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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)

**SUBSCRIPTION OF NEW SHARES AND
REDEMPTION OF THE PROMISSORY NOTE**

On 7 October 2015 (after trading hours of the Stock Exchange), the Company entered into the Share Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, on the Completion Date, 260,000,000 new Shares at HK\$1.30 per Subscription Share.

The Subscription Shares to be allotted and issued to the Subscriber represent:

- (a) 10.00% of the total Shares as at the date of this announcement; and
- (b) approximately 9.09% of the total Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there will not be any change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issue of the Subscription Shares).

The consideration of the Subscription shall be settled by setting off against the principal amount of HK\$338,000,000 of the Promissory Note.

The Company and the Subscriber agreed that immediately after Completion, the remaining principal amount of HK\$162,000,000 of the Promissory Note and the accrued interest thereof as of the date of the Share Subscription Agreement in the sum of HK\$7,260,274 shall be payable in cash by the Company to the Subscriber and as a result the Promissory Note will be fully redeemed.

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

INTRODUCTION

Reference is made to the Announcements in relation to the issue of the Promissory Note in the principal amount of HK\$500,000,000 by the Company to the Subscriber.

On 7 October 2015 (after trading hours of the Stock Exchange), the Company entered into the Share Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 260,000,000 new Shares (i.e. the Subscription Shares) at HK\$1.30 per Subscription Share.

PRINCIPAL TERMS OF THE SHARE SUBSCRIPTION AGREEMENT

Date : 7 October 2015

Parties : (a) the Company (as issuer); and

(b) the Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is currently the holder and beneficial owner of the Promissory Note. Save for the above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are independent of and not connected with the Company or any connected persons of the Company.

Consideration

Pursuant to the Share Subscription Agreement, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, on the Completion Date, the Subscription Shares at the Subscription Price. The consideration of the Subscription shall be settled by setting off against the principal amount of HK\$338,000,000 of the Promissory Note.

Conditions precedent of the Subscription

Pursuant to the Share Subscription Agreement, Completion is conditional upon:

- (a) all necessary governmental, regulatory and corporate authorisations and approvals for the entering into of the Share Subscription Agreement and the performance of obligations thereunder having been obtained and effective, including but not limited to, the listing committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares; and
- (b) the Shares remaining listed on the Stock Exchange at all times prior to and on the Completion Date.

If the above conditions precedent are not fulfilled on or before 30 October 2015 or such other date as the Company and the Subscriber may agree in writing, the Share Subscription Agreement shall lapse automatically.

Completion

Completion shall take place on the Completion Date.

The Subscription Shares

The Subscription Shares to be allotted and issued to the Subscriber represent:

- (a) 10.00% of the total Shares as at the date of this announcement; and

- (b) approximately 9.09% of the total Shares as enlarged by the allotment and issue of the Subscription Shares (assuming that there will not be any change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issue of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and credited as fully paid up, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on a record date of which falls on or after the date of allotment and issue of the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the Company has not utilised the General Mandate and can issue up to 520,000,000 new Shares. The issue of the Subscription Shares is not subject to further approval of the Shareholders.

Application for listing

An application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$1.30 per Subscription Share:

- (a) represents a premium of approximately 0.78% to the closing price of HK\$1.29 per Share as quoted on the Stock Exchange on 6 October 2015, being the last trading day immediately prior to the date of the Share Subscription Agreement;
- (b) is identical to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on 7 October 2015, being the date of the Share Subscription Agreement; and

(c) represents a premium of approximately 1.88% to the average closing price of approximately HK\$1.276 per Share as quoted on the Stock Exchange for the last five trading days up to and including 6 October 2015, being the date immediately preceding the date of the Share Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Subscriber and the Company with reference to, among others, the recent trading performance of the Shares. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and the Shareholders as a whole.

The Subscription Shares have a market value of approximately HK\$338,000,000, based on the closing price of HK\$1.30 per Share on 7 October 2015, being the date of the Share Subscription Agreement.

Based on the net proceeds of approximately HK\$337,775,000, the net price per Subscription Share is approximately HK\$1.299.

EARLY REDEMPTION OF THE PROMISSORY NOTE

The Company and the Subscriber agreed that immediately after Completion, the remaining principal amount of HK\$162,000,000 of the Promissory Note and the accrued interest thereof as of the date of the Share Subscription Agreement in the sum of HK\$7,260,274 shall be payable in cash by the Company to the Subscriber and as a result the Promissory Note will be fully redeemed.

REASONS FOR THE SUBSCRIPTION AND EARLY REDEMPTION OF THE PROMISSORY NOTE

The Group is principally engaged in the businesses of hotel investment and operations and property investment.

By entering into the Share Subscription Agreement, the Company can repay part of the principal amount of the Promissory Note by way of issuing the Subscription Shares. As a result, cash outflow of the Group to be applied for settlement of the debts under the Promissory Notes will be reduced.

Pursuant to the terms of the Promissory Note, early redemption is in the sole discretion of the Company provided that the Promissory Note has to be redeemed in full. Since part of the principal amount of the Promissory Note will be repaid by the Company through the Subscription upon Completion, the Company will have to repay the remaining principal amount of the Promissory Note together with the related accrued interest immediately after Completion.

Having considered the current financial position of the Group, the Directors confirm that the Group has sufficient internal financial sources to repay the remaining principal amount of the Promissory Note and the related accrued interest in cash. In addition, the early redemption of the Promissory Note will reduce the gearing ratio of the Group.

On the above grounds, the Directors (including the independent non-executive Directors) consider that it is now appropriate to settle the Promissory Note in full, and they also consider that the terms of the Share Subscription Agreement, which were negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved, are fair and reasonable, and the Subscription is in the interest of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Except for the fund raising activities as mentioned below, the Board confirms that there has not been any fund raising exercise made by the Company in the twelve months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds
21 October 2014	Placing of new Shares under general mandate	HK\$230,300,000	General working capital of the Group	General working capital of the Group
10 March 2015	Issue of the Promissory Note	HK\$500,000,000	General working capital and/or for the payment of the outstanding amounts of the Group's projects	Partly used as intended, and the remaining is not yet utilised

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon Completion (assuming that there will not be any change in the issued share capital of the Company from the date of this announcement to the Completion Date) are as follow:

Name of Shareholders	As at the date of this announcement		Immediately after the Completion (assuming that there will not be any change in the issued share capital of the Company from the date of this announcement to the Completion Date)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Crown Landmark Corporation (<i>Note</i>)	1,900,000,000	73.08	1,900,000,000	66.43
Public				
The Subscriber	–	–	260,000,000	9.09
Other public Shareholders	<u>700,000,000</u>	<u>26.92</u>	<u>700,000,000</u>	<u>24.48</u>
	<u><u>2,600,000,000</u></u>	<u><u>100.00</u></u>	<u><u>2,860,000,000</u></u>	<u><u>100.00</u></u>

Note: 1,900,000,000 Shares were beneficially owned by Crown Landmark Corporation, which was 100% owned by Crown Landmark Fund L.P., a partnership in which Crown International Fund Corporation (“**Crown International**”) was the general partner. Crown International was in turn 100% owned by Crown Land Corp. Limited, a wholly-owned subsidiary of Oasis Universal Group Limited (“**Oasis Universal**”). Oasis Universal is solely owned by Ms. Hung Man (formerly known as Xiong Shu Min) (“**Ms. Hung**”). Therefore, Oasis Universal and Ms. Hung were deemed or taken to be interested in all the Shares beneficially owned by Crown Landmark Corporation by virtue of the SFO.

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

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise.

“Announcements”	the announcements of the Company dated 10 March 2015 and 22 April 2015
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“Company”	Crown International Corporation Limited, a company incorporated in Hong Kong, whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“Completion Date”	the day on which Completion takes place, which shall be the third Business Day after the date on which all conditions precedent of the Share Subscription Agreement are fulfilled provided that it shall not be later than 30 October 2015 or such other date as the Company and the Subscriber may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 25 September 2015 to allot and issue up to 520,000,000 Shares, representing 20% of the issued share capital of the Company on the date of the said meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Promissory Note”	the promissory note dated 10 March 2015 issued by the Company to the Subscriber in the principal amount of HK\$500,000,000 with interest at 2.5% per annum due on the third anniversary date of the date of issue
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Share Subscription Agreement”	the agreement dated 7 October 2015 entered into between the Company and the Subscriber in relation to the Subscription

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Rich Bay Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms of the Share Subscription Agreement
“Subscription Price”	HK\$1.30 per Subscription Share
“Subscription Shares”	260,000,000 new Shares to be allotted and issued to the Subscriber pursuant to the Share Subscription Agreement
“%”	per cent

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

Hong Kong, 7 October 2015

As at the date hereof, the Board comprises two executive Directors, namely Mr. MENG Jin Long (Chairman and Chief Executive Officer) and Mr. YEUNG Man, Simon (Chief Financial Officer); 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.