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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)**

**DISCLOSABLE TRANSACTION  
IN RELATION TO  
THE PROVISION OF GUARANTEE TO A BANK**

**PROVISION OF THE NEW GUARANTEE TO A BANK**

On 30 October 2014, the Company, as guarantor, entered into the New Guarantee Agreement to guarantee up to 50% of the Guaranteed Moneys of the JV Subsidiary in relation to the New Facility under the Supplemental Facility Agreement.

A New Facility in a principle amount of RMB200.0 million (equivalent to approximately HK\$252.0 million) was granted by the Bank to the JV Subsidiary under the Supplemental Facility Agreement and the aggregate sum of the Loan Facility (as supplemented by the Supplemental Facility Agreement) is RMB670.0 million (equivalent to approximately HK\$844.2 million), which comprises the amount of 2012 Facility of RMB470.0 million (equivalent to approximately HK\$592.2 million) and the New Facility of RMB200.0 million (equivalent to approximately HK\$252.0 million).

The New Facility will be utilised for the payment of construction and interior decoration costs, associated professional and consulting fees (including architect's and surveyor's fees), marketing expenses, other reasonably related and overhead expenses and taxes in respect of the development and completion of the Project.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the New Guarantee Agreement is 5% or more, but are less than 25% of the applicable percentage ratios under Rule 14.07 of the Listing Rules. The New Guarantee constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules.

This announcement is also made pursuant to Rule 13.16 of the Listing Rules.

## **PROVISION OF THE NEW GUARANTEE TO A BANK**

On 30 October 2014, the Company, as guarantor, entered into the New Guarantee Agreement to guarantee up to 50% of the Guaranteed Moneys of the JV Subsidiary in relation to the New Facility under the Supplemental Facility Agreement.

Details of the New Guarantee Agreement are set out below:

### **New Guarantee to the Bank**

Date:	30 October 2014
Borrower:	the JV Subsidiary
Lender:	the Bank
Guarantor:	the Company
Guarantee:	The Company provided a guarantee in favour of the Bank of RMB100.0 million (equivalent to approximately HK\$126.0 million), representing up to 50% of the Guaranteed Moneys under the Supplemental Facility Agreement, to secure the repayment obligation of the JV Subsidiary in relation to the New Facility under the Supplemental Facility Agreement.
Validity:	The New Guarantee Agreement shall remain in force until the Guaranteed Moneys has been fully settled.

Consideration: The Company will not receive any fee or commission for providing the New Guarantee under the New Guarantee Agreement.

Loan Facility: A New Facility in a principle amount of RMB200.0 million (equivalent to approximately HK\$252.0 million) was granted by the Bank to the JV subsidiary under the Supplemental Facility Agreement and the aggregate sum of the Loan Facility (as supplemented by the Supplemental Facility Agreement) is RMB670.0 million (equivalent to approximately HK\$844.2 million), which comprises the amount of 2012 Facility of RMB470.0 million (equivalent to approximately HK\$592.2 million) and the New Facility of RMB200.0 million (equivalent to approximately HK\$252.0 million) at an interest rate of 1.2 times the benchmark lending rate for three to five years (including five years) of the People's Bank of China.

Maturity: The date falling five years after the first utilization of the Loan Facility.

Purpose of New Facility: The New Facility will be utilised for the payment of construction and interior decoration costs, associated professional and consulting fees (including architect's and surveyor's fees), marketing expenses, other reasonably related and overhead expenses and taxes in respect of the development and completion of the Project.

Security of the New Facility: Apart from the New Guarantee, the Repayment Guarantee and the Completion Guarantee, the security for the New Facility provided by the JV subsidiary to the Bank includes, among other things, (i) the legal charge over the land use rights and other fixed assets of the Project and (ii) the pledge of sales and rental proceeds and other income generated from the Project by the JV Subsidiary.

## Other key terms under the Supplemental Facility Agreement

- (i) To secure the repayment obligation of the JV Subsidiary, Early Light also separately entered into the same guarantee agreement as the New Guarantee.
- (ii) Each of the Company, Early Light and A Glory will provide a written guarantee in respect of the obligations for timely completion of the Project and the provision of sufficient funds to cover all cost overruns in respect of the construction of the Project.

## **INFORMATION ON THE PARTIES TO THE NEW GUARANTEE**

### **JV Subsidiary**

The JV Subsidiary is principally engaged in the development of the Project. It is wholly owned by the JV Company, which is an investment holding company held as to 50% by Master Gold, an investment holding company wholly-owned by the Company, and 50% by A Glory, a company wholly owned by Early Light. Early Light is a company wholly-owned by EL Shareholder and his family member. Early Light is principally engaged in toys manufacturing.

### **The Company**

The Company, through its subsidiaries, is principally engaged in the design, manufacturing, marketing and trading of fine jewellery and diamonds, property investment and development, mining and other industries.

### **The Bank**

The Bank is Hang Seng Bank (China) Limited, Shanghai Branch, which is principally engaged in retail and corporate banking in Shanghai, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Early Light, A Glory, the Bank and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR THE PROVISION OF THE NEW GUARANTEE**

The JV Subsidiary currently holds two parcels of land with total area size 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 shopping mall with over 500 parking spaces. As disclosed in the Company's annual report for the year ended 30 June 2014 dated 29 September 2014, the superstructure of the property – Bauhinia Mall is completed and the interior decoration is in progress. Leasing activities are in good progress and the estimated completion of the Project is targeted in 2015.

The 2012 Facility of RMB470.0 million (equivalent to approximately HK\$592.2 million) provided by the Bank had been used in the construction of the Project. Taking consideration of the additional construction costs required for the development and completion of the Project and the payment for the interior decoration, associated professional and consulting fees (including architect's and surveyor's fees), marketing expenses as well as other reasonably related and overhead expenses and taxes, new funds are required to be sourced through obtaining the New Facility from the Bank. The New Guarantee was provided as a security to enable the JV Subsidiary to obtain the New Facility under the Supplemental Facility Agreement from the Bank.

After considering that (i) each of the Company and A Glory indirectly holds 50% equity interest in the JV Subsidiary; (ii) Early Light has provided the same guarantee as the Company to the Bank under the Supplemental Facility Agreement and the New Guarantee are on a several basis; (iii) the reasons for the provision of the New Guarantee as mentioned above; and (iv) the terms of the Supplemental Facility Agreement and the New Guarantee were negotiated on an arm's length basis, the Directors are of the view that the terms of the Supplemental Facility Agreement and the New Guarantee are on normal commercial terms, fair and reasonable and the entering into of the Supplemental Facility Agreement and the provision of the New Guarantee are in the interests of the Company and the Shareholders as a whole.

The Directors are of the view that the terms for the provision of the New Guarantee entered into between the Bank and the Company in relation to the New Facility under the Supplemental Facility Agreement are not variation to the terms of the 2012 Guarantee.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the New Guarantee is 5% or more but are less than 25% of the applicable percentage ratios under Rule 14.07 of the Listing Rules, the New Guarantee constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules. In addition, as the applicable percentage ratio represented by the aggregate outstanding amount of financial assistance and guarantees (including the New Guarantee) given to the affiliated companies of the Company up to the date of this announcement exceeds 8% under the assets ratio under Rule 14.07(1) of the Listing Rules, a general disclosure obligation arises pursuant to Rule 13.16 of the Listing Rules.

As at the date of this announcement, the financial assistances and guarantees given and agreed to be given by the Group to its affiliated companies, in aggregate of approximately HK\$953.6 million. Which comprise (a) HK\$504.1 million outstanding loan to the JV Company; (b) corporate guarantee of RMB235 million (equivalent to approximately HK\$296.1 million) under 2012 Guarantee of which, the extent of the 2012 Facility utilized was approximately RMB233.9 million (equivalent to approximately HK\$294.7 million); (c) corporate guarantee of RMB100 million (equivalent to approximately HK\$126.0 million) under New Guarantee; (d) agreed but undrawn shareholder's loan of approximately HK\$27.3 million to the JV Company and (e) HK\$141,000 to Multi-Minerals Limited (in which the Group has 50% equity interest). The outstanding loans due from affiliated companies of the Group are interest-free, unsecured and without fixed term of repayment. Save as disclosed above, the Group has no outstanding financial assistance or guarantee for facilities granted to its affiliated companies, up to the date of this announcement.

The Company will continue to make the disclosures in its interim and/or annual report as and to the extent required under 13.22 of the Listing Rules.

## DEFINITIONS

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

“2012 Facility”	the term loan facility in an aggregate amount of RMB470.0 million granted by the Bank to the JV Subsidiary pursuant to the 2012 Facility Agreement
“2012 Facility Agreement”	the term loan facility agreement dated 8 November 2012 granted by the Bank to the JV Subsidiary in relation to the 2012 Facility
“2012 Guarantee”	the guarantee given by the Company to the Bank for the 2012 Facility. Details of which are disclosed in the Company’s announcement and circular dated 8 November 2012 and 29 November 2012 respectively
“A Glory”	A Glory Communications Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the EL Shareholder and his family member
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bank”	Hang Seng Bank (China) Limited, Shanghai Branch
“Board”	the board of Directors
“Company”	Continental Holdings Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“Completion Guarantee”	Agreement dated 18 November 2012 entered by the JV Subsidiary, the Bank and the Company in relation to RMB 470.0 million credit facility

“Director(s)”	the director(s) of the Company
“Early Light”	Early Light Industrial Company Limited, a company with limited liability
“EL Shareholder”	an individual and the major shareholder of Early Light
“Group”	the Company and its subsidiaries
“Guaranteed Moneys”	all present and future moneys, debts and liabilities due, owing or incurred by the JV Subsidiary to the Bank under and in connection with the New Facility
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	Wealth Plus Developments Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by Master Gold and 50% by A Glory
“JV Subsidiary”	上海海錦房地產有限公司 (Shanghai Haijin Real Estate Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the JV Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	Existing Facility and New Facility
“Master Gold”	Master Gold Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company



“New Facility”	additional term loan facility in an aggregate amount of RMB200.0 million granted by the Bank to the JV Subsidiary pursuant to the Supplemental Facility Agreement
“New Guarantee”	the guarantee provided by the Company under the New Guarantee Agreement
“New Guarantee Agreement”	the New Guarantee Agreement dated 30 October 2014 pursuant to which the Company agreed to guarantee up to 50% of the Guaranteed Moneys
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration of the People’s Republic of China and Taiwan
“Project”	the property development project on the two parcels of land with total area size 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 owned by the JV subsidiary. The land parcels will be developed into an eleven-floored shopping mall – Bauhinia Mall with over 500 parking spaces
“Repayment Guarantee”	Agreement dated 18 November 2012 entered by the JV Subsidiary, the Bank and the Company in relation to RMB 470.0 million credit facility
“RMB”	Renminbi, the lawful currency of the PRC from time to time
“Shareholder(s)”	the holder(s) of the Shares from time to time
“Share(s)”	the ordinary share(s) of the Company with no nominal value
“sq. m.”	square meters

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Facility Agreement”	the supplemental facility agreement to the 2012 Facility Agreement dated 30 October 2014 entered into among the JV Subsidiary, the Bank, the Company, Early Light and A Glory in relation to the provision of New Facility to the JV Subsidiary
“%”	per cent.

By order of the Board of  
**Continental Holdings Limited**  
**Chan Sing Chuk, Charles**  
*Chairman*

Hong Kong, 30 October 2014

*As at the date of this announcement, Dr. Chan Sing Chuk, Charles, BBS, JP, Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki, Mr. Chan Wai Lap, Victor, Mr. Wong Edward Gwong-hing and Mr. Yam Tat Wing 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.*

*For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the exchange rate of RMB1.00 to HK\$1.26. The exchange rate is for illustration purpose only and no representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above exchange rate or at any other exchange rates.*