CONTINENTAL
HOLDINGS LIMITED
恒和珠寶集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00513)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2013

The board of directors (the "Board") of Continental Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2013 together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*3*	**949,215**	955,712
Cost of sales		**(828,895)**	(821,120)
Gross profit		**120,320**	134,592
Selling and distribution costs		**(17,527)**	(18,521)
Administrative expenses		**(94,847)**	(100,937)
Other operating income/(expenses)		**2,768**	(1,829)
Change in fair value of investment property		**84,769**	1,656
Impairment loss of available-for-sale financial assets		**(10,076)**	(118,361)
Gain on disposal of available-for-sale financial assets		**510**	–
Excess of interest in the net fair value of the net identifiable assets over the fair value of the total cost of acquisition of subsidiaries		**–**	364,797
Income arising from amortising the financial guarantee liabilities		**1,654**	–
Share-based compensation		**–**	(35,339)
Finance costs	*4*	**(12,405)**	(9,434)
Share of results of associates		**–**	(252)
Share of results of jointly controlled entities		**12,494**	(1,352)
Profit before income tax	*5*	**87,660**	215,020
Income tax expense	*6*	**(1,303)**	(2,494)
Profit for the year		**86,357**	212,526

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Other comprehensive income, after tax			
Items that may be reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets, net		**(8,187)**	(101,511)
Reclassification from equity to profit or loss on impairment of available-for-sale financial assets		**10,076**	118,361
Exchange difference on translation of foreign operations, associates and jointly controlled entities		**39,478**	11,734
Other comprehensive income for the year, net of tax		**41,367**	28,584
Total comprehensive income for the year		**127,724**	241,110
Profit for the year attributable to:			
Owners of the Company		**85,847**	214,894
Non-controlling interests		**510**	(2,368)
		86,357	212,526
Total comprehensive income for the year attributable to:			
Owners of the Company		**127,214**	243,478
Non-controlling interests		**510**	(2,368)
		127,724	241,110
Earnings per share for profit attributable to the owners of the Company	*8*		
– Basic		**HK1.68 cent**	HK4.72 cent
– Diluted		**HK1.30 cent**	HK3.75 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**116,242**	115,437
Land use rights		**41,440**	41,824
Investment property		**543,500**	453,500
Mining right		**1,050,495**	1,020,524
Interests in associates		**–**	–
Interests in jointly controlled entities		**532,569**	484,655
Available-for-sale financial assets		**27,497**	37,136
Deferred tax assets		**6,109**	6,093
		2,317,852	2,159,169
Current assets			
Inventories		**271,772**	257,352
Trade receivables	*9*	**105,198**	109,010
Prepayments, deposits and other receivables		**13,781**	11,614
Financial assets at fair value through profit or loss		**12,079**	11,696
Derivative financial instruments		**38**	–
Due from a jointly controlled entity		**139**	139
Cash and cash equivalents		**37,911**	85,236
		440,918	475,047

	Notes	2013 HK$'000	2012 HK$'000
Current liabilities			
Trade payables	*10*	**(138,132)**	(133,166)
Other payables and accruals		**(32,300)**	(72,802)
Bank loans	*11*	**(336,181)**	(324,172)
Obligation under a finance lease		**(113)**	–
Derivative financial instruments		**–**	(84)
Due to related companies		**(2,321)**	–
Due to an associate		**–**	(111)
Loan from a controlling shareholder		**(10,000)**	–
Convertible note		**–**	(54,889)
Financial guarantee liabilities		**(2,481)**	–
Provision for tax		**(8,114)**	(10,411)
		(529,642)	(595,635)
Net current liabilities		**(88,724)**	(120,588)
Total assets less current liabilities		**2,229,128**	2,038,581
Non-current liabilities			
Obligation under a finance lease		**(104)**	–
Due to related companies		**(83,903)**	(27,961)
Due to ultimate holding company		**(1,546)**	(7,877)
Loan from a controlling shareholder		**(95,022)**	(105,000)
Convertible note		**(9,874)**	(13,694)
Financial guarantee liabilities		**(8,270)**	–
Deferred tax liabilities		**(245,001)**	(238,431)
		(443,720)	(392,963)
Net assets		**1,785,408**	1,645,618
EQUITY			
Share capital		**51,107**	51,107
Reserves		**1,740,356**	1,601,076
Equity attributable to the owners of the Company		**1,791,463**	1,652,183
Non-controlling interests		**(6,055)**	(6,565)
Total equity		**1,785,408**	1,645,618

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective terms include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These consolidated financial statements have been prepared under historical cost basis except for investment property and certain financial assets and liabilities, which are stated at fair values.

2. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following amendment ("the new HKFRSs") issued by the HKICPA which is relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2012:

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

These amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit or loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. The Group's presentation of other comprehensive income in theses financial statements has been modified accordingly.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new and revised HKFRSs, that have been issued, but are not yet effective in the financial year of which the consolidated financial statements were prepared, have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle [1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities [2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition Guidance [1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities [1]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities [2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets [2]

2. **ADOPTION OF HKFRSs (CONTINUED)**

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting [2]
HKFRS 9	Financial Instruments [3]
HKFRS 10	Consolidated Financial Statements [1]
HKFRS 11	Joint Arrangements [1]
HKFRS 12	Disclosure of Interests in Other Entities [1]
HKFRS 13	Fair Value Measurement [1]
HKAS 27 (2011)	Separate Financial Statements [1]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [1]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine [1]
HK(IFRIC) – Interpretation 21	Levies [2]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2014
[3] Effective for annual periods beginning on or after 1 January 2015

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

The improvements made amendments relevant to the Group's financial statements as follows:

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRSs. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, plant and equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

2. ADOPTION OF HKFRSs (CONTINUED)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains and losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

2. ADOPTION OF HKFRSs (CONTINUED)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 9 – Financial Instruments (Continued)

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 July 2015.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 – Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method.

2. **ADOPTION OF HKFRSs (CONTINUED)**

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

HK(IFRIC) Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine

Stripping activities carried out in the production phase of a surface mine may give rise to two benefits: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation requires that costs of stripping activity are accounted for in accordance with the principles in HKAS 2 Inventories to the extent that the benefit from stripping activity is realised in the form of inventory produced. The costs of stripping activity that provide a benefit in the form of improved access to ore are recognised as a non-current stripping activity asset when certain criteria are met. This asset will be accounted for as an addition or enhancement to an existing asset and is classified as tangible or intangible according to the nature of the existing asset of which it forms part. The stripping activity asset is measured initially at cost and subsequently in the same way as the existing asset of which it forms part. It is depreciated or amortised on a systematic basis over the expected useful life of the component of the ore body that becomes more accessible as a result of the stripping activity. The interpretation is applied to production stripping costs incurred after the beginning of the earliest period presented. Predecessor stripping activity asset balance is reclassified as a part of an existing asset subject to the conditions in the Interpretation.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

3. **REVENUE AND SEGMENT INFORMATION**

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, interest income and dividend income from investments.

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to assess performance and allocate resources.

The chief operating decision-maker has been identified as the Company's executive directors. The executive directors have identified the Group's four business lines as operating segments.

(a) Business segment

	Design, manufacturing, marketing and trading of fine jewellery and diamonds		Property investment		Mining operation		Investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to/revenue from external parties	**936,099**	947,021	**–**	–	**10,464**	3,831	**2,652**	4,860	**949,215**	955,712
Segment results	**24,740**	28,206	**84,659**	1,613	**(15,612)**	355,509	**(7,385)**	(115,430)	**86,402**	269,898
Share-based compensation									**–**	(35,339)
Unallocated expenses									**(3,202)**	(8,642)
Income arising from amortising the financial guarantee liabilities									**1,654**	–
Finance costs									**(9,688)**	(9,293)
Share of results of associates									**–**	(252)
Share of results of jointly controlled entities									**12,494**	(1,352)
Profit before income tax									**87,660**	215,020

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Business segment (Continued)

	Design, manufacturing, marketing and trading of fine jewellery and diamonds		Property investment		Mining operation		Investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**436,918**	428,105	**543,604**	453,672	**1,161,620**	1,127,358	**39,814**	48,919	**2,181,956**	2,058,054
Interests in jointly controlled entities									**532,569**	484,655
Cash and cash equivalents									**37,911**	85,236
Deferred tax assets									**6,109**	6,093
Unallocated corporate assets									**225**	178
Total assets									**2,758,770**	2,634,216
Segment liabilities	**163,480**	168,111	**1,768**	2,086	**46,806**	75,794	**53,761**	55,299	**265,815**	301,290
Bank loans									**336,181**	324,172
Due to ultimate holding company									**1,546**	7,877
Loan from a controlling shareholder									**105,022**	105,000
Financial guarantee liabilities									**10,751**	–
Provision for tax									**8,114**	10,411
Deferred tax liabilities									**245,001**	238,431
Unallocated corporate liabilities									**932**	1,417
Total liabilities									**973,362**	988,598

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Business segment (Continued)

	Design, manufacturing, marketing and trading of fine jewellery and diamonds		Property investment		Mining operation		Investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:										
Depreciation of property, plant and equipment	**(5,975)**	(6,480)	**–**	–	**(1,739)**	(1,152)	**–**	–	**(7,714)**	(7,632)
Amortisation of land use rights	**(110)**	(109)	**–**	–	**(1,351)**	(1,321)	**–**	–	**(1,461)**	(1,430)
Amortisation of mining right	**–**	–	**–**	–	**(668)**	(316)	**–**	–	**(668)**	(316)
Change in fair value of investment property	**–**	–	**84,769**	1,656	**–**	–	**–**	–	**84,769**	1,656
Imputed interest income arising from initial recognition of amount due to a related company	**–**	–	**–**	–	**–**	5,455	**–**	–	**–**	5,455
Fair value gain/(loss) on derivative financial instruments	**116**	(286)	**–**	–	**–**	–	**–**	–	**116**	(286)
Fair value gain/(loss) on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**524**	(2,328)	**524**	(2,328)
Excess of interest in the net fair value of the net identifiable assets over the fair value of the total cost of acquisition of subsidiaries	**–**	–	**–**	–	**–**	364,797	**–**	–	**–**	364,797
Fair value loss on redemption option of convertible notes	**–**	–	**–**	–	**(122)**	(1,515)	**(19)**	(1,342)	**(141)**	(2,857)
Gain/(Loss) on disposal of property, plant and equipment	**–**	70	**–**	–	**(20)**	(345)	**–**	–	**(20)**	(275)
Gain on disposal of available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**510**	–	**510**	–
Impairment loss of available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**(10,076)**	(118,361)	**(10,076)**	(118,361)
Reversal of provision for long-term receivables	**967**	500	**–**	–	**–**	–	**–**	–	**967**	500
Provision for trade receivables	**(123)**	(756)	**–**	–	**–**	–	**–**	–	**(123)**	(756)
Write back of/(Provision) for inventories	**3,804**	(1,612)	**–**	–	**–**	–	**–**	–	**3,804**	(1,612)
Interest income	**–**	–	**–**	–	**–**	–	**203**	392	**203**	392
Additions to non-current segment assets	**2,883**	3,128	**852**	1,009	**4,844**	7,321	**–**	–	**8,579**	11,458

3. **REVENUE AND SEGMENT INFORMATION (CONTINUED)**

(b) Geographical information

The Group's segment revenue from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas.

	Revenue from external customers	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**160,374**	165,215
North America	**233,983**	267,215
Europe and Middle East	**527,675**	507,973
Other locations	**27,183**	15,309
Total	**949,215**	955,712

	Non-current assets	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong (domicile)	**553,698**	462,735
United Kingdom	**5,433**	5,742
Mainland China	**1,725,043**	1,647,360
Other locations	**72**	103
Total	**2,284,246**	2,115,940

The revenue information above is based on the location of the customers. The geographical location of the non-current assets (other than financial instruments and deferred tax assets) is based on the physical location of the assets.

The executive directors determine the Group is domiciled in Hong Kong, which is the location of the Group's principal office.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**320,541**	234,120
Customer B	**112,647**	112,251
Customer C	**N/A**	98,271

The revenue from these major customers was all derived by the business segment under design, manufacturing, marketing and trading of fine jewellery and diamonds.

4. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans*		
– wholly repayable within five years	**8,676**	7,939
Interest expenses on loan from a controlling shareholder	**1,575**	1,137
Finance charges on obligation under a finance lease	**14**	–
Imputed interest expenses arising from amounts due to related companies	**2,717**	141
Imputed interest expenses on convertible notes	**3,802**	4,552
Total borrowing costs	**16,784**	13,769
Less: Bank loan interest capitalised in investment property	**(4,379)**	(4,335)
	12,405	9,434

* This represents the finance costs on bank loans, including term loans which contain a repayment on demand clause in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 30 June 2013, the interest on bank loans which contain a repayment on demand clause amounted to approximately HK$8,676,000 (2012: HK$7,939,000).

5. PROFIT BEFORE INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
The Group's profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**807,941**	805,715
Depreciation of property, plant and equipment	**7,714**	7,632
Amortisation of land use rights	**1,461**	1,430
Amortisation of mining right	**668**	316
Minimum lease payments under operating leases on land and buildings	**6,555**	6,399
Auditor's remuneration	**1,019**	1,034
(Write back of)/provision for inventories*	**(3,804)**	1,612
Imputed interest income arising from initial recognition of amount due to a related company	**–**	(5,455)
Fair value (gain)/loss on financial assets at fair value through profit or loss held for trading	**(524)**	2,328
Fair value loss on redemption option of convertible notes	**141**	2,857
Fair value (gain)/loss on derivative financial instruments – forward currency contracts	**(116)**	286
Net foreign exchange loss	**980**	3,076
Impairment loss on interests in associates	**–**	2,136
Loss on disposal of property, plant and equipment	**20**	275
Government grants#	**(446)**	(132)
Provision for trade receivables	**123**	756
Reversal of provision for long-term receivables	**(967)**	(500)
Gain on deregistration of subsidiaries	**–**	(714)

5. PROFIT BEFORE INCOME TAX (CONTINUED)

* (Write back of)/provision for inventories for the year was included in "cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

\# Government grants have been received from Pengjiang District Foreign Trade and Economy Cooperation Bureau for one of the Group's subsidiaries in which its business activities carried on in this area. There are no unfulfilled conditions or contingencies related to these grants.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013	2012
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**2,217**	3,528
People's Republic of China	**720**	559
Over-provision in prior years	**(1,436)**	(4,714)
	1,501	(627)
Deferred tax		
Current year	**(198)**	3,121
Total income tax expense	**1,303**	2,494

7. DIVIDENDS

The directors do not recommend any payment of dividends during the year (2012: Nil).

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Profit attributable to the owners of the Company	**85,847**	214,894
Interest on convertible notes	**3,802**	4,552
Fair value loss on embedded options of convertible notes	**141**	2,857
Profit attributable to owners of the Company before imputed interest expenses on convertible notes and fair value loss on embedded options of the convertible notes	**89,790**	222,303

8. EARNINGS PER SHARE (CONTINUED)

	Notes	**2013**	2012
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share		**5,110,656,270**	4,551,252,566
Effect of dilutive potential ordinary shares in respect of convertible notes	*(i)*	**1,814,115,840**	1,371,015,036
Weighted average number of ordinary shares for the purpose of diluted earnings per share		**6,924,772,110**	5,922,267,602

Notes:

(i) For the year ended 30 June 2013, diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of HK$85,847,000 (2012: HK$214,894,000) and adjusted to reflect the interest on the convertible notes and fair value loss on the embedded options of convertible notes, where applicable, after adjustments to reflect the effect of deemed exercise or conversion of convertible notes, which was HK$89,790,000 (2012: HK$222,303,000) and on the adjusted weighted average of 6,924,772,110 (2012: 5,922,267,602) ordinary shares outstanding during the year, being the weighted average of number of ordinary shares of 5,110,656,270 (2012: 4,551,252,566) used in basic earnings per share calculation and adjusted for the effect of deemed exercise or conversion of convertible notes existing during the year of 1,814,115,840 (2012: 1,371,015,036).

(ii) For the year ended 30 June 2012, the computation of diluted earnings per share did not assume the exercise of the unlisted warrants as the exercise of the unlisted warrants was anti-dilutive.

9. TRADE RECEIVABLES

The Group normally grants credit terms to its customers according to industry practice together with consideration of their creditability, repayment history and years of establishment. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

An ageing analysis of trade receivables, net of provision, as at the reporting date, based on the date of recognition of the sale, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**30,808**	51,172
31 – 60 days	**24,194**	29,340
61 – 90 days	**23,400**	18,345
Over 90 days	**26,796**	10,153
	105,198	109,010

10. TRADE PAYABLES

The credit terms of trade payables vary according to the terms agreed with different suppliers. The ageing analysis of trade payables of the Group as at the reporting date, based on the invoice dates, is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**49,041**	88,451
31 – 60 days	**25,636**	21,171
61 – 90 days	**24,932**	11,839
Over 90 days	**38,523**	11,705
	138,132	133,166

11. BANK LOANS

The analysis of the carrying amount of bank loans is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Current liabilities		
Portion of loans from banks due for repayment within one year		
– Guaranteed	**53,681**	30,441
– Secured and guaranteed	**90,000**	292,500
	143,681	322,941
Portion of loans from banks due for repayment after one year which contain a repayment on demand clause		
– Guaranteed	**–**	1,231
– Secured and guaranteed	**192,500**	–
	336,181	324,172

The bank loans of the Group denominated in HK$ of HK$323,731,000 (2012: HK$311,961,000) have floating interest rates ranging from 1.67% to 2.9% (2012: 1.45% to 2.90%) per annum. The RMB bank loans of HK$12,450,000 (2012: HK$12,211,000) have floating interest rates ranging from 7% to 8.54% (2012: 7.56% to 8.14%) per annum.

The Board is pleased to present the annual result of Continental Holdings Limited ("the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2013.

BUSINESS REVIEW AND PROSPECTS

During the fiscal year 2013, the Group achieved a turnover of HK$949.2 million (2012: HK$955.7 million). Profit attributable to owners of the Company was HK$85.8 million (2012: HK$214.9 million) and basic earnings per share was HK1.68 cent (2012: HK4.72 cent). Such decrease in profit is mainly attributable to the absence of an one-off gain of HK$364.8 million arising from acquisition of subsidiaries engaging in mining and exploration of mineral resources in the People's Republic of China (the "PRC") recorded in the last fiscal year.

During the year under review, the momentum in consumer spending remains weak both internationally and locally. Despite the gradual economic recovery in the USA and significant monetary support in Europe, the consumer confidence has yet to revive particularly for the luxury market. In recent years retailers are truncating their supplier base; however, our Group has upheld our position as a preferred supplier of choice with most of our customers. In China, we believe there are strong intrinsic growth potential and opportunities in this market region. In view of the growing consumer demand, the Group opened two retail outlets and an additional one by the end of 2013 in Guangdong Province of the PRC. The jewellery business has continued to bring steady income to the Group. With continual investment and expansion in potential markets, we are optimistic in the jewellery growth in the near term as the overseas markets start to pick up.

As for property investment, the Group is maintaining two development projects in Hong Kong and the PRC. In Hong Kong, the project is located at No. 236-242 Des Voeux Road Central and the foundation work is in progress. The project occupies a site area of approximately 302 sq. m., which will be developed into a multi-storey commercial, shop and retail premises with a gross floor area of approximately 4,527 sq. m. The main contract of the pile cap and superstructure has been confirmed and the completion is expected by the end of 2015. Attributed to the very thriving property market in Hong Kong, the fair value gains on the investment property amounted to HK$84.8 million (2012: HK$1.6 million).

In the PRC, the Group has a 50% interest through a jointly controlled entity which holds two parcels of land with a total site area of approximately 18,101 sq. m and a gross floor area of approximately 98,881 sq. m. in Yangpu District of Shanghai (上海楊浦區) in the PRC. The land parcels will be developed into an eleven-floored mid-scale multi-purpose property comprising of a large shopping mall, offices with substantial car parking facilities. Basement level and foundation works have been completed and the construction of the property is in good progress. Leasing activities have also begun and we are targeting completion by end of 2014.

For the mining sector, trial production continued in the Hong Zhuang Gold Mine in the fiscal year of 2013. Although all gold resources estimated under category PRC 122b of the Yuanling mine field had been exhausted (Please refer to table of Annual Update on Details of Resources and/or Reserves on page 20), the Board took notice of an encouraging indication that some old shafts with residue ore with economic value can continue to support trial production in the near term. Activities such as re-visiting some of the old shafts and feasibility study of developing new shafts are being conducted. Meanwhile, targets with potential ore resources at promising grades were identified and further studies will be required to confirm the mining design at both the Yuanling and Hong Zhuang mine field.

BUSINESS OUTLOOK

Despite gradual recovery for the jewellery industry, the Group continues to strengthen our positioning in the market. Through product innovation, technology deployment, as well as brand building, the Group is able to sustain and increase its competitive advantage. Our Group remains focus in working closely and growing its business with key customers in each region. Going forward, the Group will explore more opportunities in new markets and focus our core competitive advantage in the jewellery segment.

Our property projects are all in good progress and we expect to see revenue contributions to the Group by the end of 2014. As for mining, the Group will continue the trial production activities at the Yuanling mine field and further studies and developments on the identified targets with potential.

In the coming year, we expect the market continues to be challenging and the economic condition will remain soft. With our strong foothold and increasing brand recognition, we believe the Group will emerge as a market leader.

IMPAIRMENT LOSS OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 30 June 2013, the Group held an equity interest in Macarthur Minerals Limited ("MMS"), MMS is an Australian company listed on the Toronto Stock Exchange in Canada. The Group holds the interest in MMS as for long term investment and accounted for as a non-current asset "available-for-sale financial assets".

As a result of the recent fluctuation in commodities price, the fair value of MMS declined to approximately HK$7,992,000 as at 30 June 2013 (2012: HK$18,068,000), representing a fair value loss of HK$10,076,000 for the year. This amount of fair value loss, was as an impairment loss of available-for-sale financial assets due to the significant and prolonged decline in the share price of MMS. The impairment losses were considered to be an exceptional item and did not have any effect on the Group's cash flow.

ANNUAL UPDATE ON DETAILS OF RESOURCES AND/OR RESERVES UNDER RULES OF 18.15, 18.17 AND 18.18 OF THE LISTING RULES

There has been no material change on the resources and/or reserves of the Group during the year. The following table shows the details of resources and/or reserves of the Group as at 30 June 2013:

Subsidiary	Mine field	Area (km^2)	Reporting date	Type of mining operation	Gold resources (t)	Reporting Standard	Gold grade (g/t)
Henan Multi-Resources Mining Company Limited*	Hongzhuang	1.09	30 June 2013	Underground	10.73	PRC 122b	5.58
					5.46	PRC 332	1.89
					24.66	PRC 333	4.46
	Yuanling	4.57	30 June 2013	Underground	–	PRC 122b	–
					0.05	PRC 333	3.87

Factors and assumptions such as gold grade, ore body thickness and shape of vein were considered for estimating the resources and/or reserves. Please refer to Section 8 of Appendix VII of the circular of the Company dated 25 January 2010 for further information of the resources and/or reserves estimation.

* The unofficial English translations or transliterations of Chinese names are for identification purpose only

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As of 30 June 2013, the Group had a gearing ratio of 0.22 (2012: 0.21), which is calculated on net debt divided by total equity plus net debt. Net debt is calculated as the sum of bank and other borrowings less cash and cash equivalents. Total cash and cash equivalents were HK$37,911,000 (2012: HK$85,236,000) which were mainly denominated in Hong Kong Dollar, US Dollar and British Pound. The decrease in total cash and cash equivalents is mainly attributable to settlement of balance payment of the mining licence and advance to a jointly controlled entity. While bank loans were HK$336,181,000 (2012: HK$324,172,000) which were mainly denominated in Hong Kong Dollar and Renminbi. Other borrowings in respect of convertible notes, amount due to related companies, loan from a controlling shareholder and amount due to ultimate holding company were approximately of HK$202,666,000 (2012: HK$209,421,000). The bank loans are secured by first legal charges over the Group's investment property, certain leasehold land and buildings, and guaranteed by corporate guarantees executed by the Company.

Among the total bank loan of HK$336,181,000 classified as current liabilities, a mortgage loan and construction bank loan of HK$192,500,000 are contractually due for repayment after twelve months from the reporting date.

In line with the Group's prudent financial management, the Directors considered that the Group has sufficient working capital to meet its operational requirements.

PLEDGE OF ASSETS

As of 30 June 2013, the Group's investment property, certain leasehold land and buildings and land use rights with an aggregate net carrying value of HK$564,334,000 (2012: HK$475,126,000) were pledged to certain banks to secure general banking facilities granted to the Group.

CAPITAL STRUCTURE

All the Group's borrowings are denominated in local Hong Kong Dollar and Renminbi. Interest is determined on the basis of Hong Kong Interbank Offering Rate or Prime Rate for Hong Kong Dollar borrowings, and the benchmark lending rate of the People's Bank of China for Renminbi borrowings. The Group also made use of foreign exchange forward contracts in order to minimise exchange rate risk as a result of fluctuation in British Pound. There was no change to the Group's capital structure during the year ended 30 June 2013. In light of the current financial position of the Group and provided there is no unforeseeable circumstance, the management does not anticipate the need to change the capital structure.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEMES

The Group employs a total of approximately 1,020 employees with the majority in the PRC. The Group's remuneration to its employees is largely based on common industrial practice. The Company has adopted a share option scheme on 13 July 2010, under which, the Company may grant options to eligible persons including directors and employees. No share option was granted pursuant to the scheme since its adoption.

CONTINGENT LIABILITIES

The Company has provided guarantees amounting to HK$528,381,000 (2012: HK$487,500,000) with respect to bank loans to its subsidiaries. A guarantee to the extent of RMB235,000,000 (equivalent to approximately to HK$295,066,000) (2012: Nil) was given by the Company in favour of a bank in respect of a term loan facility granted to a subsidiary of a jointly controlled entity of the Company.

CAPITAL COMMITMENTS

At 30 June 2013, the Group had outstanding capital commitments of approximately HK$304,165,000 (2012: HK$294,255,000), which was mainly the capital commitments for the properties under development classified under investment property undertaken by jointly controlled entities attributable to the Group.

EXPOSURE TO FINANCIAL RISK AND RELATED HEDGES

The Group utilises conservative strategies on its financial risk management and the market risk had been kept to minimum. With the exception of the UK subsidiaries, all transactions and the borrowings of the Group are primarily denominated in US Dollar, Hong Kong Dollar and Renminbi. The risk of foreign exchange fluctuation is minimal. During the year, the Group made use of foreign exchange forward contracts in order to minimise exchange rate risk as a result of fluctuation in British Pound. Management will continue to monitor the foreign exchange risk exposure and will take appropriate actions when necessary. As of 30 June 2013, the Group has entered into certain foreign exchange forward contracts.

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 30 June 2013.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Monday, 25 November 2013 and the Notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Thursday, 21 November 2013 to Monday, 25 November 2013, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 20 November 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Audit Committee has discussed the Group's accounting policies and basis adopted, the financial and internal control process of the Group and has reviewed the interim and annual financial statements. As of the date of this announcement, the Audit Committee comprises of the four Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

The Company adopted all the Code Provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules and has complied with all the applicable Code Provisions throughout the year ended 30 June 2013 except for the following deviations:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

   Dr. Chan Sing Chuk, Charles is the Chairman of the Company. Dr. Chan oversees the direction of the Group and also provides leadership for the Board. He ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. Dr. Chan is also responsible to ensure that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive adequate information, which must be complete and reliable, in a timely manner. Dr. Chan is the husband of Ms. Cheng Siu Yin, Shirley ("Ms. Cheng").

   Ms. Cheng is the Managing Director of the Company. She is responsible for day-to-day management and the marketing activities of the Group. Ms. Cheng is the wife of Dr. Chan.

   Although the Company does not have a post for Chief Executive, the Board considers that there is adequate segregation of duties within the Board to ensure a balance of power and authority.

2. Code Provision A.4.1 provides that Non-executive Directors should be appointed for a specific term, subject to re-election.

   Non-executive Directors and Independent Non-executive Directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's AGM at least once every three years in accordance with articles 115(A) and 115(D) of the articles of association of the Company. The Board considers that the deviation from Code Provision A.4.1 is not material as Non-executive Directors are subjected to retirement by rotation at least once in every three years and re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by Directors of the Company. The Company has made specific enquiry with all Directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code during the year ended 30 June 2013.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Companies Information" and at the website www.continental.com.hk. The annual report for the year ended 30 June 2013 will be dispatched to the shareholders and will be available on the above websites in due course.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Group's management and staff members for their dedication and hard work, our customers for their confidence and support for our products, and our shareholders for their trust and support.

On behalf of the Board
Continental Holdings Limited
Chan Sing Chuk, Charles
Chairman

Hong Kong, 30 September 2013

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