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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)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2022

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 2022 together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	603,926	536,267
Cost of sales		(458,813)	(420,078)
Gross profit		145,113	116,189
Selling and distribution costs		(15,495)	(17,872)
Administrative expenses		(117,410)	(93,339)
Other income, other gains and losses		249	15,629
Reversal of impairment loss/(Impairment loss)			
on trade receivables and other receivables, net		270	(2,389)
Change in fair value of investment properties		98,485	77,708
Impairment loss on property, plant and equipment		(6,347)	(5,759)
Impairment loss on mining right		(81,838)	(59,892)
Finance costs	4	(5,182)	(4,511)
Share of results of joint ventures		(1)	(931)
Share of results of associates		313	(2,523)

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before income tax	5	18,157	22,310
Income tax credit	6	20,305	11,959
Profit for the year		38,462	34,269
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of debt instruments at fair value through other comprehensive income		(392)	(945)
Reclassified to profit or loss upon disposal of a debt instrument at fair value through other comprehensive income		(108)	8
Exchange differences on translation of foreign operations		(11,540)	45,079
Items that will not be subsequently reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income		(5,915)	1,819
Other comprehensive income for the year, net of tax		(17,955)	45,961
Total comprehensive income for the year		20,507	80,230
Profit for the year attributable to:			
Owners of the Company		12,142	19,885
Non-controlling interests		26,320	14,384
		38,462	34,269
Total comprehensive income for the year attributable to:			
Owners of the Company		(5,621)	65,791
Non-controlling interests		26,128	14,439
		20,507	80,230
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to the owners of the Company			
	8		
– Basic		1.78	2.91
– Diluted		1.78	2.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		30,251	39,629
Right-of-use assets		41,049	46,863
Investment properties		2,092,900	1,928,300
Goodwill		8,124	8,124
Intangible assets		8,300	8,234
Mining right		494,940	591,056
Interests in associates		30,195	29,882
Interests in joint ventures		1,041	1,042
Financial assets at fair value through other comprehensive income		34,630	37,945
Financial assets at fair value through profit or loss		10,860	11,370
Long-term receivables		–	–
Deferred tax assets		2,728	2,728
		2,755,018	2,705,173
Current assets			
Properties under development		632,485	335,843
Inventories		209,081	214,417
Trade receivables	9	108,755	99,943
Prepayments, deposits and other receivables		11,790	10,509
Financial assets at fair value through profit or loss		3,887	12,185
Cash and cash equivalents		144,008	340,207
		1,110,006	1,013,104

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>10</i>	(106,595)	(67,725)
Other payables and accruals		(57,916)	(119,273)
Contract liabilities		(268)	(720)
Bank loans	<i>11</i>	(884,621)	(707,010)
Lease liabilities		(4,168)	(4,162)
Due to related companies		(6,877)	(7,225)
Due to joint ventures		(1,036)	(1,036)
Provision for tax		(2,301)	(3,034)
		<u>(1,063,782)</u>	<u>(910,185)</u>
Net current assets		<u>46,224</u>	<u>102,919</u>
Total assets less current liabilities		<u>2,801,242</u>	<u>2,808,092</u>
Non-current liabilities			
Bank loans	<i>11</i>	(142,800)	(129,200)
Lease liabilities		(11,550)	(15,167)
Due to non-controlling interests		(56,275)	(48,785)
Due to related companies		(32,624)	(33,011)
Loan from a controlling shareholder		(4,686)	(4,802)
Deferred tax liabilities		(106,941)	(130,619)
		<u>(354,876)</u>	<u>(361,584)</u>
Net assets		<u><u>2,446,366</u></u>	<u><u>2,446,508</u></u>
EQUITY			
Share capital		560,673	560,673
Reserves		1,662,492	1,683,578
Equity attributable to the owners of the Company		<u>2,223,165</u>	<u>2,244,251</u>
Non-controlling interests		<u>223,201</u>	<u>202,257</u>
Total equity		<u><u>2,446,366</u></u>	<u><u>2,446,508</u></u>

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 Hong Kong Companies Ordinance. 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 2022 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 had delivered the financial statements for the year ended 30 June 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 30 June 2022 in due course.

The Company’s auditor has reported on those financial statements of the Group for both years. The auditor’s reports were 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 revised HKFRSs – effective from 1 July 2021

The Group has adopted the following revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 July 2021.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
2021 Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The adoption of these amended HKFRSs has no material impact on the Group’s consolidated financial statements.

2. ADOPTION OF HKFRSs (Continued)

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

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle ¹

¹ *Effective for annual periods beginning on or after 1 January 2022*

² *Effective for annual periods beginning on or after 1 January 2023*

³ *No mandatory effective date yet determined by available for adoption*

The directors of the Company have performed an assessment on new standards, amendments and interpretations, and have concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's consolidated financial statements in subsequent years.

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of goods recognised at a point in time	592,199	526,427
Revenue from other sources		
Rental income	8,329	5,463
Interest income	1,293	3,156
Dividend income from investments	2,105	1,221
	<u>603,926</u>	<u>536,267</u>

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	108,755	99,943
Contract liabilities	<u>268</u>	<u>720</u>

As at 30 June 2021, the contract liabilities mainly related to the advance consideration received from customers which has been recognised as revenue for the year ended 30 June 2022.

As at 30 June 2022, the advance consideration received from customers of HK\$268,000 (2021: HK\$720,000) represents unfulfilled performance obligation under the Group's exiting contracts. This amount represents revenue expected to be recognised in the future. The Group will recognise the expected revenue in future when performance obligation is completed, which is expected to occur within one year.

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.

3. REVENUE AND SEGMENT INFORMATION (Continued)

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. These four business lines are:

- Design, manufacturing, marketing and trading of fine jewellery and diamonds (the "Jewellery Business")
- Property investment and development
- Mining operation
- Investment

(a) Business segment

	Jewellery Business		Property investment and development		Mining operation		Investment		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to/Revenue from external parties	<u>592,199</u>	<u>526,427</u>	<u>8,329</u>	<u>5,463</u>	<u>-</u>	<u>-</u>	<u>3,398</u>	<u>4,377</u>	<u>603,926</u>	<u>536,267</u>
Segment results	<u>35,568</u>	<u>34,169</u>	<u>92,958</u>	<u>68,603</u>	<u>(98,912)</u>	<u>(73,244)</u>	<u>(6,259)</u>	<u>(1,660)</u>	<u>23,355</u>	<u>27,868</u>
Unallocated expenses									(2,205)	(3,351)
Finance costs									<u>(2,993)</u>	<u>(2,207)</u>
Profit before income tax									<u>18,157</u>	<u>22,310</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

	Jewellery Business		Property investment and development		Mining operation		Investment		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	367,714	369,570	2,760,847	2,295,755	534,667	639,957	55,025	68,321	3,718,253	3,373,603
Cash and cash equivalents									144,008	340,207
Deferred tax assets									2,728	2,728
Unallocated corporate assets									35	1,739
Total assets									<u>3,865,024</u>	<u>3,718,277</u>
Segment liabilities	125,513	113,453	113,799	139,896	34,640	39,057	2,361	3,813	276,313	296,219
Bank loans									1,027,421	836,210
Loan from a controlling shareholder									4,686	4,802
Provision for tax									2,301	3,034
Deferred tax liabilities									106,941	130,619
Unallocated corporate liabilities									996	885
Total liabilities									<u>1,418,658</u>	<u>1,271,769</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

	Jewellery Business		Property investment and development		Mining operation		Investment		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	(3,705)	(3,677)	-	-	(432)	(440)	-	-	(4,137)	(4,117)
Depreciation of right-of-use assets	(4,754)	(4,850)	-	-	(1,261)	(1,292)	-	-	(6,015)	(6,142)
Change in fair value of										
investment properties	-	-	98,485	77,708	-	-	-	-	98,485	77,708
Fair value (loss)/gain on financial										
assets at fair value through										
profit or loss	205	(332)	-	-	-	-	(5,347)	898	(5,142)	566
Loss on disposal of a debt instrument										
measured at fair value through										
other comprehensive income	-	-	-	-	-	-	(108)	(8)	(108)	(8)
Gain on disposal of property,										
plant and equipment and										
right-of-use assets	33	3,130	-	-	-	-	-	-	33	3,130
Write-off of property,										
plant and equipment	-	(92)	-	-	-	-	-	(17)	-	(109)
Share of results of joint ventures	-	-	(1)	(931)	-	-	-	-	(1)	(931)
Share of results of associates	-	-	313	(2,523)	-	-	-	-	313	(2,523)
Impairment loss on mining right	-	-	-	-	(81,838)	(59,892)	-	-	(81,838)	(59,892)
Impairment loss on property,										
plant and equipment	-	-	-	-	(6,347)	(5,759)	-	-	(6,347)	(5,759)
Provision for inventories	(7,388)	(7,658)	-	-	-	-	-	-	(7,388)	(7,658)
Reversal of impairment loss/										
(Impairment loss) on										
trade and other receivables, net	270	(2,389)	-	-	-	-	-	-	270	(2,389)
Interest income	-	-	-	-	-	-	1,293	3,156	1,293	3,156
Interest expenses	(782)	(862)	-	-	(1,407)	(1,442)	-	-	(2,189)	(2,304)
Gain on debt modification on amount										
due to a related company	-	-	-	-	1,407	1,446	-	-	1,407	1,446
Additions to non-current										
segment assets	3,461	5,815	56,479	278,061	24	181	-	-	59,964	284,057

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	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	38,422	38,512
North America (<i>note a</i>)	276,690	278,299
Europe and Middle East (<i>note b</i>)	274,604	205,058
Other locations	14,210	14,398
Total	<u>603,926</u>	<u>536,267</u>

	Non-current assets	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	2,129,359	1,965,730
North America (<i>note a</i>)	27,747	28,816
United Kingdom	3,869	5,522
Mainland China	545,825	653,062
Total	<u>2,706,800</u>	<u>2,653,130</u>

Notes:

(a) principally included United States and Canada

(b) principally included Saudi Arabia, United Kingdom, Sweden, Spain, Netherlands and Norway

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 a major customer, which amounted to 10% or more of the Group's revenue, is set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A*	<u>86,697</u>	<u>90,737</u>

* *The revenue from Customer A was all derived by the segment engaging in the Jewellery Business.*

4. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest charges on:		
Bank loans	14,778	12,987
Interest on lease liabilities	782	862
Imputed interest expenses arising from amount due to a related company	<u>1,407</u>	<u>1,442</u>
Total borrowing costs:	16,967	15,291
<i>Less:</i> interests capitalised in		
– investment properties	(9,636)	(8,431)
– properties under development	<u>(2,149)</u>	<u>(2,349)</u>
	<u>5,182</u>	<u>4,511</u>

5. PROFIT BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The Group's profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	451,425	412,420
Depreciation of property, plant and equipment	4,137	4,117
Depreciation of right-of-use assets	6,015	6,142
Auditor's remuneration	1,200	1,150
Short-term leases charges	77	32
Low-value assets leases charges	1,300	1,663
Provision for inventories*	7,388	7,658
Fair value loss/(gain) on financial assets at fair value through profit or loss	5,142	(566)
Net foreign exchange loss/(gain)	3,298	(9,258)
Gain on disposal of property, plant and equipment and right-of-use-assets	(33)	(3,130)
Gain on debt modification on amount due to a related company	(1,407)	(1,446)
Write-off of property, plant and equipment	-	109
Direct operating expenses arising from investment properties that generate rental income	185	70
Direct operating expenses arising from investment properties that do not generate rental income	391	174
	<u>391</u>	<u>174</u>

* *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.*

6. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong	312	88
Overseas	32	114
Over provision in prior years	<u>(116)</u>	<u>(19)</u>
	228	183
Deferred tax		
Current year	<u>(20,533)</u>	<u>(12,142)</u>
Total income tax credit	<u><u>(20,305)</u></u>	<u><u>(11,959)</u></u>

7. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend paid in respect of the prior year of HK2 cents per share	<u><u>13,662</u></u>	<u><u>–</u></u>

At the board meeting held on 23 September 2022, the directors resolved to recommend a final dividend of HK2.00 cents per ordinary share. The proposed dividend has not been recognised as a dividend payable as at 30 June 2022, but will be reflected as an appropriation of retained profits for the year ending 30 June 2023.

The final dividend approved on 27 September 2021 amounted to HK\$13,662,000 was subsequently paid on 14 January 2022.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit attributable to the owners of the Company for the purpose of basic earnings per share	<u>12,142</u>	<u>19,885</u>
	Number of shares	
	2022	2021
Weighted average number of ordinary shares for the purpose of basic earnings per share	683,118,258	683,118,258
Effect of dilutive potential ordinary shares in respect of – Share option (<i>note (i)</i>)	<u>–</u>	<u>175,342</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>683,118,258</u>	<u>683,293,600</u>

Note:

- (i) For the year ended 30 June 2022, the calculation of basic earnings per share attributable to the owners of the Company was based on profit for the year attributable to the owners of the Company of HK\$12,142,000 (2021: HK\$19,885,000) and on weighted average number of 683,118,258 (2021: 683,118,258) ordinary shares during the year.

For the year ended 30 June 2022, the computation of diluted earnings per share did not assume the exercise of share option as they were anti-dilutive.

For the year ended 30 June 2021, diluted earnings per share amounts was based on profit for the year attributable to the owners of the Company of HK\$19,885,000 and on the adjusted weight average number of 683,293,600 ordinary shares outstanding during the year, being the weight average of number of ordinary shares of 683,118,258 used in basic earnings per share calculation and adjusted for the effect of deemed exercise on share options of 175,342 existing during the year ended 30 June 2021.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	54,018	40,742
31 – 60 days	35,779	35,769
61 – 90 days	12,996	15,115
Over 90 days	<u>5,962</u>	<u>8,317</u>
	<u>108,755</u>	<u>99,943</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	53,237	31,292
31 – 60 days	23,999	13,601
61 – 90 days	7,718	4,317
Over 90 days	<u>21,641</u>	<u>18,515</u>
	<u>106,595</u>	<u>67,725</u>

11. BANK LOANS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities		
Portion of bank loans due for repayment within one year		
– Guaranteed	15,000	15,000
– Secured and guaranteed	<u>750,396</u>	<u>658,583</u>
	765,396	673,583
Portion of bank loans due for repayment after one year which contain a repayable on demand clause		
– Secured and guaranteed	<u>119,225</u>	<u>33,427</u>
	<u><u>884,621</u></u>	<u><u>707,010</u></u>
Non-current liabilities		
Portion of bank loans due for repayment after one year		
– Secured and guaranteed	<u><u>142,800</u></u>	<u><u>129,200</u></u>

At 30 June 2022, the bank loans were scheduled to repay as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank loans:		
Repayable within one year	765,396	673,583
Repayable in the second year	219,179	16,733
Repayable in the third to fifth year, inclusive	<u>42,846</u>	<u>145,894</u>
	<u><u>1,027,421</u></u>	<u><u>836,210</u></u>

11. BANK LOANS (Continued)

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\$998,962,000 (2021: HK\$813,558,000) and US\$ in the equivalent amount of HK\$28,459,000 (2021: HK\$22,652,000) have floating interest rates ranging from 1.21% to 4.75% (2021: 1.24% to 3.09%) per annum.

12. EVENT AFTER THE REPORTING PERIOD

There are no other significant event after the reporting period up to the date of this announcement.

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended 30 June 2022, the Group's consolidated revenue recorded an increase of approximately HK\$67.6 million or 12.6 % from last year's HK\$536.3 million to HK\$603.9 million. During the year, profit attributable to owners of the Company was HK\$12.1 million as compared to last year's profit of HK\$19.9 million. Despite an increase in the revenue for the year, the profit attributable to owners decreased resulting from (i) an increase in impairment loss on mining right of HK\$ 21.9 million; (ii) a recognized exchange loss of HK\$3.3 million for the year mainly due to the depreciation of British Pounds as compared to exchange gains of HK\$9.3 million in the previous year; and (iii) a significant decrease of subsidies received from various governments relating to the "COVID-19" pandemic. The basic earnings per share was HK1.78 cents (2021: HK2.91 cents).

The coronavirus continued to spread at a slow burn in 2021. However, supported by the vaccines and removal of COVID-19 restrictions in many countries, the pandemic conditions have normalized in the second half of the year. As a result, despite the continued impact of COVID-19 on Asian markets, businesses and trade activities revived, and tradeshows in the United States ("US") and Europe also reopened. In the jewellery segment, the overall market has regained its momentum and consumer demands rebounded positively. During the year, our overseas sales teams resumed traveling to visit customers and proactively participated at all major tradeshows. Overall, the response from customers were upbeat, reflecting a revival of the consumer demand that was receded in the past couple of years. The reopening of retail stores in US, United Kingdom ("UK") and Europe helped in bringing sales back to pre-covid levels. In addition, with the strong foothold in many major markets, the Group benefited from market consolidation after COVID-19 and built even stronger relationship with customers. The combination of local presence and customer-centric support allowed the teams to work closely with customers and making it a favorable competitive advantage. In view of the growing demand of online sales, our team also worked closely with customers in providing timely delivery and necessary technical support. As a result, the Group has successfully recorded stable growth in the jewellery business during the fiscal year. The Group's revenues of jewellery segment recorded an increase of approximately HK\$65.8 million or 12.5% from last year's HK\$526.4 million to HK\$592.2 million for the year ended 30 June 2022. The segment profit attributable to the Jewellery was HK\$35.6 million for the year ended 30 June 2022 representing an increase of approximately HK\$1.4 million or 4% as compared to last year's of HK\$34.2 million due to increase in revenue.

In property, revenue from rental income during the year amounted to approximately HK\$8.3 million, representing an increase of HK\$2.8 million from the corresponding year of 2021 of HK\$5.5 million. Increase in revenue was mainly as a result of acquisition of properties located at Hart Avenue, Kowloon in May 2021. With a diverse and balanced portfolio, the Group believes that these investments and projects will generate steady income and return in the long run.

In early 2022, the Group has substantially completed its newly developed commercial building, named “One Continental” (恒匯中心), which is located at No. 232 Wan Chai Road, Hong Kong. The Group currently holds 75% of the interests in “One Continental”, a premium grade office and retail composite building of 28-storey tall with a gross floor area of approximately 86,970 sq. ft. While the commercial real estate market has been affected by the fifth wave of the pandemic, leasing activities in the commercial and retail sectors have improved after experiencing a stagnant period during the 1st quarter of 2022.

The Group also owns 90% interests of sites at Nos. 7, 7A, 9, and 9A of Cheung Wah Street, Cheung Sha Wan, Kowloon, with a site area of approximately 3,240 sq. ft. The site will be developed into a 25-storey residential development with 2-storey of retail podium/high-rise composite building, with a proposed gross floor area of approximately 29,147 sq. ft. The project is in good progress and the expected completion date of the redevelopment is in late 2022.

In December 2021, the Group has acquired six properties located at No. 164-164A Boundary Street, Kowloon, with a site area of approximately 5,054 sq. ft. and a developable gross floor area of approximately 25,270 sq. ft. The land is planned to be redeveloped into a luxury residential development. Design development has begun, and demolition of the existing building is expected to commence in the 4th quarter of 2022 upon expiry of the existing leases.

In addition, the Group also hold certain investment properties comprised 12 floors commercial properties located at No. 65 Castle Peak Road, Yuen Long, and 2 shops with several office units located at No. 19-23 Hart Avenue, Kowloon. Despite of the pandemic, the investment properties are fully let and generated a stable rental income to the Group during the year.

In the mining segment, operation at HongZhuang Gold Mine was minimized. The Company was focus on the exploration at the north eastern of Yuanling. Meanwhile, we will continue developing new shaft and re-visiting the old shaft in the Yuanling mine site.

BUSINESS OUTLOOK

While the Group maintained a positive jewellery performance during the fiscal year ended 30 June 2022, the backdrop of the upcoming year continues to be characterized by change and uncertainty. At an overarching level, the macroeconomic headwinds, the substantial inflation in both cost of goods sold and operating costs, the possibility of future new variants of COVID-19 combined with restrictive government interventions and the further consequences of the Russian invasion of Ukraine and US-Sino trade war, all could negatively impact the future performance. Nevertheless, amidst these challenges, the Group believes its strong market position and strengthened local support will continue to serve our customers with best value and quality products. Meanwhile, our management team will continue to strive for excellence and innovation. By remaining customer-focused at all times, the Group will be able to offer value propositions to customers, as to further solidify its foothold in major markets. In addition, following the reopening of the economy, the Group will explore multiple opportunities for further growth in new markets through our overseas offices in the US and in UK. With the Group's proven track record and reputation in the market, the Group is well positioned to sustain its development and adhere to the most stringent corporate governance principles and safeguarding the interests of the shareholders and stakeholders.

With the fifth wave of the COVID-19 pandemic gradually being brought under control, Hong Kong's property market has been progressively recovering since the month of April 2022. However, the leasing market remained to be very challenging. As such, we would expect a longer recovery period, and at the same time that the anticipated border reopening will drive an improvement in the economy and demand for office and retail space. Meanwhile, we managed to gradually sign on quality tenants, generating consistent returns from rental income and improving the asset value of the Group's portfolio.

IMPAIRMENT LOSS ON MINING RIGHT AND PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2022, the Directors appointed an independent professional valuer, BMI Appraisals Limited, to perform a valuation with respect to Hongzhuang Gold Mine situated at Henan Province, China and impairment loss of mining right and property, plant and equipment amounting to HK\$81,838,000 (2021: HK\$59,892,000) and HK\$1,553,000 (2021: HK\$1,168,000) respectively has been recognized in the consolidated statement of profit or loss and other comprehensive income.

The fair value of 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 2021.

The key inputs used in the valuation were the consideration-to-resources multiples obtained from comparable transactions, the adjusted contained gold metal based on the technical review report prepared by SRK Consulting China Limited under Chinese standard and discount due to COVID-19 pandemic.

The Chinese standard resources estimates as reported by SRK Consulting China Limited were risk with uncertainty. The estimated fair value of the Hongzhuang Gold Mine has been assigned a lower or no credit to those resources with high resources risks.

As at 30 June 2022, the Directors also conducted an impairment assessment on certain of the Group's property, plant and equipment under Yuanling mine site due to the delay of the operation plan. Accordingly, an impairment loss of property, plant and equipment of approximately HK\$4,794,000 (2021: HK\$4,591,000) has been recognized and included in the consolidated statement of profit or loss and other comprehensive income.

All the above-mentioned impairment loss on mining right and property, plant and equipment was included in the Group's mining segment in the reportable and operating segment of the Group.

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 2022:

Subsidiary	Mine field	Area (<i>km</i> ²)	Reporting date	Type of mining operation	Gold resources (<i>t</i>)	Reporting Standard	Gold grade (<i>g/t</i>)
Henan Multi-Resources Mining Company Limited*	Hongzhuang	1.09	30 June 2022	Underground	10.73	PRC 122b	5.58
					5.46	PRC 332	1.89
					24.66	PRC 333	4.46
	Yuanling	4.57	30 June 2022	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 2022, the Group's gearing ratio was 0.2903 (2021: 0.1996), 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. The cash and cash equivalents of HK\$144,008,000 (2021: HK\$340,207,000) which were mainly denominated in Hong Kong Dollar, US Dollar, Renminbi and British Pound. Other borrowings in respect of amounts due to joint ventures, amounts due to related companies, loan from a controlling shareholder, amounts due to non-controlling interests and lease liabilities were approximately of HK\$117,216,000 (2021: HK\$114,188,000). Bank loans denominated in HK\$ and US\$ were approximately HK\$1,027,421,000 (2021: HK\$836,210,000). Details of pledge of assets in respect of bank loans are set out in the section PLEDGE OF ASSETS.

The decrease in the Group's cash and cash equivalent and the increase in bank loans as at 30 June 2022 were mainly due to the acquisition of properties located at No. 164-164A Boundary Street, Kowloon and payment of the construction costs for the projects at Cheung Wah Street and Wan Chai Road. In line with the Group's prudent financial management, the directors considered that the Group has sufficient working capital to meet its ongoing operational requirements.

PLEDGE OF ASSETS

As of 30 June 2022, the Group's bank loans denominated in HK\$ of HK\$998,962,000 (2021: HK\$813,558,000) are secured by the Group's certain property, plant and equipment, investment properties, certain right-of-use assets, properties under development, pledged by ordinary shares of certain subsidiaries of the Company and guaranteed by corporate guarantees executed by the Company. Whereas, a bank loan denominated in US\$ in the equivalent amount of HK\$28,459,000 (2021: HK\$22,652,000) is secured by all the assets of a subsidiary of the Company and guaranteed by corporate guarantees executed by the Company.

CAPITAL STRUCTURE

All the Group's borrowings are denominated in Hong Kong Dollar, US Dollar and Renminbi. Interest is determined with reference to Hong Kong Interbank Offered Rate or Prime Rate for Hong Kong Dollar borrowings, US Prime Rate for US 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 contract in order to minimise exchange rate risk as a result of fluctuation in British Pound. There was no change to the Group's capital structure during the year ended 30 June 2022. 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 AND REMUNERATION POLICIES

The Group employs a total of approximately 532 employees with the majority in the PRC. The Group's remuneration to its employees is largely based on common industrial practice. In order to attract, retain and motivate the eligible employees, including the Directors, the Company have adopted share option schemes.

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 13 July 2010 (the "2010 Share Option Scheme"), which has been expired on 12 July 2020. Therefore, the Company has adopted a new share option scheme on 22 December 2020 (the "2020 Share Option Scheme"). No share option has been granted under the 2020 Share Option Scheme since it has been adopted.

As at 30 June 2022, there were options for 12,200,000 shares were valid and outstanding under the 2010 Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2022, the Company has provided guarantees to the extent of HK\$837,742,000 (2021: HK\$670,640,000) with respect to bank loans to its subsidiaries. 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 contracts 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 2022, the Group had outstanding capital commitment of approximately HK\$48,667,000 (2021: HK\$106,853,000), which was mainly the capital commitment for the investment property undertaken by the Group.

EXPOSURE TO FINANCIAL RISK AND RELATED HEDGE

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. During the year, the Group had entered into foreign exchange forward contract 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 Reminbi and will take appropriate actions when necessary.

DIVIDENDS

At the Board meeting held on 23 September 2022, the directors resolved to recommend the payment of a final dividend for the year ended 30 June 2022.

The Board has resolved to declare a final dividend of HK2.00 cents per share for the year ended 30 June 2022 (2021: HK2.00 cents per share), totaling approximately HK\$13,662,365 (2021: HK\$13,662,365), payable on or about Friday, 13 January 2023 to the shareholders whose names appear on the Register of Members on Tuesday, 13 December 2022.

The proposed dividend has not been recognised as a dividend payable as at 30 June 2022, but will be reflected as an appropriation of retained profits for the year ending 30 June 2023.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on Monday, 5 December 2022 and the Notice of AGM will be published and despatched in the manner as required by 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, 30 November 2022 to Monday, 5 December 2022, 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 of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 29 November 2022.

For determining the entitlement to the proposed final dividend, the Register of Members will be closed from Friday, 9 December 2022 to Tuesday, 13 December 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 December 2022. Subject to the approval by shareholders of the Company at the forthcoming AGM which to be held on Monday, 5 December 2022, the proposed final dividend will be paid on or about Friday, 13 January 2023.

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 (version up to 31 December 2021) contained in Appendix 14 to the Listing Rules and has complied with all the applicable Code Provisions throughout the year ended 30 June 2022 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.

Mr. Chan Wai Lap, Victor (“Mr. Chan”) an Executive Director and also the Chairman of the Company. Mr. Chan currently strategizes 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. Mr. 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.

Ms. Cheng Siu Yin, Shirley is the Managing Director of the Company. She is responsible for day-to-day management and 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.

3. Code Provisions A.6.7 provides that Independent Non-executive Directors and other Non-executive Directors, should also attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Cheung Chi Fai, Frank, the Independent Non-executive Director of the Company, did not attend the annual general meeting held on 16 December 2021 due to other business engagement. Other Independent Non-executive Directors were present at the annual general meeting and were available to answer questions.

4. Code Provision C.2.5 provides that the issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function.

The Company does not have an internal audit function for the year ended 30 June 2022. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient internal control and risk management for the Group. The audit committee of the Board regularly reviews the effectiveness of the internal control systems and risk management of the Group. The Board would review the need to set up an internal audit function on an annual basis.

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 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 2022.

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 “Listed Company Information” and at the website www.continental.com.hk. The annual report for the year ended 30 June 2022 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 Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement 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 and consequently no opinion or assurance conclusion has been expressed by BDO Limited on the preliminary announcement.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their continuous supports and trust, and extend my heartiest thanks and appreciation to our directors, to all staffs, for their relentless efforts, dedication and resilience during this challenging period. Looking ahead, we will continue our endeavor to overcome the future challenges and enhance the value of our business.

On behalf of the Board
Continental Holdings Limited
Chan Wai Lap, Victor
Chairman

Hong Kong, 23 September 2022

As at the date of this announcement, Mr. Chan Wai Lap, Victor, Dr. Chan Sing Chuk, Charles, BBS, JP, Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki, and Mr. Wong Edward Gwon-hing are the executive directors, Mr. Yam Tat Wing is the non-executive director and 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 the independent non-executive directors.