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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)

**CONNECTED TRANSACTION –
ACQUISITION OF
APPROXIMATELY 24.81% SHAREHOLDING
IN A NON-WHOLLY OWNED SUBSIDIARY**

The Board is pleased to announce that on 23 October 2024 (after trading hours), the Buyer (a wholly-owned subsidiary of the Company) acquired the Shares, being approximately 24.81% of the issued shares in the capital of the Target Company (a non-wholly owned subsidiary of the Company), from the Seller at a consideration of GBP576,313 (approximately HK\$5,829,000) pursuant to a Transfer Agreement.

Immediately before Completion, the Target Company was owned as to approximately 75.19% by the Group through the Buyer and approximately 24.81% by the Seller. Immediately after Completion, all the shares in the capital of the Target Company are owned by the Buyer and the Target Company has become a wholly-owned subsidiary of the Company.

The Target Company was incorporated in England and Wales. It is principally engaged in jewellery wholesaling business in the United Kingdom.

Since the Seller is a director of the Target Company (being a non-wholly owned subsidiary of the Company immediately before Completion), the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the percentage ratios (other than the profits ratio) (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are less than 5%, the Acquisition is subject to the announcement requirement but exempt from the circular and shareholders' approval requirements.

INTRODUCTION

The Board is pleased to announce that, pursuant to the Transfer Agreement dated 23 October 2024 entered into by the Buyer (a wholly-owned subsidiary of the Company) and the Seller, the Buyer agreed to purchase the Shares, being approximately 24.81% of the issued shares in the capital of the Target Company (a non-wholly owned subsidiary of the Company immediately before Completion), from the Seller at a consideration of GBP576,313, which is equivalent to approximately HK\$5,829,000. The principal terms of the Transfer Agreement are set out below.

THE TRANSFER AGREEMENT

1. Date

23 October 2024

2. Parties

Buyer: Yett Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

Seller: Laurence James Blunt, who is a director of the Target Company

3. Assets to be acquired

The Buyer agreed to purchase the Shares, being 330 B ordinary shares of GBP1 each in the capital of the Target Company, representing approximately 24.81% of the issued shares in the capital of the Target Company, from the Seller.

4. Consideration

The Consideration for the Acquisition is GBP576,313, equivalent to approximately HK\$5,829,000 which was paid by the Buyer upon Completion. The payment of Consideration was funded by internal resources of the Group.

The Consideration was determined by multiplying the average of the Target Company's earnings before interest, taxes, depreciation and amortisation ("EBITDA") for the past four financial years ended 30 June 2021 to 30 June 2024 by a multiple of five, and then further multiplying the resulting amount by the percentage of the shareholding interest in the Target Company being acquired, which is approximately 24.81%.

5. Completion

Completion of the Acquisition took place on 23 October 2024.

The Target Company was owned as to 75.19% by the Group through the Buyer and was a non-wholly owned subsidiary of the Company immediately before Completion. Immediately after Completion, all the issued shares in the capital of the Company are owned by the Buyer and the Target Company has become a wholly-owned subsidiary of the Company. Its assets, liabilities and results will continue to be consolidated into the consolidated financial statements of the Group following Completion.

INFORMATION OF THE TARGET COMPANY

A summary of the audited financial information of the Target Company for the two years ended 30 June 2023 and 30 June 2024 is set out below:

	For the years ended 30 June	
	2023	2024
	<i>Approximate Amount</i>	<i>Approximate Amount</i>
Net profit before taxation	GBP545,793	GBP28,894
Net profit after taxation	GBP545,793	GBP28,894

The audited net asset value of the Target Company as at 30 June 2024 amounted to approximately GBP1,823,796 (approximately HK\$18,446,000).

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 Target Company was incorporated in England and Wales. It is principally engaged in jewellery wholesaling business in the United Kingdom.

United Kingdom is an important market for the Group's jewellery business, as the Group has a strong customer base in the United Kingdom, and is a key market for expansion into the European market. By increasing percentage interest of the Group in the Target Company from approximately 75.19% to 100% upon Completion, the Acquisition allows the Group to gain full control in the Target Company. Given the potential of the markets in the United Kingdom and Europe, the Acquisition is a strategic move that aligns with the Group's growth objectives, and will further strengthen the ability of the Group to control its pace of development in the jewellery trading business in overseas markets. The Board (including independent non-executive Directors) considers the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

No Director has any material interest in the Acquisition under the Transfer Agreement. Accordingly, no Director is required to abstain from voting on the Board resolution approving the Acquisition and/or the Transfer Agreement.

LISTING RULES IMPLICATIONS

Since the Seller is a director of the Target Company (being a non-wholly owned subsidiary of the Company immediately before Completion), the Seller is a connected person of the Company at the subsidiary level and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As (i) the Board has approved the transaction contemplated under the Transfer Agreement; and (ii) the independent non-executive Directors of the Company have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the transaction is in the interests of the Company and its shareholders as a whole, the transaction is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of Shares by the Buyer from the Seller pursuant to the terms and conditions of the Transfer Agreement
“Board”	the board of Directors
“Buyer”	Yett Holdings Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company
“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 Transfer Agreement
“Consideration”	GBP576,313 (approximately HK\$5,829,000)
“Director(s)”	the director(s) of the Company
“GBP”	British pound sterling, the lawful currency of the United Kingdom
“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

“Shares”	the 330 B ordinary shares of GBP1 each in the capital of the Target Company
“Seller”	Laurence James Blunt, who is a director of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	C.J. (UK) Limited, a company incorporated in accordance with the laws of England and Wales, a non-wholly owned subsidiary of the Company immediately before Completion
“Transfer Agreement”	the instrument of transfer dated 23 October 2024 entered into between the Buyer and the Seller in relation to the Acquisition of the Shares by the Buyer from the Seller

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

Hong Kong, 23 October 2024

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