

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.

This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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

(Incorporated in Hong Kong with limited liability)

(Stock code: 727)

**PLACING OF NEW SHARES UNDER GENERAL MANDATE
AND
RESUMPTION OF TRADING**

Placing Agent



PLACING

The Company entered into the Placing Agreement with the Placing Agent on 21 October 2014 (before trading hours), 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\$0.70 on a best effort basis.

The Placing Shares represent approximately 18.06% of the existing issued ordinary share capital of the Company as at the date of this announcement and approximately 15.30% of the issued ordinary share capital of the Company as enlarged by the Placing Shares. The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the completion date of the Placing.

The Placing is conditional upon the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 21 October 2014 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 22 October 2014.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

Introduction

The Company entered into the Placing Agreement with the Placing Agent on 21 October 2014 (before trading hours), 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\$0.70 on a best effort basis.

Placing Agreement

Date: 21 October 2014 (before trading hours)

Issuer: The Company

Placing Agent: Changjiang Securities Brokerage (HK) Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner is an Independent Third Party.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who are individuals, corporate, institutional investors or other investors. Further announcement setting out the names of the Placees in accordance with Rule 13.28(7) of the Listing Rules shall be made by the Company if the Placing Agent fails to identify at least six Placees. The Placees and whose ultimate beneficial owners are expected to be independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules). It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing. If the number of Placees shall be less than six, the Company will issue further announcement in accordance with the requirements of the Listing Rules.

Placing Shares

Up to 330,399,800 Placing Shares, representing approximately 18.06% of the existing issued ordinary share capital of the Company as at the date of this announcement and approximately 15.30% of the issued ordinary share capital of the Company as enlarged by the Placing Shares.

Ranking of Placing Shares

The Placing Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the completion date of the Placing.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.70 per Share represents (i) a discount of approximately 19.54% to the closing price of HK\$0.870 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 16.07% to the average closing price of HK\$0.834 per Share for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 12.50% to the average closing price of HK\$0.800 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The gross proceeds to be raised from the Placing will be about HK\$231,279,860. Based on estimated expenses of about HK\$998,502 for the Placing, the net proceeds to be raised from the Placing will be approximately HK\$230,281,358. On this basis, the net price per Placing Share is approximately HK\$0.697.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued ordinary share capital of the Company as at the date of the AGM, (i.e. 365,920,040 Shares, representing 20% of 1,829,600,200 Shares in issue as at the date of the AGM). Up to the date of this announcement, no Shares have been issued or agreed to be issued under the General Mandate. As the Placing Shares will be issued under the unused portion of the General Mandate (i.e. 365,920,040 Shares), the Placing is not subject to the Shareholders' approval.

Condition precedent to completion of the Placing

The Placing is conditional upon the Listing Committee agreeing to grant a listing of and permission to deal in the Placing Shares.

If the above condition precedent are not fulfilled on or before 3 November 2014 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties thereto shall have any claim against the other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

Termination

The Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate the Placing Agreement if at any time prior to 12:00 noon on the completion date of the Placing:

- (1) any material breach of any of the representations and warranties under the Placing Agreement; or
- (2) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or containing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market condition; or

- (c) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the condition of local, national or international securities markets occurs.

Completion of the Placing

The completion of the Placing is expected to take place on the third (3rd) Business Day after the above condition precedent of the Placing Agreement having been fulfilled (or such later date as may be agreed between the Company and the Placing Agent in writing).

Further announcement will be made by the Company upon completion of the Placing.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Board considers that the Placing will further strengthen the capital base and financial position of the Group. The net proceeds of the Placing, after deduction of expenses of approximately HK\$998,502, is estimated to be of approximately HK\$230,281,358. The Company intends to apply such net proceeds from the Placing for general working capital of the Group.

Shareholding Structure of the Company

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon completion of the Placing are set out as below:

For illustration purpose only:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>
Shareholders				
Crown Landmark Corporation	1,329,318,000	72.66	1,329,318,000	61.54
Public				
Placees (<i>Note 1</i>)	–	–	330,399,800	15.30
Other public Shareholders	500,282,200	27.34	500,282,200	23.16
Total	<u>1,829,600,200</u>	<u>100.00</u>	<u>2,160,000,000</u>	<u>100.00</u>

Notes:

- Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Placing, and Placing Agent has placed a total of 330,399,800 Placing Shares to not less than six independent Placees. It is expected that none of the Placees will become substantial Shareholder(s) of the Company (as defined under the Listing Rules) immediately upon completion of the Placing.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save and except for the placing of new shares under general mandate which is disclosed below, the Company has not carried out any issue of equity securities for the purpose of fund raising during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund-raising activity	Proceeds	Intended use of proceeds	Actual use of proceeds
19 June 2014	Placing of new shares under general mandate	Gross proceeds: HK\$108,000,000 Net proceeds: HK\$107,375,760	General working capital of the Group	General working capital of the Group

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 21 October 2014 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 22 October 2014.

GENERAL

The principal activities of the Group are hotel investment and property investment. As at the date of this announcement, the Group owns a total of three hotel properties located in Yingkou, Ninghai, Weifang, the PRC through “U” Inns & Hotels Holdings Limited. As disclosed in the announcements of the Company dated 24 October 2012, 17 October 2013, 19 December 2013 and 22 January 2014, respectively, the Group entered into equity transfer agreements with independent third parties to dispose of the entire equity interest in its subsidiaries holding the hotel properties in Wafangdian, Tonghua, Wuhan and Jinggangshan, respectively. As at the date of this announcement, Wuhan, Tonghua and Wafangdian were completed, and Jinggangshan had not been completed, either pending approval of the relevant authorities or settlement of final payment by the relevant purchaser. The completion date for the Jinggangshan is uncertain. The Company will closely monitor the status aiming at completing Jinggangshan as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“AGM”	the annual general meeting of the Company held on 17 September 2014
“Board”	board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	Crown International Corporation Limited, a company incorporated in Hong Kong, whose shares are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected or acting in concert with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules) and are not connected persons of the Company
“Last Trading Day”	20 October 2014, being the last trading day on which the Shares were traded on the Stock Exchange immediately prior to the date of the Placing Agreement
“Listing Committee”	the listing-sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the proposed offer by way of a private placing of the Placing Shares, on best efforts basis, procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement

“Placing Agent”	Changjiang Securities Brokerage (HK) Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional Placing agreement dated 21 October 2014 (before trading hours) entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.70 per Placing Share
“Placing Shares”	up to a total of 330,399,800 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 22 October 2014

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