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 2015

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 2015 together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**730,900**	868,103
Cost of sales		**(625,582)**	(753,837)
Gross profit		**105,318**	114,266
Selling and distribution costs		**(25,097)**	(24,467)
Administrative expenses		**(103,232)**	(89,853)
Other operating income		**42,635**	11,137
Change in fair value of investment property		**333,454**	14,544
Impairment loss on available-for-sale financial assets		**(4,834)**	(2,077)
Loss on disposal of available-for-sale financial assets		**(549)**	–
Impairment loss on mining right		**(304,707)**	–
Impairment loss on property, plant and equipment		**(8,408)**	–
Income arising from amortising the financial guarantee liabilities		**2,884**	2,481
Share-based compensation		**(470)**	(2,114)
Finance costs	*4*	**(13,557)**	(12,240)
Share of results of joint ventures		**41,721**	40,294
Profit before income tax	*5*	**65,158**	51,971

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Income tax credit/(expense)	*6*	**76,179**	(1,232)
Profit for the year		**141,337**	50,739
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets		**(5,480)**	(363)
Reclassification from equity to profit or loss on impairment of available-for-sale financial assets		**4,834**	2,077
Release upon disposal of available-for-sale financial assets		**1,105**	–
Exchange differences on translation of foreign operations, associates and joint ventures		**8,200**	(2,618)
Other comprehensive income for the year, net of tax		**8,659**	(904)
Total comprehensive income for the year		**149,996**	49,835
Profit for the year attributable to:			
Owners of the Company		**141,571**	50,580
Non-controlling interests		**(234)**	159
		141,337	50,739
Total comprehensive income for the year attributable to:			
Owners of the Company		**150,230**	49,676
Non-controlling interests		**(234)**	159
		149,996	49,835
Earnings per share for profit attributable to the owners of the Company	*8*		
– Basic		**HK2.23 cent**	HK0.99 cent
– Diluted		**HK2.07 cent**	HK0.75 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**104,255**	115,940
Land use rights		**38,784**	40,083
Investment property		**446,040**	581,000
Mining right		**751,427**	1,052,432
Interests in associates		**–**	–
Interests in joint ventures		**748,386**	573,224
Available-for-sale financial assets		**21,052**	28,294
Long-term receivables		**–**	–
Deferred tax assets		**5,932**	6,109
		2,115,876	2,397,082
Current assets			
Property under development		**546,497**	–
Inventories		**218,483**	257,922
Trade receivables	*9*	**116,380**	105,054
Prepayments, deposits and other receivables		**38,431**	14,023
Financial assets at fair value through profit or loss		**6,026**	14,309
Due from an associate		**–**	–
Due from a joint venture		**155**	169
Cash and cash equivalents		**55,641**	78,124
		981,613	469,601

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Current liabilities			
Trade payables	*10*	**(140,397)**	(135,354)
Other payables and accruals		**(68,797)**	(36,357)
Bank loans	*11*	**(468,634)**	(411,126)
Obligation under finance leases		**(359)**	(212)
Due to related companies		**(3,099)**	(2,330)
Derivative financial instruments		**(16)**	–
Convertible note		**–**	(4,924)
Financial guarantee liabilities		**(3,086)**	(2,481)
Provision for tax		**(4,762)**	(4,291)
		(689,150)	(597,075)
Net current assets/(liabilities)		**292,463**	(127,474)
Total assets less current liabilities		**2,408,339**	2,269,608
Non-current liabilities			
Obligation under finance leases		**(1,070)**	(345)
Due to related companies		**(82,161)**	(76,774)
Financial guarantee liabilities		**(4,115)**	(5,789)
Loan from a controlling shareholder		**(153,060)**	(95,037)
Deferred tax liabilities		**(169,862)**	(245,437)
		(410,268)	(423,382)
Net assets		**1,998,071**	1,846,226
EQUITY			
Share capital		**560,673**	442,555
Reserves		**1,443,528**	1,409,567
Equity attributable to the owners of the Company		**2,004,201**	1,852,122
Non-controlling interests		**(6,130)**	(5,896)
Total equity		**1,998,071**	1,846,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of Continental Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") 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 provisions of the Hong Kong Companies Ordinance which concern the preparation of consolidated financial statements. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 30 June 2015 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance, Cap. 622 (the "Companies Ordinance") is as follows:

The Company will deliver the financial statements for the year ended 30 June 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following new/revised HKFRSs and amendments issued by the HKICPA which is relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2014:

Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Interpretation 21	Levies

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

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

(a) **Adoption of new/revised HKFRSs (Continued)**

Amendments to HKAS 32 – Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The disclosures about the impairment of mining right and property plant and equipment have been modified accordingly.

Amendments to HKAS 39 – Financial instruments : Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

HK(IFRIC) – Interpretation 21 – Levies

HK(IFRIC) – Interpretation 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK(IFRIC) – Interpretation 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

2. ADOPTION OF HKFRSs (Continued)

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

The following new and revised HKFRSs, potentially relevant to the Group's financial statements, 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 2012-2014 Cycle[1]
Disclosure Initiative (Amendments to HKAS 1)	Presentation of Financial Statements[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2017

[3] Effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

2. ADOPTION OF HKFRSs (Continued)

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

Disclosure Initiative (Amendments to HKAS 1) – Presentation of Financial Statements

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. ADOPTION OF HKFRSs (Continued)

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

HKFRS 9 (2014) – Financial Instruments (Continued)

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

2. ADOPTION OF HKFRSs (Continued)

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

HKFRS 15 – Revenue from Contracts with Customers (Continued)

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Save as the main changes described above, 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.

(c) New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however, the new Hong Kong Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

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.

An analysis of the Group's revenue is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sale of goods	**715,595**	848,601
Sale of gold ores	**13,845**	17,339
Interest income	**32**	128
Dividend income from investments	**1,428**	2,035
	730,900	868,103

The Group determines its operating segments based on the reports reviewed by the Company's 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.

Certain comparative figures on the measurement of the segment results have been restated to conform to the current year's presentation.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segment

	Design, manufacturing, marketing and trading of fine jewellery and diamonds		Property investment		Mining operation		Investment		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		(restated)		(restated)				
Segment revenue:										
Sales to/revenue from external parties	**715,595**	848,601	**–**	–	**13,845**	17,339	**1,460**	2,163	**730,900**	868,103
Segment results	**33,896**	26,025	**327,873**	9,185	**(332,049)**	(13,955)	**3,212**	1,882	**32,932**	23,137
Share-based compensation									**(470)**	(2,114)
Unallocated expenses									**(1,888)**	(2,900)
Income arising from amortising the financial guarantee liabilities									**2,884**	2,481
Finance costs									**(10,021)**	(8,927)
Share of results of joint ventures									**41,721**	40,294
Profit before income tax									**65,158**	51,971

	Design, manufacturing, marketing and trading of fine jewellery and diamonds		Property investment		Mining operation		Investment		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**400,803**	419,493	**1,014,224**	581,057	**852,473**	1,165,376	**19,618**	42,933	**2,287,118**	2,208,859
Interests in joint ventures									**748,386**	573,224
Cash and cash equivalents									**55,641**	78,124
Deferred tax assets									**5,932**	6,109
Unallocated corporate assets									**412**	367
Total assets									**3,097,489**	2,866,683
Segment liabilities	**127,904**	155,472	**69,292**	5,706	**40,636**	40,696	**51,949**	53,473	**289,781**	255,347
Bank loans									**468,634**	411,126
Loan from a controlling shareholder									**153,060**	95,037
Financial guarantee liabilities									**7,201**	8,270
Provision for tax									**4,762**	4,291
Deferred tax liabilities									**169,862**	245,437
Unallocated corporate liabilities									**6,118**	949
Total liabilities									**1,099,418**	1,020,457

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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	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	**(6,705)**	(6,111)	**–**	–	**(1,802)**	(1,800)	**–**	–	**(8,507)**	(7,911)
Amortisation of land use rights	**(109)**	(109)	**–**	–	**(1,362)**	(1,356)	**–**	–	**(1,471)**	(1,465)
Amortisation of mining right	**–**	–	**–**	–	**(1,229)**	(1,074)	**–**	–	**(1,229)**	(1,074)
Change in fair value of investment property	**–**	–	**333,454**	14,544	**–**	–	**–**	–	**333,454**	14,544
Gain on debt extinguishment arising from recognition of amount due to a related company	**–**	–	**–**	–	**–**	3,880	**–**	–	**–**	3,880
Fair value gain on derivative financial instruments	**181**	74	**–**	–	**–**	–	**–**	–	**181**	74
Fair value gain on financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**6,338**	2,237	**6,338**	2,237
Fair value loss on redemption option of convertible note	**–**	–	**–**	–	**–**	(7)	**–**	–	**–**	(7)
Gain on disposal of property, plant and equipment	**28,513**	77	**–**	–	**–**	–	**–**	–	**28,513**	77
Loss on write-off of property, plant and equipment	**(224)**	(675)	**–**	–	**–**	–	**–**	–	**(224)**	(675)
Gain on disposal of a subsidiary	**1,261**	**–**	**–**	–	**–**	–	**–**	–	**1,261**	–
Loss on disposal of available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**(549)**	–	**(549)**	–
Impairment loss on available-for-sale financial assets	**–**	–	**–**	–	**–**	–	**(4,834)**	(2,077)	**(4,834)**	(2,077)
Impairment loss on mining right	**–**	–	**–**	–	**(304,707)**	–	**–**	–	**(304,707)**	–
Impairment loss on property, plant and equipment	**–**	–	**–**	–	**(8,408)**	–	**–**	–	**(8,408)**	–
Reversal of provision for long-term receivables	**–**	1,000	**–**	–	**–**	–	**–**	–	**–**	1,000
Provision for trade receivables	**(401)**	(542)	**–**	–	**–**	–	**–**	–	**(401)**	(542)
Provision for inventories	**(1,864)**	(1,196)	**–**	–	**–**	–	**–**	–	**(1,864)**	(1,196)
Interest income	**–**	–	**–**	–	**–**	–	**32**	128	**32**	128
Interest expenses	**–**	–	**–**	–	**(3,536)**	(3,313)	**–**	–	**(3,536)**	(3,313)
Additions to non-current segment assets	**5,330**	4,461	**35,699**	18,694	**828**	3,131	**–**	–	**41,857**	26,286

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	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**111,153**	148,263
North America	**251,118**	232,563
Europe and Middle East	**331,749**	444,890
Other locations	**36,880**	42,387
Total	**730,900**	868,103

	Non-current assets	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**481,264**	593,063
United Kingdom	**5,175**	5,933
Mainland China	**1,602,443**	1,763,641
Other locations	**10**	42
Total	**2,088,892**	2,362,679

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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

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:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**145,973**	245,294
Customer B	**N/A**	111,219
Customer C	**75,261**	N/A

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

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans*	**10,843**	9,209
Interest expenses on loan from a controlling shareholder	**1,963**	1,389
Finance charges on obligation under finance leases	**65**	45
Imputed interest expenses arising from amounts due to related companies	**5,252**	5,533
Imputed interest expenses on convertible notes	**71**	326
Total borrowing costs	**18,194**	16,502
Less: Bank loan interest capitalised in		
– investment property	**(2,587)**	(4,262)
– property under development	**(2,050)**	–
	13,557	12,240

* 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 2015, the interest on bank loans which contains a repayment on demand clause amounted to approximately HK$10,843,000 (2014: HK$9,209,000).

5. PROFIT BEFORE INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
The Group's profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**598,073**	726,705
Depreciation of property, plant and equipment		
– owned assets	**8,139**	7,698
– leased assets	**368**	213
	8,507	7,911
Auditor's remuneration	**1,180**	1,234
Amortisation of land use rights	**1,471**	1,465
Amortisation of mining right	**1,229**	1,074
Minimum lease payments under operating leases on land and buildings	**4,762**	4,652
Provision for inventories*	**1,864**	1,196
Gain on debt extinguishment arising from recognition of amount due to a related company	**–**	(3,880)
Fair value gain on financial assets at fair value through profit or loss	**(6,338)**	(2,237)
Fair value loss on redemption options of convertible note	**–**	7
Fair value gain on derivative financial instruments – forward currency contracts	**(181)**	(74)
Net foreign exchange loss/(gain)	**5,662**	(8,223)
Gain on disposal of property, plant and equipment	**(28,513)**	(77)
Gain on disposal of a subsidiary	**(1,261)**	–
Government grants#	**(598)**	(293)
Provision for trade receivables	**401**	542
Reversal of provision for long-term receivables	**–**	(1,000)
Loss on write-off of property, plant and equipment	**224**	675

* 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 are mainly received from 江門市蓬江區經濟促進局 for one of the Group's subsidiaries in respect of business activities carried on in this area. There are no unfulfilled conditions or contingencies related to these grants.

6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015	2014
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**102**	635
PRC	**604**	572
(Over)/Under-provision in prior years	**(337)**	291
	369	1,498
Deferred tax		
Current year	**(76,548)**	(266)
Total income tax (credit)/expense	**(76,179)**	1,232

7. DIVIDENDS

The directors do not recommend any payment of dividends during the year (2014: 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:

	2015	2014
	HK$'000	*HK$'000*
Profit attributable to the owners of the Company	**141,571**	50,580
Imputed interest expenses on convertible note	**71**	326
Fair value loss on embedded options of convertible note	**–**	7
Profit attributable to owners of the Company before imputed interest expenses on convertible note and fair value loss on embedded options of the convertible note	**141,642**	50,913

	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,347,942,351**	5,110,656,270
Effect of dilutive potential ordinary shares in respect of		
– convertible note *(note (i))*	**478,010,094**	1,710,526,316
– share option *(note (i))*	**9,033,987**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,834,986,432**	6,821,182,586

Note:

(i) For the year ended 30 June 2015 and 2014, diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of HK$141,571,000 (2014: HK$50,580,000) and adjusted to reflect the imputed interest expenses on the convertible note and fair value loss on the embedded options of convertible note, where applicable, after adjustments to reflect the effect of deemed exercise or conversion of convertible note, which was HK$141,642,000 (2014: HK$50,913,000) and on the adjusted weighted average of 6,834,986,432 (2014: 6,821,182,586) ordinary shares outstanding during the year, being the weighted average of number of ordinary shares of 6,347,942,351 (2014: 5,110,656,270) used in basic earnings per share calculation and adjusted for the effect of deemed exercise or conversion of convertible notes of 487,010,094 and share options of 9,033,987 (2014: convertible notes of 1,710,526,316) existing during the year.

For the year ended 30 June 2014, the computation of diluted earnings per share did not assume the exercise of the share options as the exercise of the share options 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:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**45,901**	33,837
31 – 60 days	**27,905**	21,366
61 – 90 days	**14,330**	23,752
Over 90 days	**28,244**	26,099
	116,380	105,054

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:

	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**62,313**	43,621
31 – 60 days	**29,121**	35,866
61 – 90 days	**13,978**	19,021
Over 90 days	**34,985**	36,846
	140,397	135,354

11. BANK LOANS

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

	2015	2014
	HK$'000	*HK$'000*
Current liabilities		
Portion of loans from banks due for repayment within one year		
– Guaranteed	**59,388**	77,425
– Secured and guaranteed	**408,098**	125,000
	467,486	202,425
Portion of loans from banks due for repayment after one year which contain a repayable on demand clause		
– Guaranteed	**1,148**	4,601
– Secured and guaranteed	**–**	204,100
	1,148	208,701
	468,634	411,126

At 30 June 2015, the bank loans were scheduled to repay as follows:

	2015	2014
	HK$000	*HK$000*
Bank loans:		
Repayable within one year	**467,486**	202,425
Repayable in the second year	**1,148**	207,340
Repayable in the third to fifth year, inclusive	**–**	1,361
	468,634	411,126

The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The bank loans of the Group denominated in HK$ of HK$466,736,000 (2014: HK$402,941,000) have floating interest rates ranging from 1.24% to 3.93% (2014: 1.46% to 2.46%) per annum. The RMB bank loans of HK$1,898,000 (2014: HK$8,185,000) have floating interest rates at 6.38% (2014: 7%) per annum.

12. EVENTS AFTER THE REPORTING DATE

(a) Subsequent to year end date, 40,000,000 share options have been granted to certain directors of the Company at an exercise price of HK$0.245 each subject to the terms of the Company's share option scheme. No share options have been exercised since the grant of the share options. The details of the grant of share options were set out in the announcement of the Company dated 7 July 2015.

(b) On 8 July 2015, Master Gold Development Limited, a wholly-owned subsidiary of the Company, as the lender entered into a facility agreement with Wealth Plus Developments Limited, a joint venture of the Group as the borrower, for providing a facility in the amount of HK$50,000,000. The facility is unsecured, interest-free and has no fixed term of repayment. The facility will be used as the working capital for the development of a commercial property in Shanghai. The details of the facility agreement were set out in the announcement of the Company dated 8 July 2015.

(c) On 3 August 2015, Propway Limited, a company beneficially owned by Ms. Cheng Siu Yin, Shirley, an Executive Director of the Company, as the lender and the Company, as the borrower entered into a facility agreement, for providing a facility in the amount of HK$30,000,000 to the Company. The facility is unsecured, with interest-bearing at 2.1% per annum and repayable on 30 July 2016. The facility will be used for the working capital requirements of the Group.

The Board is pleased to present the annual results of Continental Holdings Limited ("the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2015.

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the fiscal year 2015, the Group consolidated revenue recorded a decline of approximately 15.8% from last year of HK$868.1 million to HK$730.9 million. During the year, profit attributable to owners of the Company was HK$141.6 million, as compared to the profit attributable to owners of HK$50.6 million in last year. The increase in profit was mainly due to unrealised fair value gain on the investment property amounted to HK$333.5 million and reversal of deferred tax liabilities amounted to HK$76.2 million as result of impairment loss on mining right, which partially offset the impairment loss on mining right amounted to HK$304.7 million. The basic earnings per share was HK2.23 cent (2014: HK0.99 cent).

During the year under review, the Group's revenue on trading of fine jewellery and diamond business recorded a decrease of approximately HK$133 million or 15.6 % from approximately HK$848.6 million for the year ended 30 June 2014 to approximately HK$715.6 million for 2015. Such decrease resulted mainly from a drop in our diamond polishing business due to the softening of diamond market. Revenue for jewellery trading increased slightly despite the continual weakening of global economic environment. In particular, the consumer confidence in Europe remained weak, whilst the depreciation of the local currencies had further dampened the purchasing demand of our customers in those markets. In USA, the market has improved, but it still requires time to recover and reach its previous levels. Amidst such challenges, our Group managed to strengthen our relationship with customers and acquire more core programs and key collections. Meanwhile, our Group has also applied tight control on costs and expenses at all levels in order to sustain a positive results for the year.

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. About 90% of the reinforcement concrete frame of the superstructure has now been completed. The project occupies a site area of approximately 302 sq.m., which will be developed into a 29-storey high commercial, shop and retail premises with a gross floor area of approximately 4,515 sq.m. The completion is expected by June 2016. The Board considers strategically more beneficial to partially lease and partially sell certain floors of the property. Subsequently, a pre-sale press briefing was held on 26 November 2014. Market responded positively to the sale of "Continental Place" with formal sale and purchase agreements signed for three floors. The Board believes that the proceeds of the sales can be better utilised by the Group which will positively strengthen liquidity of the Group.

In PRC, the Group has a 50% interest through a joint venture holding two parcels of land with a total area of approximately 18,101 sq.m. and total gross floor area of approximately 98,881 sq.m. in Yangpu District of Shanghai（上海楊浦區）. The land parcels is being developed into an eleven-floored shopping mall with over 500 parking spaces. The superstructure and the interior decoration of the property – "**Bauhinia Square**" are completed. Leasing activities are very promising with strong momentum, majority of the units are leased out and we expect a close to full occupancy for the shopping mall. Selective tenants have started moving in since August 2015 and soft opening is targeted by the end of the year.

In mining operation, production was suspended in the Hongzhuang Gold Mine. All the previously reported gold resources in the Yuanling mine field had been exhausted. The preliminary exploration has completed at the north eastern part of Yuanling site. A potential new vein with promising grade had been identified during the exploration. Second phase of exploration to increase the geological confidence will commence later this year.

BUSINESS OUTLOOK

Looking ahead, while the U.S. continues to be recovering, economies in the Europe and emerging markets is foreseen to be uncertain, especially with the slowdown in the Chinese economy which potentially will raise concerns and spillover effects into the global economy. In view of such uncertainties and challenges, it is expected our business will remain challenging for the rest of the year. To mitigate those challenges, we will continue to deploy more resources in sales and marketing and will strategically explore new opportunities in new markets. The Group will remain focus in delivering exceptional quality products and services in order to further cement a stronger relationship with our customers. For our investment in property, the projects are progressing well and expect to generate positive revenue to the Group in the long term once they are completed. In mining, the management anticipates the second stage of exploration will bring positive results to support further production. In addition, the Group will actively identify and pursue new businesses and investment opportunities which could bring potential and long-term value to the Group and its shareholders.

IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 30 June 2015, the Group held an equity interest in Macarthur Minerals Limited ("MMS"), MMS is an Australian company listed on the TSX Venture Exchange in Canada. The Group holds the interest in MMS for long term investment and accounted for as a non-current asset as "available-for-sale financial assets".

During the year, the fair value of MMS was determined to be impaired on the basis of significant and prolonged decline in its fair value below cost. Accordingly, impairment loss of HK$4,834,000 (2014: HK$2,077,000) was recognised in the consolidated statement of profit or loss and other comprehensive income. The impairment loss was considered to be an exceptional item and did not have any effect on the Group's cash flows in the financial year.

IMPAIRMENT LOSS ON MINING RIGHT

During the year ended 30 June 2015, the directors of the Company appointed an independent professional valuer, Roma Appraisals Limited, to perform a mining right valuation with respect to the Hongzhuang Gold Mine situated at Henan Province, China and impairment loss amounting to HK$304,707,000 (2014: Nil) has been recognised in the consolidated statement of profit or loss and other comprehensive income.

The fair value of the Hongzhuang Gold Mine was estimated based on the Market Based Approach with reference to comparable transactions, in which such approach was consistent with mining right valuation as at 30 June 2014. The key inputs used in the valuation was the consideration-to-resource multiple obtained from comparable transactions, the adjusted gold resource estimates based on latest available technical review report prepared by an independent specialist, Roma Oil and Mining Associates Limited and technical review report prepared by SRK Consulting China Limited.

According to the technical review report prepared by Roma Oil and Mining Associates Limited, the Chinese standard resource estimates as reported by SRK Consulting China Limited were with uncertainty. If new mineral resource estimation was carried out, based on the currently available data and reporting under the 2012 JORC Code guidelines, the resources would probably be reclassified to inferred resource and exploration results/targets. The estimated fair value of the Hongzhuang Gold Mine has taken into consideration of this potential downgrade.

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 2015:

Subsidiary	Mine field	Area *(km²)*	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 2015	Underground	10.73	PRC 122b	5.58
					5.46	PRC 332	1.89
					24.66	PRC 333	4.46
	Yuanling	4.57	30 June 2015	Underground	–	PRC 122b	–
					–	PRC 333	–

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 2015, the Group had a gearing ratio of 0.25 (2014: 0.22), 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$55,641,000 (2014: HK$78,124,000) which were mainly denominated in Hong Kong Dollar, US Dollar, Renminbi and British Pound. Bank loans were HK$468,634,000 (2014: HK$411,126,000), which were mainly denominated in Hong Kong Dollar and Renminbi. Other borrowings in respect of amounts due to related companies and loan from a controlling shareholder were approximately of HK$238,320,000 (2014: HK$179,065,000). The bank loans are secured by first legal charges over the Group's investment property, property under development, certain leasehold land and buildings, land use right and guaranteed by corporate guarantees executed by the Company.

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 2015, the Group's investment property, property under development, certain leasehold land and buildings and land use right with an aggregate net carrying value of HK$1,010,271,000 (2014: HK$600,579,000) were pledged to certain banks to secure general banking facilities granted to the Group.

CAPITAL STRUCTURE

On 10 October 2014, the Company issued and allotted a total of 1,710,526,310 conversion shares to Tamar Investments Group Limited upon conversion of convertible note into shares.

As at 30 June 2015, 40,000,000 share options were granted by the Company under its share option scheme to eligible persons to subscribe for the ordinary shares of the Company and during the year, 10,000,000 share options were exercised. Details of the share option scheme were disclosed in the Company's circular dated 25 June 2010.

Due to the conversion of convertible note and issue of shares upon exercise of share options, the number of issued shares and total share capital of the Company has increased from 5,110,656,270 to 6,831,182,580 and HK$442,555,000 to HK$560,673,000 respectively during the reporting period.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEMES

The Group employs a total of approximately 1,013 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. 40,000,000 share options were granted pursuant to the scheme since its adoption and up to 30 June 2015. Subsequent to year end date, 40,000,000 share options with exercises price of HK$0.245 each have been granted to certain directors of the Company.

CONTINGENT LIABILITIES

The Company has provided guarantees amounting to HK$694,248,000 (2014: HK$577,500,000) with respect to bank loans to its subsidiaries. Guarantee to the extent of RMB335,000,000 (equivalent to approximately to HK$423,809,000) (2014: RMB235,000,000 (equivalent to approximately HK$295,912,000)) was also given by the Company in favour of a bank in respect of a term loan facility granted to a subsidiary of a joint venture of the Company. Under the guarantees, the Company would be liable to pay the banks if the banks are unable to recover the loans. At the reporting date, no provision for the Company's obligation under the guarantee contract has been made as the directors considered that it was unlikely the repayment of the loans would be in default.

CAPITAL COMMITMENTS

At 30 June 2015, the Group had outstanding capital commitments of approximately HK$81,401,000 (2014: HK$265,837,000), which was mainly the capital commitments for the properties under development undertaken by the Group and a joint venture 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. During the year, 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 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Friday, 27 November 2015 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 Wednesday, 25 November 2015 to Friday, 27 November 2015, 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 Tuesday, 24 November 2015.

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 2015 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 ("Dr. Chan") 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.

Although the Company does not have a post for Chief Executive Officer, 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 2015.

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.hkexnews.hk under "Latest Information" and at the website www.continental.com.hk. The annual report for the year ended 30 June 2015 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 2015 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, 25 September 2015

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 Gwon-hing and Mr. Yam Tat Wing are Executive Directors, 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.