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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 2024

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 2024 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 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	<i>3</i>	360,402	455,608
Cost of sales		(403,159)	(389,355)
Gross (loss)/profit		(42,757)	66,253
Selling and distribution costs		(17,880)	(20,639)
Administrative expenses		(109,444)	(115,133)
Other income, other gains and losses, net		8,557	7,811
Reversal of impairment loss on trade receivables and other receivables, net		642	4,785
Change in fair value of investment properties		(87,938)	(27,797)
Reversal of impairment loss on mining right		9,406	22,728
Finance costs	<i>4</i>	(52,425)	(34,281)
Share of results of joint ventures		(1)	(2)
Share of results of associates		(2,309)	(6,633)

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before income tax	5	(294,149)	(102,908)
Income tax expense	6	<u>(6,165)</u>	<u>(12,501)</u>
Loss for the year		<u>(300,314)</u>	<u>(115,409)</u>
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		153	(373)
Reclassified to profit or loss upon disposal of debt financial instruments at fair value through other comprehensive income		–	460
Exchange differences on translation of foreign operations		(2,502)	(30,577)
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		<u>(2,611)</u>	<u>(872)</u>
Other comprehensive income for the year, net of tax		<u>(4,960)</u>	<u>(31,362)</u>
Total comprehensive income for the year		<u>(305,274)</u>	<u>(146,771)</u>
Loss for the year attributable to:			
Owners of the Company		(257,302)	(98,286)
Non-controlling interests		<u>(43,012)</u>	<u>(17,123)</u>
		<u>(300,314)</u>	<u>(115,409)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(262,258)	(129,766)
Non-controlling interests		<u>(43,016)</u>	<u>(17,005)</u>
		<u>(305,274)</u>	<u>(146,771)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share for loss attributable to the owners of the Company			
– Basic	8	<u>(37.67)</u>	<u>(14.39)</u>
– Diluted		<u>(37.67)</u>	<u>(14.39)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		25,688	27,072
Right-of-use assets		32,445	38,295
Investment properties		1,990,400	2,078,100
Goodwill		–	8,124
Intangible assets		7,304	8,291
Mining right		484,054	477,531
Interests in associates		21,253	23,562
Interests in joint ventures		1,038	1,039
Financial assets at fair value through other comprehensive income		22,003	24,492
Financial assets at fair value through profit or loss		10,067	10,048
Deferred tax assets		840	1,023
		<u>2,595,092</u>	<u>2,697,577</u>
Current assets			
Properties under development and properties for sales		485,123	657,777
Inventories		155,681	183,173
Trade receivables	<i>9</i>	61,399	64,591
Prepayments, deposits and other receivables		17,933	15,262
Financial assets at fair value through other comprehensive income		–	2,308
Financial assets at fair value through profit or loss		2,521	6,854
Time deposit with original maturities over three months		–	6,406
Cash and cash equivalents		49,156	90,695
		<u>771,813</u>	<u>1,027,066</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities			
Trade payables	<i>10</i>	(59,770)	(75,679)
Other payables and accruals		(37,714)	(71,040)
Contract liabilities		(343)	(354)
Bank loans	<i>11</i>	(882,506)	(854,387)
Lease liabilities		(4,923)	(4,179)
Loan from a controlling shareholder		–	(4,306)
Due to related companies		(7,379)	(8,859)
Due to joint ventures		(1,036)	(1,036)
Financial liabilities at fair value through profit or loss		–	(18)
Provision for tax		(1,925)	(2,304)
		<u>(995,596)</u>	<u>(1,022,162)</u>
Net current (liabilities)/assets		<u>(223,783)</u>	<u>4,904</u>
Total assets less current liabilities		<u>2,371,309</u>	<u>2,702,481</u>
Non-current liabilities			
Bank loans	<i>11</i>	(153,730)	(203,990)
Lease liabilities		(7,834)	(12,111)
Due to non-controlling interests		(80,670)	(63,529)
Due to related companies		(30,047)	(27,987)
Loan from a controlling shareholder		(4,280)	–
Deferred tax liabilities		(114,089)	(108,931)
		<u>(390,650)</u>	<u>(416,548)</u>
Net assets		<u><u>1,980,659</u></u>	<u><u>2,285,933</u></u>
EQUITY			
Share capital		560,673	560,673
Reserves		1,256,806	1,519,064
Equity attributable to the owners of the Company		<u>1,817,749</u>	<u>2,079,737</u>
Non-controlling interests		<u>163,180</u>	<u>206,196</u>
Total equity		<u><u>1,980,659</u></u>	<u><u>2,285,933</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.

In preparing the consolidated financial statements, the directors of the Company considered that the Group is able to continue as a going concern notwithstanding that the Group incurred a loss attributable to the owners of the Company of approximately HK\$257,302,000 during the year ended 30 June 2024, and as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$223,783,000. As at 30 June 2024, the Group had bank loans of HK\$882,506,000 that were classified as current liabilities, while the Group only maintained its cash and cash equivalents of HK\$49,156,000.

When assessing the appropriateness of the use of the going concern basis for the preparation of the consolidated financial statements, the directors have prepared a cash flow forecast covering a period of 12 months from the date of approval of these consolidated financial statements. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Group’s available source of financing, having regard to the following plans and measure, in assessing whether the Group will have sufficient financial resources to continue as a going concern:

1. Subsequent to year end date, the Group had sold a portion of the properties for sale and expected that the remaining portion of the said properties could be sold within the forecast period at a margin sufficient to cover the bank loans of HK\$60,000,000 and HK\$153,730,000 classified under current liabilities and non-current liabilities respectively. The excess monies after repaying the said bank loans are served as additional working capital to the Group;
2. The directors of the Company expected that the other bank loans classified under the current liabilities could be repaid as scheduled or renewed upon expiry on the basis of the Group’s past records in the compliance with the terms of the relevant bank loans, including timely settlement of bank loans and/or the availability of sufficient assets as collaterals;
3. The Group will dispose of the listed equity investments, listed bonds and investment fund classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss within the forecast period as necessary in order to provide additional working capital to the Group; and
4. The Group will continue its effort to enhance its operations and implement measures to tighten cost controls over various operating expenses to improve its cash flows from operations to strengthen the working capital of the Group.

1. BASIS OF PREPARATION (Continued)

In the opinion of the directors, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operation and meet its financial obligations as and when they fall due. Accordingly, the directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The financial information relating to the year ended 30 June 2024 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 2023 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 2024 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 new and revised HKFRSs – effective 1 July 2023

The Group has adopted the following new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 July 2023.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 and related amendments	Insurance Contracts

The adoption of the above new and amended HKFRSs did not have any significant impact on the Group's results, financial position and accounting policies except for the adoption of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" which are discussed below.

2. ADOPTION OF HKFRSs (Continued)

(a) Adoption of new and revised HKFRSs – effective 1 July 2023 (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policies disclosure. The impacts on the Group’s accounting policy disclosure resulted in removal or reduction of certain immaterial accounting policies.

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

The following new and 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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) ^{1,5}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) ¹
HK Interpretation 5 (Revised)	Presentation of Financial Statements ⁵ – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

Notes:

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

⁵ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

⁶ No mandatory effective date yet determined by available for adoption

3. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Timing of revenue recognition for sales of goods		
– at a point in time	333,897	434,936
Revenue from other sources		
Rental income	22,320	15,659
Interest income	1,833	3,035
Dividend income from investments	2,352	1,978
	<u>360,402</u>	<u>455,608</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	61,399	64,591
Contract liabilities	<u>343</u>	<u>354</u>

As at 30 June 2023, the contract liabilities mainly related to the advance consideration received from customers which has been recognised as revenue for the year ended 30 June 2024.

As at 30 June 2024, the advance consideration received from customers of HK\$343,000 (2023: HK\$354,000) represents unfulfilled performance obligation under the Group's existing 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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>333,897</u>	<u>434,936</u>	<u>22,320</u>	<u>15,659</u>	<u>-</u>	<u>-</u>	<u>4,185</u>	<u>5,013</u>	<u>360,402</u>	<u>455,608</u>
Segment results	<u>(23,692)</u>	<u>2,741</u>	<u>(266,588)</u>	<u>(115,373)</u>	<u>(1,919)</u>	<u>13,826</u>	<u>2,518</u>	<u>1,169</u>	<u>(289,681)</u>	<u>(97,637)</u>
Unallocated expenses									(1,793)	(2,530)
Finance costs									<u>(2,675)</u>	<u>(2,741)</u>
Loss before income tax									<u>(294,149)</u>	<u>(102,908)</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

	Jewellery Business		Property investment and development		Mining operation		Investment		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	244,174	290,968	2,505,785	2,766,125	518,242	512,929	48,123	55,929	3,316,324	3,625,951
Cash and cash equivalents									49,156	90,695
Time deposit with original maturities over three months									-	6,406
Deferred tax assets									840	1,023
Unallocated corporate assets									585	568
Total assets									<u>3,366,905</u>	<u>3,724,643</u>
Segment liabilities	91,509	104,684	101,169	122,879	31,302	30,773	4,853	5,593	228,833	263,929
Bank loans									1,036,236	1,058,377
Loan from a controlling shareholder									4,280	4,306
Provision for tax									1,925	2,304
Deferred tax liabilities									114,089	108,931
Unallocated corporate liabilities									883	863
Total liabilities									<u>1,386,246</u>	<u>1,438,710</u>

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Business segment (Continued)

	Jewellery Business		Property investment and development		Mining operation		Investment		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	(3,676)	(3,557)	-	-	(351)	(348)	-	-	(4,027)	(3,905)
Depreciation of right-of-use assets	(4,868)	(4,743)	-	-	(1,152)	(1,159)	-	-	(6,020)	(5,902)
Change in fair value of investment properties	-	-	(87,938)	(27,797)	-	-	-	-	(87,938)	(27,797)
Fair value gain/(loss) on financial assets at fair value through profit or loss	80	(579)	-	-	-	-	(431)	(1,720)	(351)	(2,299)
Loss on disposal of debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(460)	-	(460)
Gain/(loss) on disposal of property, plant and equipment	34	(70)	-	-	-	-	-	-	34	(70)
Write-down of properties under development and properties for sale	-	-	(141,031)	(49,859)	-	-	-	-	(141,031)	(49,859)
Write off of other payables	-	-	7,747	-	-	-	-	-	7,747	-
Share of results of joint ventures	-	-	(1)	(2)	-	-	-	-	(1)	(2)
Share of result of associates	-	-	(2,309)	(6,633)	-	-	-	-	(2,309)	(6,633)
Reversal of impairment loss on mining right	-	-	-	-	9,406	22,728	-	-	9,406	22,728
Net (impairment loss)/reversal of impairment loss on property, plant and equipment	(174)	-	-	-	168	419	-	-	(6)	419
Impairment loss on right-of-use assets	(717)	-	-	-	-	-	-	-	(717)	-
Impairment loss on goodwill	(8,124)	-	-	-	-	-	-	-	(8,124)	-
Impairment loss on intangible assets	(965)	-	-	-	-	-	-	-	(965)	-
Provision for inventories	(1,566)	(507)	-	-	-	-	-	-	(1,566)	(507)
Reversal of impairment loss on trade and other receivables, net	642	4,785	-	-	-	-	-	-	642	4,785
Interest income	-	-	-	-	-	-	1,833	3,035	1,833	3,035
Interest expenses	(811)	(713)	(47,650)	(29,534)	(1,289)	(1,293)	-	-	(49,750)	(31,540)
Additions to non-current segment assets	2,608	1,600	238	77,184	338	-	-	-	3,184	78,784

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	40,785	39,502
North America (<i>note a</i>)	115,463	172,309
Europe and Middle East (<i>note b</i>)	197,170	229,204
Other locations	6,984	14,593
	<u>360,402</u>	<u>455,608</u>
Total	<u><u>360,402</u></u>	<u><u>455,608</u></u>

	Non-current assets	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	2,019,949	2,110,194
North America (<i>note a</i>)	14,096	26,233
United Kingdom	2,458	3,527
Mainland China	525,679	522,060
	<u>2,562,182</u>	<u>2,662,014</u>
Total	<u><u>2,562,182</u></u>	<u><u>2,662,014</u></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 of the Company 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A*	<u>N/A</u>	<u>53,321</u>

* *The revenue from Customer A for the year ended 30 June 2024 did not exceed 10% of the Group's revenue and the respective amount was not disclosed accordingly. The revenue from Customer A for the year ended 30 June 2023 was all derived by the segment engaging in the Jewellery Business.*

4. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest charges on:		
Bank loans	63,373	44,064
Interest on lease liabilities	811	692
Imputed interest expenses arising from amount due to a related company	<u>1,289</u>	<u>1,293</u>
Total borrowing costs:	65,473	46,049
Less: interests capitalised in		
– investment properties	–	(1,007)
– properties under development	<u>(13,048)</u>	<u>(10,761)</u>
	<u>52,425</u>	<u>34,281</u>

5. LOSS BEFORE INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
The Group's loss before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	260,618	338,990
Depreciation of property, plant and equipment	4,027	3,905
Depreciation of right-of-use assets	6,020	5,902
Auditor's remuneration	1,240	1,220
Low-value assets leases charges	897	830
Provision for inventories*	1,566	507
Fair value loss on financial assets at fair value through profit or loss	351	2,299
Net foreign exchange loss	1,010	4,407
(Gain)/loss on disposal of property, plant and equipment	(34)	70
Gain on debt modification on amount due to related company	(1,289)	(1,293)
Impairment loss on right-of-use assets#	717	–
Impairment loss on goodwill#	8,124	–
Impairment loss on intangible assets#	965	–
Net impairment loss/(reversal of impairment loss) on property, plant and equipment#	6	(419)
Write off of other payables#	(7,747)	–
Write-down of properties under development and properties for sale*	141,031	49,859
Direct operating expenses arising from investment properties that generate rental income during the period	3,298	3,480
Direct operating expenses arising from investment properties that did not generate from rental income during the period	<u>400</u>	<u>421</u>

* *Provision for inventories and write-down of properties under development and properties for sale for the year were included in "cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.*

Impairment loss/(Reversal of impairment loss) on right-of-use assets, goodwill, intangible assets and property, plant and equipment and write off of other payables for the year were included in "other income, other gains and losses, net" on the face of the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong	241	301
Over provision in prior years	<u>(42)</u>	<u>(133)</u>
	199	168
Deferred tax		
Current year	<u>5,966</u>	<u>12,333</u>
Total income tax expense	<u><u>6,165</u></u>	<u><u>12,501</u></u>

7. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend paid in respect of the prior year of NIL cent (2023: HK2 cent) per share	<u><u>–</u></u>	<u><u>13,662</u></u>

The directors do not recommend any payment of dividend in respect of the years ended 30 June 2024 and 2023.

The final dividend proposed on 23 September 2022 amounting to HK\$13,662,000 was subsequently paid on 13 January 2023.

8. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to the owners of the Company for the purpose of basic loss per share	<u>(257,302)</u>	<u>(98,286)</u>
	Number of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of basic loss 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>–</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>683,118,258</u>	<u>683,118,258</u>

Note:

- (i) For the year ended 30 June 2024, the calculation of basic loss per share attributable to the owners of the Company was based on loss for the year attributable to the owners of the Company of HK\$257,302,000 (2023: HK\$98,286,000) and on weighted average number of 683,118,258 (2023: 683,118,258) ordinary shares during the year.

For the years ended 30 June 2024 and 2023, the computation of diluted loss per share did not assume the exercise of share option as they were 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	24,993	42,073
31 – 60 days	18,766	15,579
61 – 90 days	14,611	4,600
Over 90 days	<u>3,029</u>	<u>2,339</u>
	<u>61,399</u>	<u>64,591</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	17,676	29,790
31 – 60 days	9,468	14,213
61 – 90 days	8,281	5,270
Over 90 days	<u>24,345</u>	<u>26,406</u>
	<u>59,770</u>	<u>75,679</u>

11. BANK LOANS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current liabilities		
Portion of bank loans due for repayment within one year		
– Guaranteed	20,354	15,000
– Secured and guaranteed	<u>169,368</u>	<u>126,029</u>
	189,722	141,029
Portion of bank loans due for repayment after one year which contain a repayable on demand clause		
– Secured and guaranteed	<u>692,784</u>	<u>713,358</u>
	<u>882,506</u>	<u>854,387</u>
Non-current liabilities		
Portion of bank loans due for repayment after one year		
– Secured and guaranteed	<u>153,730</u>	<u>203,990</u>

At 30 June 2024, the bank loans were scheduled to repay as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank loans:		
Repayable within one year	189,722	141,029
Repayable in the second year	815,593	240,694
Repayable in the third to fifth year, inclusive	<u>30,921</u>	<u>676,654</u>
	<u>1,036,236</u>	<u>1,058,377</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\$1,024,440,000 (2023: HK\$1,036,213,000) and US\$ in the equivalent amount of HK\$11,796,000 (2023: HK\$22,164,000) have floating interest rates ranging from 5.05% to 8.25% (2023: 1.86% to 8.25%) 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.

I am pleased to present the annual report of Continental Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the financial year ended 30 June 2024. This report aims to provide you with an overview of the financial performance of our Group and to highlight key factors that have influenced our results.

The current reporting year has presented significant challenges, leading to a decline in revenues and net income. This downturn reflects broader macroeconomic realities and specific market dynamics that has adversely affected our businesses. This decline can be attributed to weaker jewellery sales across all major markets, which have been directly affected by the prevailing weak market conditions. As for the property segment faced with challenges in suppressed purchasing and in the Hong Kong residential and commercial sectors. The overall weak economy has further compounded the downward pressure in our group’s performance this year.

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended 30 June 2024, the Group’s consolidated revenue recorded a decrease of approximately HK\$95.2 million or 20.9% from last year’s HK\$455.6 million to HK\$360.4 million. During the year, loss attributable to owners of the Company was HK\$257.3 million as compared to last year’s loss of HK\$98.3 million. The loss for the year was mainly resulting from (i) decrease in revenue and gross profit of approximately HK\$95.2 million and approximately HK\$109.0 million respectively, the substantial decrease in gross profit was mainly attributable to the write-down of approximately HK\$141.0 million for properties under development and properties for sales affected by the current property market conditions; (ii) recognition of loss of approximately HK\$87.9 million arising from the change in fair value of investment properties; (iii) impairment loss in respect of goodwill, intangible assets and right-of-use assets of approximately HK\$9.8 million and (iv) increase in finance cost of approximately HK\$18.1 million. The basic loss per share was HK37.67 cent (2023: HK14.39 cent).

In the most recent reporting year, our jewelry segment experienced a decline in revenue due to several interconnected factors. The macro-environment remains challenging, with high inflation and interest rate reducing consumer confidence and purchasing power on luxury goods. As political tensions and instability continue to persist impacting Sino-American trade, and United Kingdom impacting cross border supply chain businesses and dampened retail sales. Consumers are increasingly cautious about spending amid concerns over political and economic uncertainties. This hesitance is coupled with a shift in retailer behavior; many of them focusing on selling down existing inventory rather than placing new orders. The combination of these factors resulted in a decrease in our jewelry revenue. The challenging economic environment across major markets necessitated a cautious approach to business operations and maintaining sales momentum.

As result of above negative factors, the Group's revenue from jewellery segment recorded a decrease of approximately HK\$101 million or 23.2% from last year's HK\$434.9 million to HK\$333.9 million for the year ended 30 June 2024. Jewellery segment recorded a loss of approximately HK\$23.7 million for the year ended 30 June 2024 as compared to last year's profit of approximately HK\$2.7 million. Such loss was mainly attributable to the decrease in revenue, unavoidable fixed operating expenses and impairment loss in respect of goodwill, intangible assets and right-of-use assets of approximately HK\$9.8 million.

The Hong Kong property market also faced various challenges in the past years, characterized by a combination of high interest rates and over supply of new developments. These factors have contributed to a weak market environment affecting commercial and residential sectors. This glut intensified competition resulting in driving prices down. As a result we have made the decision to sell down Amber Place at a discount. This decision reflects our commitment to maintaining liquidity and reallocating resources towards more promising opportunities.

In property, revenue from rental income during the year amounted to approximately HK\$22.3 million representing an increase of HK\$6.6 million from the corresponding year of 2023 of HK\$15.7 million. The increase in revenue was mainly because more units were leased out at One Continental during the year. 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 December 2021, the Group 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. Demolition of the old building has been completed, and the intention is to redevelop into a residential development.

“One Continental (恒匯中心)” 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. Despite the challenges posed by sluggish inbound tourism and high financing costs, the Group managed to secure additional quality tenants during the 1st half of 2024.

The Group owns 90% of its interests in the site at No. 1 of Cheung Wah Street, Cheung Sha Wan, Kowloon, with a site area of approximately 3,240 sq.ft. The site has been developed into a 25-storey residential development with a 2-storey retail podium/high-rise composite building, with a gross floor area of approximately 29,147 sq.ft. The project has been named “Amber Place (恒珀)” and the occupation permit has been obtained in July 2023. The residential development offers a total of 42 residential units. The sales of the residential units commenced in July 2024, and since then, a total of 29 units have entered into provisional sales and purchase agreement.

The Group holds certain investment properties comprising 12 floors of 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. The investment properties are above 80% leased out, generating a stable rental income for the Group during the year.

In the mining segment, operation at Hongzhuang Gold Mine was minimised. The Company focused on the exploration at the northeastern of Yuanling. Meanwhile, we will continue developing new shaft and re-visiting the old shaft in the Yuanling mine site. No revenue was recorded for the period under review as these mines did not carry out any production activities. Apart from the minimal operations on both mines, no large-scale capital investment was carried out during the year under review.

BUSINESS OUTLOOK

The outlook for the market remains bleak, primarily driven by the prevailing high interest rates. These rates continue to exert significant pressure on consumer spending and investment, which will likely hinder economic recovery in the near term.

Despite the overall negative sentiment, there is a silver lining in the jewellery retail sector. Retailers are currently operating at very low inventory levels, which could create a momentum shift as demand begins to stabilize. As consumer confidence gradually improves, we anticipate that jewellery retailers may increase their purchasing activities, potentially driving growth in this specific segment.

The recovery of the property market is expected to be a protracted process. Given the current economic conditions and the high-interest rate environment, it is likely that any rebound in property values and transactions will take considerable time. Stakeholders should prepare for a slow recovery phase, with gradual improvements rather than rapid escalations. Hong Kong’s economic performance remains closely tied to the economy of the People’s Republic of China (PRC). As the PRC navigates its own economic challenges, including potential slowdowns, Hong Kong will likely feel the repercussions, further complicating local market recovery efforts.

In light of these challenges, it is imperative for our management team to take more cautious steps regarding investments and resource allocations. Thorough due diligence and a conservative approach will be essential as we navigate this uncertain landscape. By carefully evaluating opportunities and risks, we can position ourselves to weather the current market conditions effectively and capitalize on future recovery when the environment becomes more favorable. We acknowledge the impact of these factors on our financial performance and remain focused on implementing strategies to mitigate their effects. We sincerely appreciate the support and trust of our shareholders.

REVERSAL OF IMPAIRMENT LOSS ON MINING RIGHT AND PROPERTY, PLANT AND EQUIPMENT

During the year ended 30 June 2024, the directors of the Company appointed an independent professional valuer, BMI Appraisals Limited, to perform a valuation with respect to Hongzhuang Gold Mine situated at Henan Province, China. Based on the valuation of recoverable amount of Hongzhuang Gold Mine, reversal of impairment loss on mining right and property, plant and equipment amounting to HK\$9,406,000 (2023: HK\$22,728,000) and HK\$168,000 (2023: HK\$419,000) respectively was recognized as the result, which primarily due to the change of market gold price during the year.

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 2023.

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.

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 2024, the directors of the Company also conducted an impairment assessment on certain of the Group's property, plant and equipment under Yuanling mine site based on the estimation of discount cash flow of current stage of mining explorations and gold price during the year. Accordingly, no reversal of impairment loss or impairment loss of property, plant and equipment (2023: Nil) was recognized and included in the consolidated statement of profit or loss and other comprehensive income.

All the above-mentioned reversal of 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 2024:

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 2024	Underground	10.73	PRC 122b	5.58	
					5.46	PRC 332	1.89	
						24.66	PRC 333	4.46
	Yuanling	4.57	30 June 2024	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 2024, the Group's gearing ratio was 0.3619 (2023: 0.3215), 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 and time deposit with original maturities over three months. The cash and cash equivalents and time deposit with original maturities over three months of HK\$49,156,000 (2023: HK\$97,101,000) 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\$136,169,000 (2023: HK\$122,007,000). Bank loans denominated in HK\$ and US\$ were approximately HK\$1,036,236,000 (2023: HK\$1,058,377,000). 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 as at 30 June 2024 were mainly due to the payment of the finance costs and partial repayment of bank loans. In line with the Group's prudent financial management, the directors of the Company considered that the Group has sufficient working capital to meet its ongoing operational requirements.

PLEDGE OF ASSETS

As of 30 June 2024, the Group's bank loans denominated in HK\$ of HK\$1,024,440,000 (2023: HK\$1,036,213,000) are secured by the Group's certain property, plant and equipment, investment properties, certain right-of-use assets, properties under development and properties for sales, pledged by ordinary shares of certain subsidiaries of the Company and guaranteed by corporate guarantees executed by the Company. Whereas, bank loans denominated in US\$ in the equivalent amount of HK\$11,796,000 (2023: HK\$22,164,000) are guaranteed by corporate guarantees executed by the Company and/or secured by all the assets of a subsidiary of 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 2024. 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 465 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 of the Company, 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 2024, there were options for 10,200,000 shares were valid and outstanding under the 2010 Share Option Scheme.

CONTINGENT LIABILITIES

As at 30 June 2024, the Company has provided guarantees to the extent of HK\$843,690,000 (2023: HK\$863,695,000) 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 of the Company considered that it was unlikely the repayment of the loans would be in default.

CAPITAL COMMITMENTS

At 30 June 2024, the Group had outstanding capital commitment of approximately HK\$Nil (2023: HK\$15,858,000), 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 Renminbi and will take appropriate actions when necessary.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on Monday, 2 December 2024 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, 27 November 2024 to Monday, 2 December 2024, 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, 26 November 2024.

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 contained in Appendix C1 to the Listing Rules and has complied with all the applicable Code Provisions throughout the year ended 30 June 2024 except for the following deviations:

1. Code Provision C.2.1

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

Mr. Chan Wai Lap, Victor (“Mr. Victor Chan”) is an Executive Director and the Chairman of the Company. Mr. Victor Chan currently strategizes the direction of the Group and 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. Victor Chan is also responsible for ensuring that all directors of the Company are properly briefed on issues arising at Board meetings and that all directors of the Company receive adequate information, which must be complete and reliable, in a timely manner.

Ms. Cheng Siu Yin, Shirley, mother of Mr. Chan Wai Lap, Victor, is the Managing Director of the Company. She is responsible for the day-to-day management and marketing activities of the Group.

Although the Company does not have a post of 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 D.2.5

Code Provision D.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 in the Corporate Governance Report.

The Company does not have an internal audit function for the year ended 30 June 2024. 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.

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 C3 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 2024.

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 2024 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 2024 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, 25 September 2024

As at the date of this announcement, Mr. Chan Wai Lap, Victor, Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki, Ms. Chan Mei Kei, Alice and Mr. Wong Edward Gwon-hing are the executive directors of the Company; and Mr. Yu Shiu Tin, Paul, BBS, MBE, JP, Mr. Chan Ping Kuen, Derek, Mr. Sze Irons, BBS, JP, Mr. Cheung Chi Fai, Frank and Mr. Yam Tat Wing are the independent non-executive directors of the Company.