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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

ACQUISITION OF A REAL PROPERTY

ACQUISITION OF THE PROPERTY

The Board is pleased to announce that on 4 February 2021, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional SPA, conditionally agreeing to purchase from the Vendor the Sale Share together with the Shareholder's Loan at the Purchase Price of HK\$65,000,000. The Vendor is the legal and beneficial owner of the Sale Share, representing the entire issued share capital of the Target Company and Target Company's principal asset is the Property.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company which is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

1. BACKGROUND

The Board is pleased to announce that on 4 February 2021, the Purchaser entered into the Provisional SPA, conditionally agreeing to purchase from the Vendor the entire issued share capital of the Target Company together with the Shareholder's Loan at the Purchase Price of HK\$65,000,000.

2. MATERIAL TERMS OF THE ACQUISITION

Date:

4 February 2021

Parties:

- (1) The Purchaser, an indirect wholly-owned subsidiary of the Company; and
- (2) The Vendor, an individual.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor, as the individual counterparty to the Acquisition, is a third party independent of the Company and its connected persons.

The Acquisition:

In connection with the Provisional SPA, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the entire issued share capital of the Target Company together with the Shareholder's Loan at the Purchase Price. The Vendor is the legal and beneficial owner of the Sale Share, representing the entire issued share capital of the Target Company and the Target Company's principal asset is the Property.

The Property:

The Property is Shop A on the Ground Floor, including the Yard A thereof, Shop B on the Ground Floor, Offices A, B, C, D, E, F & G on the 1st Floor, and Office H on the 1st Floor, including the Flat Roof appurtenant thereto, Hart Avenue Court, Nos. 19 – 23 Hart Avenue, Kowloon. The Property is a commercial property and is subject to an existing tenancy expiring on 31 January 2023.

Purchase Price:

The consideration for the Acquisition is HK\$65,000,000, payable by the Purchaser to the Vendor in the following manner:

- (1) HK\$3,250,000 upon signing of the Provisional SPA as initial deposit;
- (2) HK\$3,250,000 on or before 3 March 2021 as further deposit; and
- (3) HK\$58,500,000 at or before 5:00 p.m. on the Completion Date currently scheduled for 31 May 2021.

The Purchase Price was agreed between the parties after commercial negotiations at arm's length with reference to prevailing market prices of properties of similar nature available in nearby area.

The Purchase Price is funded by the internal cash resources and/or bank borrowing of the Group.

Conditions precedents:

Completion is conditional upon the following conditions precedent being fulfilled:

- (1) the Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the Target Company and being satisfied with the results thereof;
- (2) the Vendor having procured the Target Company to give and prove a good title to the Property; and

- (3) all the representations, undertakings and warranties given by the Vendor under the Provisional SPA and the formal agreement of sale and purchase are and shall remain true, accurate, correct and complete and not misleading in all respects up to the Completion.

Completion:

The parties intend to complete the Acquisition at or before 5:00 p.m. on the Completion Date scheduled for 31 May 2021.

Formal agreement:

The Vendor and the Purchaser shall negotiate in good faith and enter into a formal agreement incorporating the terms of the Provisional SPA and the customary terms and conditions in transactions similar to the Acquisition based on the terms of the Provisional SPA on or before 3 March 2021.

3. INFORMATION ABOUT THE PARTIES

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

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal activity is investment holding.

The Target Company is a company incorporated in Hong Kong with limited liability and is engaged in property investment in Hong Kong. The Target Company is the sole legal and beneficial owner of the Property and its principal asset is the Property.

Financial Information on the Target Company

The Company is in the course of obtaining the financial statements of the Target Company from the Vendor and will issue a further announcement containing summary of the financial information of the Target Company in compliance with Rules 14.58(6) and 14.58(7) of the Listing Rules as soon as possible.

4. REASONS FOR, AND BENEFITS OF, THE ACQUISITION

As disclosed in the Company's annual report for the year ended 30 June 2020, the Group will continue to diversify the income streams from its property and investment segments. The Property is a commercial property and is subject to an existing tenancy expiring on 31 January 2023. The Property is acquired through the Acquisition is for investment purposes. The addition of the Property to the Group's investment properties portfolio will enhance the asset base of the Group and enable the Group to diversify its property investment. The Company believes that the Property will provide the Group with additional rental income stream and potential increase in capital value over time.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company which is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

6. DEFINITIONS

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

“Acquisition”	the purchase of the entire issued share capital of the Target Company together with the Shareholder’s Loan in accordance with the Provisional SPA
“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”	the completion of the sale and purchase of the Sale Share together with the Shareholder’s Loan in accordance with the Provisional SPA
“Completion Date”	the date on which Completion shall take place in accordance with the Provisional SPA, being 31 May 2021
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	(a) director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, 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
“Main Board”	the Main Board of the Stock Exchange
“percentage ratios”	has the meaning ascribed to it in Rule 14.07 of the Listing Rules
“Property”	Shop A on the Ground Floor, including the Yard A thereof, Shop B on the Ground Floor, Offices A, B, C, D, E, F & G on the 1st Floor, and Office H on the 1st Floor, including the Flat Roof appurtenant thereto, on Hart Avenue Court Nos. 19 – 23 Hart Avenue Kowloon
“Provisional SPA”	a provisional agreement for sale and purchase dated 4 February 2021 entered into between the Vendor and the Purchaser
“Purchase Price”	the sum of HK\$65,000,000, being the consideration for the Acquisition
“Purchaser”	Rich Gain Holdings Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Sale Share”	the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s) from time to time
“Shareholder’s Loan”	all such sum of money advanced by way of loan by the Vendor to the Target Company and due and owing by the Target Company to the Vendor as at the Completion Date

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Cheermax Limited, a limited liability company incorporated in Hong Kong
“Vendor”	a businessman who, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, is a third party independent of the Company and connected persons of the Company
“%”	per cent.

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

Hong Kong, 5 February 2021

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 Gwong-hing are Executive Directors, Mr. Yam Tat Wing is the Non-executive Director, 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.