest-free and is repayable on demand.

Note b: On 27 June 2014, VXLCP has agreed to unconditionally and irrevocably waive part of the outstanding due to VXLCP to the amount of HK\$269,304,000. The amount due to VXLCP was subsequently settled on 3 October 2014 in accordance with an escrow agreement.

Note c: The notes payable (the “Notes”) with an aggregated principle amount of HK\$120,000,000, bears interest at 3% per annum with 3-years maturity period repayable in June 2017. Crown Landmark Corporation, the ultimate holding company, is the sole Notes holder as at 30 September 2014. The Company has early redeemed the Notes in the principal amount of HK\$120,000,000 with the accrued interests subsequently on 30 October 2014.

14. DEFERRED TAX ASSETS AND LIABILITIES

	30 September 2014 HK\$'000	31 March 2014 HK\$'000
Deferred income tax assets	2	2
Deferred income tax liabilities	(13,126)	(13,116)
	(13,124)	(13,114)

15. DISPOSAL OF SUBSIDIARIES

- (a) “U” Inns & Hotels Investment Limited (你的客棧酒店有限公司) (“UIHIL”), a subsidiary of the Company, entered into several disposal agreements to dispose 100% equity interest of certain wholly-owned subsidiaries. The Group’s share of net assets of these subsidiaries disposed at the date of disposal are as follows:

HK\$’000

Nets assets disposed of:

Property, plant and equipment	70,417
Land use right	19,865
Investment property	32,295
Receivables, prepayments and deposits	28,446
Construction in progress	3,825
Bank balances and cash	5,643
Payables and accruals	(61,711)
Deferred income tax liabilities	<u>(7,048)</u>
Total net assets	<u><u>91,732</u></u>
Gain on disposal of a subsidiary	
Cash consideration received and receivable	132,468
Net assets disposed of	(91,732)
Professional costs for the disposal of interests in subsidiaries	<u>(3,874)</u>
Gain on disposal before taxation	36,862
Less: taxation	<u>(2,467)</u>
Gain on disposal after taxation	<u><u>34,395</u></u>

15. DISPOSAL OF SUBSIDIARIES (Continued)

- (b) UIHIL entered into an asset swap agreement to acquire 25.9% equity interest in U Inns & Hotels Holdings Limited (“UIHHL”). The Group’s share of net assets of “U” Inns & Hotel (Xi’an) Hotel Management Co., Limited (您的客棧(西安)有限公司) disposed at the date of disposal are as follows:

	<i>HK\$’000</i>
Nets assets disposed of:	
Property, plant and equipment	75,322
Land use right	25,931
Construction in progress	456
Bank balances and cash	733
Payables and accruals	<u>(2,589)</u>
Total net assets	<u><u>99,853</u></u>
Gain on disposal of a subsidiary	
Non-cash consideration received	118,315
Net assets disposed of	(99,853)
Professional costs for the disposal of interests in subsidiaries	<u>(210)</u>
Gain on disposal before taxation	18,252
Less: taxation	<u>(606)</u>
Gain on disposal after taxation	<u><u>17,646</u></u>

* *The transaction was settled by 25.9% equity interest in UIHHL from Fortune Sea Group Limited pursuant to the terms and conditions of an Asset Swap Agreement on 18 April 2014.*

DIRECTOR'S COMMENTARIES

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2014 (2013: Nil).

Turnover

The Group's turnover for the Period of HK\$1.8 million (2013: HK\$3.1 million) from rental income, contributed by Group's leasing operations located in Yingkou. The turnover decreased by HK\$1.3 million due to the disposal of the hotel on 31 May 2014 and disposal of the investment property during the Period.

Other gain

The Group recorded a net other gain of HK\$69.5 million (2013: HK\$28.3 million) comprising gain on disposal of subsidiaries of HK\$55.1 million, exchange gain on disposal and deregistration of subsidiaries of HK\$13.9 million and gain on disposal of property, plant and equipment and miscellaneous of HK\$0.5 million.

Staff costs

Staff costs decreased by HK\$0.8 million during the Period due to cost control measures undertaken by the management coupled with a decrease in operating activities in line with the Group's re-positioning of its strategies.

Other operating expenses

During the Period under review, other operating expenses were maintained at the same level as to the corresponding period. Other operating expenses which are of recurring nature comprise mainly office rentals, and other corporate expenses related to on-going corporate activities. The decrease in depreciation expense due to the disposal of subsidiaries is offset by the additional legal, professional and consultancy fee incurred during the Period. The management will continue to implement measures to control and/or reduce these costs.

Finance costs

Finance costs during the Period decreased significantly by HK\$22.1 million as VXLCP has agreed to unconditionally and irrevocably waive part of the outstanding due to VXLCP amounting to HK\$138,124,765 as at 31 March 2014 with no further interest and other obligations during the Period.

Net profit after tax

The Group recorded a net profit after tax of HK\$190.2 million (2013: Net loss after tax HK\$9.5 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained total bank and cash balance of HK\$18.5 million as of 30 September 2014. Cash deposits have been placed with major banks in Hong Kong and the PRC in the form of United States dollar, Hong Kong dollar and Renminbi deposits.

On 21 October 2014, the placing agreement was entered into between the Company and Changjiang Securities Brokerage (HK) Limited (the “Placing Agent”), pursuant to which the Placing Agent conditionally agreed to place up to 330,399,800 placing shares to the placees at the placing price of HK\$0.7 (the “Placing”). The Placing was successfully completed with the net proceeds of HK\$230 million on 29 October 2014.

The Company has early redeemed the promissory notes from Crown Landmark Corporation, the ultimate holding company, with principal amount of HK\$120,000,000 and the accrued interests of HK\$1,200,000 on 30 October 2014. The Board believes that such early redemption can improve the gearing ratio of the Company and reduce the interest burden to the Group. The Board is confident that the Group is able to meet its obligations.

On 31 October 2014, the sale and purchase agreement has been entered into between Crown International Resort Limited (an indirect wholly-owned subsidiary of the Company), as the purchaser and Sino Oasis Oversea Limited (an independent third party) as the vendor, in relation to the acquisition of the entire issued capital of Zhongshan Hualian Industrial Development Co., Ltd. at the consideration of HK\$1,008,000,000 (the “Acquisition”). Pursuant to Chapter 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively), the Acquisition constitutes a very substantial acquisition of the Company. The related announcement was uploaded on the websites of the Stock Exchange and the Company on 7 November 2014. The relevant circular is under preparation and it will be dispatched to the shareholders of the Company in due course.

BUSINESS REVIEW AND CORPORATE DEVELOPMENT

In order to improve the financial position of the Group, the Company has successfully to place 300,000,000 and 330,399,800 new shares on 2 July 2014 and 29 October 2014, respectively. The Group is going to thoroughly review its current business. It aims to optimize the business structure and operation by un-loading weak performances assets in order to increase the productivity of the Group. In the meantime, we will continue to enhance the financial management by increasing the cost effective measures to achieve efficiency.

PROSPECTS

Despite that the administrative policies implemented by the PRC central government have curbed certain speculative transactions in the property market in the PRC, sale transactions of residential flats in the PRC are still strongly supported by firm demand of the end users. This forms the momentum to push forward the development and longer-term prospect of the real estate market in the PRC. The Group shall continue to cautiously identify lucrative land investment opportunities to build up its land reserve in the PRC, aiming at maximizing the Shareholders’ wealth. It is the Group’s strategies to develop its properties into budget hotels or, when appropriate, outright sales.

The Group will continue to focus on its principal business of hotel investment and operations and property investment and the Company does not have any present intention to expand or withdraw from its principal business in the foreseeable future.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, the Company did not redeem any of its shares listed on the Stock Exchange, nor did the Company or any of its subsidiaries purchase, or sell any of its shares.

Corporate Governance

Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance and the Board considers that effective corporate governance is an essential factor to the corporate success and to enhance shareholders' value.

The Group has applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the Period, with the following deviations as stated below:

Pursuant to Code A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual. On 27 May 2014, Mr. WONG Hoi Kin was appointed as the Chairman of the Board. However, the Board considers that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. Therefore, Mr. LIAO Pin Tsung, the Group Chief Executive Officer of the Company, was appointed as the Chairman of the Board in place of Mr. WONG Hoi Kin on 12 September 2014.

Model Code For Securities Transactions by Directors

The Board has adopted its own code of conduct regarding securities transactions by Directors (the "Model Code") on terms no less exacting than the required standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" of the Listing Rules. Having made specific enquiries with all Directors, the Directors have complied with the Model Code in their securities transactions during the Period.

Audit Committee

The Audit Committee comprises all the Independent Non-executive Directors of the Company who possess appropriate business, legal, engineering and financial experience and skills to undertake review of financial statements in accordance with good practice of financial reporting. The Audit Committee is chaired by Mr. LONG Tao and the other two members are Mr. REN Guo Hua and Mr. CHEN Fang. The unaudited interim results for the Period have been reviewed by the Audit Committee.

By order of the Board
Crown International Corporation Limited
Liao Pin Tsung
Chairman

Hong Kong, 26 November 2014

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. LIAO Pin Tsung (Chairman and Group Chief Executive Officer) and Mr. MENG Jin Long; one non-executive Director, namely Mr. LIU Hong Shen (Vice Chairman) and three independent non-executive Directors, namely Mr. LONG Tao, Mr. REN Guo Hua and Mr. CHEN Fang.