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CONTINENTAL
HOLDINGS LIMITED
恒和珠寶集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00513)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ACQUISITION OF CERTAIN PROPERTY INTERESTS
IN HONG KONG**

The Board is pleased to announce that on 20 July 2018 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Agreements, pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Sale Shares (being the entire issued share capital of the Target Companies) and the Sale Loan at an aggregate consideration of HK\$129 million. The principal asset of the Target Companies is the Properties which comprise 12 floors in a commercial building in Yuen Long.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% and all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 20 July 2018 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller entered into the Agreements, pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Sale Shares (being the entire issued share capital of the Target Companies) and the Sale Loan at an aggregate consideration of HK\$129 million.

THE AGREEMENTS

A summary of the principal terms of the Agreements is as follows:

1. Date

20 July 2018

2. Parties

Purchaser: Glorious Amber Limited, a wholly-owned subsidiary of the Company.

Seller: A businessman who, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

3. Assets to be acquired

Pursuant to the Agreements, the assets to be acquired by the Purchaser comprise the Sale Shares (being the entire issued share capital of the Target Companies beneficially owned by the Seller) and the Sale Loan (being all the loan owing by the Target Companies to the Seller at Completion).

The Target Companies are the holding companies of the Target Subsidiaries which principal asset is the Properties. The Properties comprise 12 floors in a commercial building in Yuen Long with a gross floor area of approximately 14,508 sq. ft. The Properties are subject to existing tenancies with a monthly rental of approximately HK\$306,256 in aggregate. It is the current intention of the Group to hold the Properties for long term investment.

4. Consideration

The Consideration under the Agreements is HK\$129 million which shall be satisfied in cash by the Purchaser to the Seller in the following manner:

- (a) an initial deposit of HK\$6 million in aggregate has been paid by the Purchaser to the Seller's solicitors as stakeholders on signing of the Agreements;
- (b) a further deposit of HK\$6.9 million in aggregate shall be paid by the Purchaser to the Seller's solicitors as stakeholders on 7 August 2018; and
- (c) the balance of the Consideration shall be paid by the Purchaser on Completion.

The Consideration was arrived at after arm's length negotiation between the Seller and the Purchaser with reference to the prevailing market prices of properties with similar size and conditions in the vicinity.

5. Conditions precedent

Completion of the Acquisition is subject to and conditional upon satisfaction or (where applicable) waiver of the following conditions precedent on or before the Completion Date:

- (a) the Target Subsidiaries being able to prove and give a good title to the Properties in accordance with the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong);

- (b) the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Companies and satisfied with the results thereof; and
- (c) the warranties given by the Seller in the Agreements and the formal agreements remaining true, accurate, correct and complete, and not misleading in all respects up to Completion.

At any time before satisfaction, the Purchaser may waive all or any of the Conditions.

If any of the Conditions is not satisfied or (where applicable) waived on or before the Completion Date, the Purchaser may by notice to the Seller terminate the Agreements in which case all rights and obligations of the parties under the Agreements shall terminate and the Purchaser shall be entitled to a refund of the deposits paid.

Completion of the Agreements is not inter-conditional upon each other.

6. Completion

Subject to satisfaction (or waiver) of the Conditions, Completion shall take place on 22 October 2018.

Upon Completion, the Target Companies will become wholly-owned subsidiaries of the Company and the assets, liabilities and results of the Target Companies will be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE TARGET COMPANIES

The Target Companies were incorporated in the British Virgin Islands with limited liabilities and their principal asset is their investment in the Target Subsidiaries. The Target Subsidiaries were incorporated in Hong Kong with limited liabilities and are the registered and beneficial owners of the Properties. The Company is in the course of obtaining the financial statements of the Target Companies from the Seller and will issue a further announcement containing summary of the financial information of each of the Target Companies in compliance with Rules 14.58(6) and 14.58(7) of the Listing Rules as soon as possible.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Group is principally engaged in the businesses of (i) design, manufacturing, marketing and trading of fine jewellery and diamonds; (ii) property investment; (iii) mining operation; and (iv) investment.

The Directors consider that the Acquisition is in line with the principal businesses of the Group and can provide the Group with a steady source of income, and thus enhance the return on equity of the Shareholders. Given that the terms of the Agreements were negotiated on an arm's length basis with reference to the prevailing market prices of similar properties in the vicinity, the Directors are of the view that the terms of the Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

It is expected that the Consideration will be funded by internal resources, and/or bank borrowings of the Group.

None of the Directors have any material interest in the Agreements and the Acquisition, and therefore, none of them have abstained or were required to abstain from voting on the Board meeting approving the Agreements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% and all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the proposed acquisition of the Sale Shares and the Sale Loan by the Purchaser from the Seller pursuant to the terms and conditions of the Agreements
“Agreements”	11 conditional and legally binding preliminary agreements for sale and purchase all dated 20 July 2018 entered into between the Seller and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Company”	Continental Holdings Limited (Stock Code: 513), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreements
“Completion Date”	22 October 2018, on which Completion is to take place in accordance with the terms and conditions of the Agreements
“Conditions”	the conditions precedent to Completion as set out in the subsection headed “The Agreements – 5. Conditions precedent” in this announcement
“Consideration”	the aggregate consideration payable by the Purchaser to the Seller for the Sale Shares and the Sale Loan under the Agreements
“Directors”	the directors of the Company
“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
“Properties”	the whole of 9/F, 10/F, 11/F, 12/F, 13/F, 15/F, 16/F, 17/F, 19/F, 20/F, 21/F and 22/F of Glassview Commercial Building, 65 Castle Peak Road, Yuen Long, New Territories, Hong Kong
“Purchaser”	Glorious Amber Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Loan”	all the loan owing by the Target Companies to the Seller at Completion
“Sale Shares”	the entire issued share capital of the Target Companies
“Seller”	a businessman who, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, is a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Shareholder”	shareholder of the Company
“sq. ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Companies”

collectively:

- (a) Triumph Services International Limited;
- (b) Fortune Vantage Incorporated;
- (c) Fortune Vantage International Corporation;
- (d) Popular International Group Incorporated;
- (e) Popular International Holdings Corporation;
- (f) Brilliant Victory Asia Limited;
- (g) General Superb International Limited;
- (h) Dynamic Best Enterprises Limited;
- (i) Hyper Dynamic International Limited;
- (j) Luck Quest Enterprises Limited; and
- (k) Perfect Essential International Limited,

all being companies incorporated in the British Virgin Islands with limited liabilities, which are wholly-owned by the Seller

“Target Subsidiaries”

collectively:

- (a) Huge Sky (China) Limited;
- (b) Lucky Key International Limited;
- (c) Diamond Bright Corporation Limited;
- (d) Wealthy Joy Corporation Limited;

- (e) Fortune Success International Limited;
- (f) Charm Harvest Corporation Limited;
- (g) Capital Luck Corporation Limited;
- (h) Max Creation (Hong Kong) Limited;
- (i) Keen Mind Corporation Limited;
- (j) Well Power (Hong Kong) Limited; and
- (k) Daily Famous Limited,

all being companies incorporated in Hong Kong with limited liabilities, which are wholly-owned subsidiaries of the Target Companies

By order of the Board
Continental Holdings Limited
Chan Wai Lap, Victor
Chairman

Hong Kong, 24 July 2018

As at the date of this announcement, Mr. Chan Wai Lap, Victor, Dr. Chan Sing Chuk, Charles, BBS, JP, Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki and Mr. Wong Edward Gwon-hing are executive Directors, Mr. Yam Tat Wing is a non-executive Director and Mr. Yu Shiu Tin Paul, BBS, MBE, JP, Mr. Chan Ping Kuen, Derek, Mr. Sze Irons, BBS, JP and Mr. Cheung Chi Fai, Frank are independent non-executive Directors.