Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CONTINENTAL
HOLDINGS LIMITED
恒和珠寶集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00513)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The board of directors (the "Board") of Continental Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited Six months ended 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**308,268**	407,842
Cost of sales		**(256,241)**	(353,133)
Gross profit		**52,027**	54,709
Selling and distribution costs		**(6,792)**	(10,142)
Administrative expenses		**(48,440)**	(49,588)
Other operating income		**464**	372
Change in fair value of investment property		**–**	334,493
Gain on disposal of property		**–**	28,255
Impairment loss on available-for-sale financial assets		**(457)**	(4,834)
Change in fair value of financial assets at fair value through profit or loss		**(1,653)**	2,163
Income arising from amortising the financial guarantee liabilities		**1,543**	1,341
Share-based compensation		**(2,390)**	(470)
Finance costs	*5*	**(7,837)**	(6,716)
Share of results of joint ventures		**(3,804)**	(3,018)
(Loss)/Profit before income tax	*6*	**(17,339)**	346,565
Income tax credit	*7*	**212**	212
(Loss)/Profit for the period		**(17,127)**	346,777

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Notes	**Unaudited Six months ended 31 December 2015 HK$'000**	2014 *HK$'000*
Other comprehensive income for the period, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available-for-sale financial assets, net		**(912)**	(4,509)
Reclassification from equity to profit or loss on impairment of available-for-sale financial assets		**457**	4,834
Exchange differences on translation of foreign operations, associates and joint ventures		**(82,362)**	5,525
Other comprehensive income for the period, net of tax		**(82,817)**	5,850
Total comprehensive income for the period		**(99,944)**	352,627
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(17,250)**	346,836
Non-controlling interests		**123**	(59)
		(17,127)	346,777
Total comprehensive income for the period attributable to:			
Owners of the Company		**(100,067)**	352,686
Non-controlling interests		**123**	(59)
		(99,944)	352,627
(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the period	*9*		
– Basic		**HK0.25 cents**	HK5.89 cents
– Diluted		**HK0.25 cents**	HK5.45 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited At 31 December 2015 *HK$'000***	Audited At 30 June 2015 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**98,382**	104,255
Land use rights		**36,089**	38,784
Investment property		**458,258**	446,040
Mining right		**709,137**	751,427
Interests in associates		**–**	–
Interests in joint ventures		**813,772**	748,386
Available-for-sale financial assets		**20,138**	21,052
Deferred tax assets		**5,932**	5,932
		2,141,708	2,115,876
Current assets			
Property under development		**569,994**	546,497
Inventories		**209,156**	218,483
Trade receivables	*10*	**113,924**	116,380
Prepayments, deposits and other receivables		**21,736**	38,431
Financial assets at fair value through profit or loss		**4,373**	6,026
Derivative financial instruments		**111**	–
Due from a joint venture		**157**	155
Cash and cash equivalents		**59,584**	55,641
		979,035	981,613
Current liabilities			
Trade payables	*11*	**(127,011)**	(140,397)
Other payables and accruals		**(75,942)**	(68,797)
Bank loans		**(524,053)**	(468,634)
Obligation under finance leases		**(369)**	(359)
Due to related companies		**(92,925)**	(3,099)
Derivative financial instruments		**–**	(16)
Financial guarantee liabilities		**(3,086)**	(3,086)
Provision for tax		**(3,428)**	(4,762)
		(826,814)	(689,150)
Net current assets		**152,221**	292,463
Total assets less current liabilities		**2,293,929**	2,408,339

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**Unaudited At 31 December 2015** *HK$'000*	Audited At 30 June 2015 *HK$'000*
Non-current liabilities			
Obligation under finance leases		**(883)**	(1,070)
Due to related companies		**(83,165)**	(82,161)
Financial guarantee liabilities		**(2,572)**	(4,115)
Loan from a controlling shareholder		**(146,276)**	(153,060)
Deferred tax liabilities		**(160,516)**	(169,862)
		(393,412)	(410,268)
Net assets		**1,900,517**	1,998,071
EQUITY			
Share capital		**560,673**	560,673
Reserves		**1,345,851**	1,443,528
Equity attributable to the owners of the Company		**1,906,524**	2,004,201
Non-controlling interests		**(6,007)**	(6,130)
Total equity		**1,900,517**	1,998,071

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") on the historical cost basis except for the investment properties and certain financial assets and liabilities, which are measured at fair values.

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 30 June 2015.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 30 June 2015. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 30 June 2015 that is included in the condensed consolidated interim financial statements as comparative information 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 has delivered the financial statements for the year ended 30 June 2015 to the Registrar of Companies in accordance with 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 section 406(2), 407(2) or (3) of the Companies Ordinance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 period of which the condensed consolidated interim 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[2]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
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]

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.

[1] *Effective for annual periods beginning on or after 1 January 2016*
[2] *Effective for annual periods beginning on or after 1 January 2018*
[3] *No mandatory effective date yet determined but is available for early adoption*

3. SEGMENT INFORMATION

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 (2014: four) business lines as operating segments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

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

The Group has identified the following reportable segments:

– Design, manufacturing, marketing and trading of fine jewellery and diamonds;

– Property investment;

– Mining operation; and

– Investment

Each of these operating segments is managed separately as each of the product and business lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

	Unaudited Six months ended 31 December									
	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* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Segment Revenue:										
Sales to/revenue from external parties	**308,129**	398,706	**–**	-	**–**	8,877	**139**	259	**308,268**	407,842
Segment results	**8,984**	36,097	**(2,671)**	331,482	**(8,597)**	(9,589)	**(2,164)**	(2,607)	**(4,448)**	355,383
Share-based compensation									**(2,390)**	(470)
Unallocated expenses									**(1,304)**	(850)
Income arising from amortising the financial guarantee liabilities									**1,543**	1,341
Finance costs									**(6,936)**	(5,821)
Share of results of joint ventures									**(3,804)**	(3,018)
(Loss)/Profit before income tax									**(17,339)**	346,565

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and dividend income from investments.

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

	Unaudited Six months ended 31 December **2015**	 2014
	HK$'000	*HK$'000*
Sale of goods	**308,129**	398,706
Sale of gold ores	**–**	8,877
Dividend income from investments	**139**	259
	308,268	407,842

5. FINANCE COSTS

	Unaudited Six months ended 31 December **2015**	 2014
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans	**5,984**	5,429
Interest expenses on loan from a related company	**608**	–
Interest expenses on loan from a controlling shareholder	**1,082**	862
Finance charges on obligation under finance leases	**33**	16
Imputed interest expenses arising from amounts due to related companies	**2,729**	2,600
Imputed interest expenses on convertible notes	**–**	71
Total borrowing costs	**10,436**	8,978
Less: bank loan interest capitalised in investment property and property under development	**(2,599)**	(2,262)
	7,837	6,716

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**256,241**	353,133
Depreciation of property, plant and equipment	**3,932**	3,726
Amortisation of land use rights	**702**	733
Amortisation of mining right	**–**	893
Minimum lease payments under operating leases on land and buildings	**3,117**	2,940
Provision for trade receivables	**811**	1,100
Net foreign exchange loss	**517**	2,065
Fair value gain on derivative financial instruments – forward currency contracts	**(189)**	(75)
Written off of property, plant and equipment	**120**	–
Gain on disposal of property, plant and equipment	**–**	(84)

7. INCOME TAX CREDIT

The amount of income tax credit charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Unaudited	
	Six months ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**–**	337
People's Republic of China	**(218)**	366
	(218)	703
Over-provision in prior years		
Hong Kong	**(206)**	(669)
	(206)	(669)
Deferred tax – current period	**212**	(246)
	(212)	(212)

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 period. 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.

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: Nil).

9. (LOSS)/EARNINGS PER SHARE

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

	Unaudited Six months ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
(Loss)/Profit attributable to the owners of the Company	**(17,250)**	346,836
Imputed interest expenses on convertible note	**–**	71
(Loss)/Profit attributable to owners of the Company before imputed interest expenses on convertible note	**(17,250)**	346,907

	2015	2014
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**6,831,182,580**	5,884,002,377
Effect of dilutive potential ordinary shares in respect of convertible note	**–**	473,323,721
Effect of dilutive potential ordinary shares in respect of share options	**–**	3,635,093
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**6,831,182,580**	6,360,961,191

The calculation of basic loss per share is based on the loss of HK$17,250,000 attributable to the owners of the Company for the six months ended 31 December 2015 (2014: Profit of HK$346,836,000) and on the weighted average of 6,831,182,580 (2014: 5,884,002,377) ordinary shares in issue during the period.

9. (LOSS)/EARNINGS PER SHARE (CONTINUED)

For the six months ended 31 December 2015, the outstanding share options of the Company has not been included in the computation of diluted loss per share, as the effect of exercise of the Company's outstanding share options is anti-dilutive. Therefore, the basic and diluted loss per share calculations are equal.

For the six months ended 31 December 2014, the diluted earnings per share was based on the profit for the period attributable to owners of the Company of HK$346,836,000 and adjusted to reflect the imputed interest expenses on the convertible notes, after adjustments to reflect the effect of deemed exercise or conversion of convertible note of Tamar Investments Group Limited ("Tamar Investments"), which was HK$346,907,000 and on the adjusted weighted average of 6,360,961,191 ordinary shares outstanding during the period.

10. 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:

	Current	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unaudited balance at 31 December 2015	**21,309**	**36,833**	**17,049**	**38,733**	**113,924**
Audited balance at 30 June 2015	45,901	27,905	14,330	28,244	116,380

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. TRADE PAYABLES

An ageing analysis of the trade payables at the reporting date is as follows:

	Current	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unaudited balance at 31 December 2015	**41,792**	**24,720**	**21,794**	**38,705**	**127,011**
Audited balance at 30 June 2015	62,313	29,121	13,978	34,985	140,397

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Group consolidated revenue for the six months ended 31 December 2015 recorded a decline of approximately 24.4% from last interim period of HK$407,842,000 to HK$308,268,000. During the period under review, loss attributable to equity owners of the Company was HK$17,250,000, as compared to the last interim profit of HK$346,836,000. The loss for this period was mainly due to the absence of significantly revaluation gain arising from change in fair value of investment property and a non-recurrent disposal gain on Group's property which was recorded in the last corresponding period amounting to HK$334,493,000 and HK$28,255,000 respectively. Basic loss per share was HK0.25 cents for the six months ended 31 December 2015 (2014: Basic earnings per share of HK5.89 cents).

BUSINESS REVIEW AND PROSPECTS

In the period under review, the Group's revenue on trading of fine jewellery and diamond polishing business has recorded a decrease of approximately HK$90,577,000 or 22.7% from HK$398,706,000 for the six months ended 31 December 2014 to HK$308,129,000 for the corresponding period in 2015. Such decrease resulted mainly from a drop of diamond polishing business due to the softening of diamond market. Despite such decrease, our jewellery trading sales throughout the six months ended 31 December 2015 has maintained steady. Meanwhile, the Group also managed to achieve a slightly better margins through tighter cost controls and higher efficiencies in production. During the period, the jewellery segment remains volatile and challenging; particularly in Europe, the European debt crisis poses uncertainties and instabilities to the economic system. In view of a weak market outlook, the Group will continue its effort in enhancing brand image and focusing more on the new marketing initiatives in order to strengthen our competitive edge in the markets.

As for property investment, the Group is maintaining two projects in Hong Kong and the PRC. In Hong Kong, the project is located at No. 236-242 Des Voeux Road Central. 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. As at today, formal sale and purchase agreements were signed for three floors.

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 97,307 sq.m. in Yangpu District of Shanghai（上海楊浦區）in the PRC. The land parcels has been developed into an eleven-floored shopping mall – "**Bauhinia Square**" with over 500 parking spaces. Bauhinia Square held a soft opening in December 2015. As of Chinese New Year, the mall has successfully leased out over 95% leasable retail space of which more than 85% of the space is opened for business. Rental income is collected on a monthly basis and we anticipate additional income to be generated from the car park once it is in full operation.

As regards 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 at the north eastern part of Yuanling site was completed. A potential new vein with promising grade had been identified during the exploration. Second phase of exploration to increase the geological confidence has commenced in August 2015.

PROSPECTS

Looking ahead to 2016, a modest and uneven recovery is expected to continue in the US; while the European markets will be very challenging and soft. The anticipated slowdown of China's economy will also pose concerns and impacts to other countries around the world. In view of these challenges ahead, the Group will continue to implement cost control measures and to further enhance our sales and marketing efforts in order to maintain the overall performance. We expect the consumers will regain their confidence with the global financial environment when stabilized and will eventually boost the jewellery consumption. In property, with the completion of the joint venture project in Shanghai and the other project in Hong Kong nearing completion, we expect both property projects will contribute steady revenue to the Group in the longer term.

IMPAIRMENT LOSS OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 31 December 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 reporting period, 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$457,000 (31 December 2014: HK$4,834,000) 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had a gearing ratio of 0.29 (30 June 2015: 0.25), which is calculated on net debt divided by total equity plus net debt. Net debt is calculated as the sum of bank borrowings and other borrowings less cash and cash equivalents. Total cash and cash equivalents were HK$59,584,000 (30 June 2015: HK$55,641,000) which were mainly denominated in Hong Kong Dollar, US Dollar, Renminbi and British Pound. Bank loans were HK$524,053,000 (30 June 2015: HK$468,634,000), which were mainly denominated in Hong Kong Dollar. Other borrowings in respect of amounts due to related companies and loan from a controlling shareholder were approximately of HK$322,366,000 (30 June 2015: HK$238,320,000). 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.

PLEDGE OF ASSETS

As at 31 December 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$1,044,565,000 (30 June 2015: HK$1,010,271,000) were pledged to certain banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Company has provided guarantees amounting to HK$646,500,000 (30 June 2015: HK$694,248,000) with respect to bank loans to its subsidiaries. Guarantees to the extent of RMB335,000,000 (equivalent to approximately HK$399,957,000) (30 June 2015: RMB335,000,000 (equivalent to approximately HK$423,809,000)) was given by the Company in favour of a bank in respect of the term loan facilities 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 STRUCTURE

All the Group's borrowings are denominated in 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 six months ended 31 December 2015. 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 SCHEME

As at 31 December 2015, the Group employed a total of approximately 991 employees (30 June 2015: 1,013) 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.

On 07 July 2015, the Company granted 40,000,000 share options to certain directors at an exercise price of HK$0.245 per share. Since the adoption of the share option scheme and up to 31 December 2015, 80,000,000 share options have been granted to certain directors of the Company at an exercise price of HK$0.138 or HK$0.121 or HK$0.245, of which, 10,000,000 share options have been exercised.

EXPOSURE TO FINANCIAL RISK AND RELATED HEDGES

The Group utilises conservative strategies on its financial risk management and the market risk is 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. During the period, the Group has entered into certain foreign exchange forward contracts in order to minimise the exchange rate risk as a result of fluctuation in British Pound. Management will continue to monitor the foreign exchange risk in British Pound and recent fluctuation in Renminbi and will take appropriate action when necessary.

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 six months ended 31 December 2015.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

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 six months ended 31 December 2015 except for the following deviations:

1. Code Provision A.2.1

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*

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

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 Annual General Meeting ("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.

3. *Code Provision E.1.2*

Code Provision E.1.2 provides that Chairman of the Board should attend the AGM. Due to personal reason, Dr. Chan, the Chairman of the Board could not attend the AGM held on 27 November 2015 and Mr. Chan Wai Lap, Victor, an Executive Director of the Company chaired the AGM. All of the Executive Directors and Independent Non-executive Directors were present at the AGM and were available to answer questions.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are in line with the Code Provisions.

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 transactions by the 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 six months ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four Independent Non-executive Directors of the Company.

The Audit Committee has discussed the Group's accounting policies and basis adopted, the financial controls and internal control systems of the Group and has reviewed the unaudited consolidated interim financial statements for the six months ended 31 December 2015. The Audit Committee has approved the unaudited consolidated interim financial statements.

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

Hong Kong, 29 February 2016

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.