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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)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING IN RELATION TO
PROPOSED ACQUISITION

This announcement is made by Crown International Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide shareholders and potential investors of the Company with the latest business update of the Group.

MEMORANDUM OF UNDERSTANDING

The Board of Directors of the Company is pleased to announce on 20 December 2022, Credibility Resources Group Limited (“**CRG**”), a wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with Mr. Wang Hong Chen (王紅晨) and Ms. Liu Ting Ting (劉婷婷), pursuant to which CRG intends to acquire equity interest in ShenZhen Xing Run Holdings Limited (深圳市星潤控股集團有限公司, SZXRH) which Mr. Wang Hong Chen (王紅晨) holds 65% shares and Ms. Liu Ting Ting (劉婷婷) holds 35% shares, respectively.

The principal terms of the MOU are as follows:

Date: 16 December 2022

Parties: (1) CRG;
(2) Mr. Wang Hong Chen (王紅晨); and
(3) Ms. Liu Ting Ting (劉婷婷).

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, SZXRH and the ultimate beneficial owner(s) of SZXRH are independent third parties of the Company and its connected persons as at the date of this announcement.

Amount of Equity Interest to be Acquired and Consideration

The (i) amount of equity interest in SZXRH to be acquired and (ii) the consideration for the Proposed Acquisition are subject to further negotiations between the parties to the MOU before entering into any Formal Agreement.

Due diligence review

Pursuant to the MOU, the Company shall entitle to conduct due diligence review on SZXRH upon signing of the MOU. SZXRH shall use their best endeavours to assist the Company in completing the due diligence review on SZXRH.

Formal Agreement

The Company and SZXRH shall use their best endeavours to agree on the terms of and enter into a legally binding formal agreement in relation to the Proposed Acquisition upon satisfaction on due diligence review.

Non-legally Binding Effect

Save for the provisions as to due diligence review, confidentiality, the MOU does not constitute a legally binding agreement on the parties to the MOU.

INFORMATION OF SZXRH

SZXRH is a health business conglomeration established in the People’s Republic of China (the “**PRC**”) and is principally engaged in “prickly pear business”. SZXRH owned the technics and experiences of prickly pear. SZXRH adopts advance technologies of blockchain traceability technology and GPS positioning technology to monitor the overall process of prickly pear from growing, harvesting, processing, and selling including seed selection, place to plant, sowing, cultivating, weeding, picking, stocking, formation, liquid extraction, fine processing, aseptic filling, as well as distributing to nationwide for on line and off line selling.

SZXRH is going to establish a company called “Prickly Pear advanced Manufacturing Technology Demonstration Limited (刺梨高端製造示範園科技有限公司)” which will be registered in Pan Zhou City, Gui Zhou Province, China. It is proposed to invest RMB1,100,000,000 on the entire project and the first phase injection is estimated at RMB100,000,000 to establish a production line processing up to 80,000 tons prickly pear per year and to produce a series of healthy prickly pear produces up to 18,000 tons per year.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

CRG engaged in health business including Leisure and health services in the PRC for several years. It is in the view of the optimistic and huge market potential in health industry in the PRC, the acquisition will enlarge the Company’s market share in prickly pear industry.

GENERAL

The MOU represents a preliminary mutual understanding of the parties regarding the Possible Transaction. The MOU will not create any legal obligations on any of the parties in any respect. The Possible Transaction, if materializes, may or may not constitute a notifiable transaction and connected transaction of the Company under the Listing Rules. If one of the subsidiaries of the Company enter into the Formal Acquisition Agreement or decide to terminate the MOU or if there are any material developments with respect to the Possible Transaction, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Crown International Corporation Limited, a company incorporated in Hong Kong with limited with limited liability and the shares of which are listed on the Stock Exchange
“Shen Zhen Xing Run Holdings Limited (深圳市星潤控股集團有限公司)”	a company incorporated in Shen Zhen City, Guang Dong Province, China with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 16 December 2022 entered into between Credibility Resources Group Limited, a wholly-owned subsidiary of the Company with Mr. Wang Hong Chen (王紅晨) and Ms. Liu Ting Ting (劉婷婷) intends to acquire equity interests of Shen Zhen Xing Run Holdings Limited (深圳市星潤控股集團有限公司, SZXRH)
“Possible Transaction”	Credibility Resources Group Limited, a wholly-owned subsidiary of the Company with Mr. Wang Hong Chen (王紅晨) and Ms. Liu Ting Ting (劉婷婷) intends to acquire equity interests of Shen Zhen Xing Run Holdings Limited (深圳市星潤控股集團有限公司, SZXRH)

“PRC” the People’s Republic of China

“Stock Exchange” The Stock Exchange of Hong Kong Limited

As the Proposed Acquisition may or may not proceed, shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 20 December 2022

As at the date of this announcement, the executive Director of the Company is Mr. MENG Jin Long and the independent non-executive Directors of the Company are Mr. CHEN Fang, Mr. REN Guo Hua and Dr. CHEUNG Ka Yue.