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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)

- (1) A very substantial acquisition and connected transaction;**
- (2) Whitewash Waiver; and**
- (3) resumption of trading**

THE ACQUISITION

The Board announces that after trading hours on 4 July 2008, the Purchaser, which is a wholly-owned subsidiary of the Company, entered into the conditional Acquisition Agreement with, among others, the Vendor. Under the Acquisition Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Share and the Sale Loan at the Consideration of HK\$389.5 million less the amount of the Mortgage Loan (if any) outstanding as at the Completion Date.

As disclosed in the Company's circular dated 4 June 2007, the Group acquired from the Vendor 45% interest in Crystal Gain and the shareholder's loan due from Crystal Gain to the Vendor. Since both the Acquisition and the Crystal Gain Acquisition were entered into by the Group with the Vendor, the Acquisition and the Crystal Gain Acquisition will be treated as if they were one transaction pursuant to Rule 14A.26(1) of the Listing Rules. The relevant Percentage Ratio of the aggregate of the Acquisition and the Crystal Gain Acquisition is more than 100%. The Acquisition therefore constitutes a very substantial acquisition for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mr Chan is an executive Director and the Chairman of the Company. Mr Chan also owns 50% interests in Tamar Investments, a controlling shareholder of the Company and which owns 123,786,000 Shares, representing about 44.24% of the total issued share capital of the Company as at the date hereof. The Vendor is wholly owned by Mr Chan and therefore, it is an associate of Mr Chan and a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WHITEWASH WAIVER

Upon Completion, the interests of the Combined Concert Group in the Company will increase from 44.24% to 50.13% and this will give rise to (in the absence of the Whitewash Waiver) an obligation for the Combined Concert Group to make a mandatory offer for the Shares (not already owned by the Combined Concert Group) under the Takeovers Code. The Combined Concert Group will make an application to the Executive for the granting of the Whitewash Waiver.

INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee to advise the Independent Shareholders on the Acquisition and the Whitewash Waiver. In this connection, the Company has appointed, and the Independent Board Committee has approved the appointment of, Access Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the Whitewash Waiver.

CIRCULAR

A circular containing, among other information, (i) further details of the Acquisition; (ii) a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Acquisition and the Whitewash Waiver; (iii) the recommendation of the Independent Board Committee regarding the Acquisition and the Whitewash Waiver to the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Monday, 7 July 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Thursday, 10 July 2008.

INTRODUCTION

The Board announces that after trading hours on 4 July 2008, the Purchaser, which is a wholly-owned subsidiary of the Company, entered into the conditional Acquisition Agreement with, among others, the Vendor. Under the Acquisition Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Share and the Sale Loan at the Consideration of HK\$389.5 million less the amount of the Mortgage Loan (if any) outstanding as at the Completion Date.

I. ACQUISITION AGREEMENT

Date: 4 July 2008

Parties:

- (1) Brilliant Top, as vendor
- (2) ICL (a wholly owned subsidiary of the Company), as purchaser
- (3) Mr Chan, as guarantor of the Vendor's obligations under the Acquisition Agreement

The entire issued share capital of the Target Company is beneficially owned by the Vendor.

Subject matter of the Acquisition Agreement:

The interests to be acquired under the Acquisition comprising,

- (1) one share of US\$1 in, and representing the entire issued share capital of the Target Company; and
- (2) loans to be acquired under the Acquisition in the total principal amount of approximately HK\$50.56 million comprising the interest-free shareholder's loan owing to the Vendor by the Target Group in the sum of HK\$50.56 million.

As at the date of this announcement, the Target Company holds 100% of the equity interest in the Hong Kong Subsidiary. The Hong Kong Subsidiary will hold the Property at Completion.

Consideration

The Consideration is HK\$389.5 million less the amount of the Mortgage Loan (if any) outstanding as at the Completion Date and is payable in the manner set out below:

- (1) on or before 31 July 2008 or such other date as agreed by the Purchaser and the Vendor, a deposit in the sum of not more than HK\$117.5 million, the exact amount to be determined by the Vendor and the Purchaser on or before 30 July 2008 or such other date as agreed by the Purchaser and the Vendor (the "**Deposit**") to be paid by the Purchaser to the Vendor or its

nominee by way of a cashier order drawn on a licensed bank in Hong Kong or a solicitor's cheque; and

(2) upon Completion and to be satisfied by:

(a) as to the sum of HK\$54.5 million, by allotment and issue to the Vendor (or as it may direct) the Consideration Shares, credited as fully paid, at an issue price of HK\$1.65 per Consideration Share;

(b) as to the balance of the Consideration less the amount of the Deposit, HK\$54.5 million as referred to in sub-paragraph (a) above and the Mortgage Loan (if any) outstanding as at the Completion Date ("**Balance**"),

(aa) if the Balance shall be more than HK\$50 million,

(i) as to the sum of HK\$50 million, by the issue of the Promissory Note by the Purchaser to the Vendor or its nominee; and

(ii) as to the remaining amount, by delivering to the Vendor or its nominee a cashier order drawn on a licensed bank in Hong Kong or a solicitor's cheque made payable to the Vendor (or as it may direct);

(bb) if the Balance shall be less than HK\$50 million, all such amount shall be satisfied by the issue of the Promissory Note by the Purchaser to the Vendor or its nominee.

The Deposit will be paid to the Vendor by way of deposit and part payment for the Consideration. The Deposit shall on Completion be applied to satisfy payment of a pro tanto amount of the Consideration. If this Agreement is terminated because the conditions precedent set out in the paragraph headed "Conditions Precedent" below are not fulfilled or waived on or before the Longstop Date or Completion shall for any reason whatsoever fail to take place, the Vendor shall within five Business Days after the Longstop Date repay to the Purchaser an amount equivalent to the Deposit without interest.

The Consideration was determined after taking into consideration factors including the market value of the Property. Based on the information available to the Purchaser, the open market value of the Property as at 4 July 2008, as valued by an independent valuer using direct comparison method, is about HK\$410 million. It is also one of the conditions precedent to Completion that the open market value of the Property as at a date which should not be more than three months before the Completion Date, as supported by a valuation report, shall not be less than HK\$400 million. The Consideration was reached after arm's length negotiations between the Company and the Vendor. The Directors consider that the terms of the Acquisition and the Consideration are on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The 33,030,303 Consideration Shares represents approximately 11.8% of the existing issued share capital of the Company; and 10.56% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The issue price for the Consideration Shares of HK\$1.65 per Consideration Share represents:

- a premium of approximately 3.13% to the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 2.10% to the average closing price of approximately HK\$1.616 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- a premium of approximately 1.79% to the average closing price of approximately HK\$1.621 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

The issue price for the Consideration Shares is determined by the Company and the Vendor on arm's length basis by reference to the market price of the Share.

The Consideration Shares will be issued under a specific mandate to be sought at the EGM.

The Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue including the right to all dividends, distributions and other payments made or to be made the record date for which shall fall on or after the date of such allotment and issue.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Promissory Note

The Promissory Note will be issued by the Purchaser to the Vendor or its nominee at Completion upon the following terms:

- Principal amount: HK\$50 million or if the Balance shall be less than HK\$50 million, an amount equal to the Balance.
- Interest: at the rate equal to three months Hong Kong Interbank offer rate, payable quarterly, calculated on the basis of the actual number of days elapsed and a 365-day year.
- Maturity date: 30 months after the date of issue.

Redemption: The Purchaser has the right to redeem the outstanding principal amount of the Promissory Note in full or in part at any time before the maturity date by giving not less than seven days' prior written notice to the Vendor and repaying all or part of the principal amount outstanding together with interest accrued thereon up to and including the date of repayment.

Conditions precedent

Completion of the Acquisition is subject to the following conditions being fulfilled and remaining satisfied as at Completion (or as the case may be, waived by the Purchaser):

- (1) the completion of the Property Acquisition;
- (2) production by the Target Group of a valuation report on the Property, the reference date of which shall not be more than three months before the Completion Date, prepared by an independent professional valuer acceptable to the parties hereto confirming that the open market value of the Property as at the reference date of such valuation report is not less than HK\$400 million;
- (3) the approval by the shareholders of the Company (or, if so required by the Listing Rules or the Takeovers Code, the independent shareholders of the Company) at the EGM of (i) the Acquisition Agreement, (ii) (if required) the transactions contemplated thereby (including but not limited to the allotment and issue of the Consideration Shares), (iii) the Whitewash Waiver, and all other consents and acts required under the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange;
- (4) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Consideration Shares;
- (5) the Executive granting the Whitewash Waiver to the Combined Concert Group and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (6) compliance with or waiver from all requirements (if any) of the Listing Rules applicable to or as may be imposed by the Stock Exchange on the purchase of the Sale Share and the Sale Loan or any transactions contemplated hereunder;
- (7) the obtaining of all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance of the terms of the Acquisition Agreement by the parties thereto;
- (8) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational or other aspects that the Purchaser considers important) on the Target Group and their related business assets, liabilities, activities, operations, prospects

and other status which the Purchaser, its agents or professional advisers consider necessary or appropriate to conduct;

- (9) none of the warranties given by the Vendor and Mr Chan under the Acquisition Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect, from the date of the Acquisition Agreement up to (and including) Completion; and
- (10) the Purchaser not having discovered or known that, from the date of the Acquisition Agreement, there is any change (or effect) which has a material and adverse effect on the financial position, business or property, results of operations, prospects of the Target Group as a whole.

The Purchaser may at any time by notice to the Vendor waive any of the conditions (8), (9) or (10) above. Conditions other than conditions (8),(9) and (10) above (including but not limited to conditions (3)(iii) and 5 above) cannot be waived. If the conditions mentioned above (including but not limited to conditions (3)(iii) and 5 above) have not been fulfilled in full (or, where applicable, waived by the Purchaser in writing) on or before the Longstop Date, the Acquisition Agreement shall lapse and be of no further effect and no party to the Acquisition Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Acquisition Agreement. If the Acquisition Agreement is lapsed, the Vendor shall within five Business Days after the Longstop Date repay to the Purchaser an amount equivalent to the Deposit without interest.

Undertaking by the Purchaser

Pursuant to the Acquisition Agreement, at Completion, the Purchaser agrees to pay the Vendor a sum equal to the stamp duty actually paid by the Hong Kong Subsidiary under the Property Acquisition. For avoidance of doubt, if the Hong Kong Subsidiary has not paid any stamp duty under the Property Acquisition before Completion, the Purchaser is not required to pay the above sum to the Vendor at Completion.

Completion

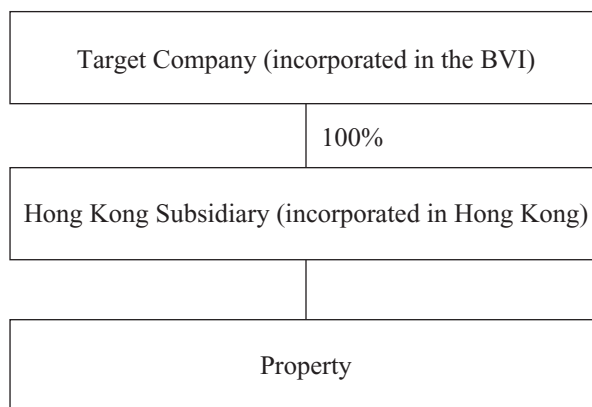
Completion of the Acquisition shall take place on the third business day after the fulfillment (or waiver) of the last of the conditions (other than conditions (9) and (10)) or such other date as the Purchaser and the Vendor may agree in writing as the date on which Completion shall take place.

Information on the Target Company

The Target Company is an investment holding company and it holds the entire interest in the Hong Kong Subsidiary. The Hong Kong Subsidiary is an investment holding company and it will hold the Property at Completion.

The original purchase cost of the Sale Share and the Sale Loan to the Vendor was approximately HK\$50.56 million, being principally the amount injected into the Target Group by the Vendor by way of shareholder's loan for the acquisition of the Property by the Hong Kong Subsidiary.

Set out below is group chart of the Target Group at Completion:



Financial information on the Target Company

Immediately before the Acquisition, the Target Company is wholly-owned by the Vendor. Upon Completion taking place, the Target Company will become wholly-owned by the Purchaser.

The Target Company was incorporated on 2 January 2008 while the Hong Kong Subsidiary was incorporated on 6 February 2008. Accordingly, there was no financial statements for the two years ended 31 December 2007 for the Target Company and the Hong Kong Subsidiary.

Upon Completion taking place, the Target Company will become a subsidiary of the Company and its financial results will be consolidated with those of the Group.

Waiver from compliance with Rules 14.58(6) and 14.58(7) of the Listing Rules

Rules 14.58(6) and 14.58(7) of the Listing Rules respectively requires disclosure of the asset value of and the net profits attributable to the Target Group in this announcement. In connection to these requirements, an application for waiver was made by the Company to the Stock Exchange for excluding such information in this announcement (the “**Waiver**”). Such application was made for reasons that (1) the figures for the asset value of and net profits attributable to the Target Group are unaudited and unpublished figures (which is the only available form as at the date of this announcement) and if disclosed in this announcement, they will constitute profit forecasts within the meaning of Rule 10 of the Takeovers Code which would need to be reported on by an auditor and a financial adviser; and (2) it would be burdensome for the Company to withhold this announcement until such reports are available.

The Company has applied to the Stock Exchange for the grant of the Waiver subject to the conditions that:

- (1) a further announcement containing the pro forma asset value of the Group and the Target Group (including the Property) and the net profits attributable to the Target Group as referred to in Rules 14.58(6) and 14.58(7) of the Listing Rules being made at the time of despatch of the circular by the Company in relation to the Acquisition; and

(2) the financial information on the Target Group referred to in Rules 14.58(6) and 14.58(7) of the Listing Rules being included in the circular of the Company in relation to the Acquisition.

As a condition to the Waiver, the Directors confirm their view that the information contained in this announcement, taking into account the exclusion of the financial information on the Target Group referred to in Rules 14.58(6) and 14.58(7) of the Listing Rules, remains accurate and complete in all material aspects and is not misleading or deceptive in accordance with Rule 2.13(2) of the Listing Rules.

Application of the provisions of Chapter 14 and 14A of the Listing Rules

As disclosed in the Company's circular dated 4 June 2007, the Group acquired from the Vendor 45% interest in Crystal Gain and the shareholder's loan due from Crystal Gain to the Vendor. Since both the Acquisition and the Crystal Gain Acquisition were entered into by the Group with the Vendor, the Acquisition and the Crystal Gain Acquisition will be treated as if they were one transaction pursuant to Rule 14A.26(1) of the Listing Rules. The relevant Percentage Ratio of the aggregate of the Acquisition and the Crystal Gain Acquisition is more than 100%. The Acquisition therefore constitutes a very substantial acquisition for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mr Chan is an executive Director and the Chairman of the Company. Mr Chan also owns 50% interests in Tamar Investments, a controlling shareholder of the Company and which owns 123,786,000 Shares, representing about 44.24% of the total issued share capital of the Company as at the date hereof. The Vendor is wholly owned by Mr Chan and therefore, it is an associate of Mr Chan and a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. INFORMATION ON THE GROUP, THE VENDOR AND OTHERS

The Group is principally engaged in the design, manufacturing, marketing and trading of fine jewellery and diamonds. The Group also maintains an investment portfolio including property investment and other investment.

The Vendor is an investment holding company incorporated in the BVI and whose entire issued share capital is ultimately beneficially owned by Mr Chan. Mr Chan is an executive Director and the Chairman of the Company. Mr Chan also owns 50% interests in Tamar Investments, a controlling shareholder of the Company and which owns 123,786,000 Shares, representing about 44.24% of the total issued share capital of the Company as at the date hereof.

The following table sets out the percentage shareholdings in the Company, (i) as at the date of this announcement, and (ii) after Completion (assuming that none of the controlling Shareholder and the Vendor (and its associates) will sell their Shares and the Company will not issue any other new Shares).

	As at the date of this announcement	After Completion
The Combined Concert Group	123,786,000Shares (44.24%) <i>(Note 1)</i>	156,816,303Shares (50.13%) <i>(Note 2)</i>
Directors other than Mr Chan and his wife, Ms Cheng Siu Yin, Shirley	28,000 Shares (0.01%)	28,000 Shares (0.01%)
Public	155,986,031Shares (55.75%)	155,986,031Shares (49.86%)
Total:	<u>279,800,031 Shares</u>	<u>312,830,334Shares</u>

Notes:

1. These Shares are held by Tamar Investments, the issued share capital of which is held by Mr Chan and his wife in equal share.
2. It is expected that these Shares will be held by Tamar Investments.

As disclosed above, upon Completion, the interests of the Combined Concert Group in the Company will increase from 44.24% to 50.13% and this will give rise to (in the absence of the Whitewash Waiver) an obligation for the Combined Concert Group to make a mandatory offer for the Shares (not already owned by the Combined Concert Group) under the Takeovers Code. The Combined Concert Group will make an application to the Executive for the granting of the Whitewash Waiver.

During the six months prior to this announcement, none of the members of the Combined Concert Group had any dealings in the securities of the Company.

III. REASONS FOR THE ACQUISITION

In view of the limited availability of commercial properties in Central district, the Company has decided to acquire a site in Sheung Wan, Hong Kong. The site is situated in a prime commercial area, in close proximity to the MTR station, and is viewed to have a strong investment and development potential. The Company views the Acquisition as an attractive addition to the Group's property portfolio.

In 2004, the Group acquired a property situated in a prime location on Hennessey Road, Causeway Bay, Hong Kong. That property, Continental Diamond Plaza, is currently fully occupied and has generated a steady income stream for the Group. The Company considers that the Property would further enhance the overall Group's investment portfolio in the long run.

The Board considers that the terms of the Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IV. GENERAL

Independent Board Committee

The Company has established the Independent Board Committee, comprising all independent non-executive Directors, to advise the Independent Shareholders on the Acquisition and the Whitewash Waiver. None of the independent non-executive Directors has any material interests in the Acquisition. In this connection, the Company has appointed, and the Independent Board Committee has approved the appointment of, Access Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the Whitewash Waiver.

Circular to Shareholders

A circular containing, among other information, (i) further details of the Acquisition; (ii) a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Acquisition and the Whitewash Waiver; (iii) the recommendation of the Independent Board Committee regarding the Acquisition and the Whitewash Waiver to the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders as soon as practicable.

Voting arrangements

Under the Listing Rules and the Takeovers Code, the Acquisition and the Whitewash Waiver are subject to the approval of the Independent Shareholders. As at the date of this announcement, Tamar Investments, an associate of Mr. Chan, is interested in 123,786,000 Shares, representing about 44.24% of the total issued Shares of the Company. Tamar Investments, Mr Chan and their respective associates (including but not limited to Mr Chan's wife, Ms Cheng Siu Yin, Shirley) and parties acting in concert with any of them are required to abstain from voting at the resolutions to consider and approve the Acquisition and the Whitewash Waiver.

Suspension and resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on Monday, 7 July 2008 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Thursday, 10 July 2008.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor in accordance with the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement entered into on 4 July 2008 between, among other persons, the Purchaser and the Vendor in relation to, among others, the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Brilliant Top”	Brilliant Top Properties Limited, a company incorporated in the BVI and a company wholly owned by Mr Chan
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“BVI”	British Virgin Islands
“Combined Concert Group”	Tamar Investments, Mr Chan, Ms Cheng Siu Yin, Shirley (i.e. Mr Chan’s wife), and parties acting in concert with any of them
“Company”	Continental Holdings Limited (恒和珠寶集團有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the date on which the Completion takes place
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Acquisition, the particulars of which are set out in the paragraph headed “Consideration” above

“Consideration Shares”	33,030,303 Shares to be allotted and issued to the Vendor (or its nominee) as partial settlement of the Consideration in accordance with the Acquisition Agreement
“Crystal Gain”	Crystal Gain Developments Limited, a company incorporated in the BVI and after completion of the Crystal Gain Acquisition, a wholly owned subsidiary of the Company
“Crystal Gain Acquisition”	acquisition of 45% interest in Crystal Gain and the shareholder’s loan due from Crystal Gain to Brilliant Top by the Group in June 2007, details of which are set out in the Company’s circular dated 4 June 2007
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of the Independent Shareholders considering, and if thought fit, approving the Acquisition Agreement and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Subsidiary”	Well Friendship Investment Limited, a company incorporated in Hong Kong and wholly owned by the Target Company
“Independent Board Committee”	the independent board committee of the Company formed by the Company to advise the Independent Shareholders as to whether the terms of the Acquisition and the Whitewash Waiver are fair and reasonable and whether the Acquisition and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	Shareholders other than the members of the Combined Concert Group and Shareholders who are interested or involved in the Acquisition Agreement and the Whitewash Waiver
“Independent Third Parties”	a party(ies) who is/are independent of and is/are not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates

“Last Trading Day”	4 July 2008, being the last trading date prior to the signing of the Acquisition Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	5:00 p.m. on 31 December 2008 or such later date as the parties to the Acquisition Agreement may agree in writing
“Mortgage Loan”	the total outstanding principal amount owed by the Hong Kong Subsidiary to the relevant mortgagee under the mortgage proposed to be created over the Property by the Hong Kong Subsidiary before Completion
“Mr. Chan”	Dr. Chan Sing Chuk, Charles, J.P., an executive Director and the Chairman of the Company
“Percentage Ratio”	the applicable percentage ratio under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the promissory note to be issued by the Purchaser to the Vendor on Completion with the terms set out in the paragraph headed “Promissory Note” above
“Property”	the commercial building situated at 236-242 Des Voeux Road Central, Hong Kong and known as Yien Yieh Commercial Building, Hong Kong
“Property Acquisition”	the acquisition of the Property by the Hong Kong Subsidiary from the existing owner of the Property pursuant to the sale and purchase agreement dated 14 April 2008 entered into between the Hong Kong Subsidiary and the existing owner of the Property
“Purchaser” or “ICL”	Invest Companion Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Share”	one share of US\$1 in, and representing the entire issued share capital of the Target Company
“Sale Loan”	the interest-free shareholder’s loan due to the Vendor by the Target Group in the sum of HK\$50.56 million as at the date of this announcement
“SFC”	the Securities and Futures Commission

“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Company”	Precious Palace International Limited, a company incorporated in the BVI with limited liability
“Target Group”	collectively, the Target Company and the Hong Kong Subsidiary
“Tamar Investments”	Tamar Investments Group Limited, a company incorporated in the BVI and owned by Mr Chan and his wife, Ms. Cheng Siu Yin, Shirley, in equal share. As at the date hereof, it is a controlling shareholder of the Company (as defined in the Listing Rules) and it holds 123,786,000 Shares, representing about 44.24% of the total issued share capital of the Company
“Vendor”	Brilliant Top
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Combined Concert Group to make a mandatory general offer for all the securities of the Company not already owned by the Combined Concert Group which would otherwise arise as a result of the issue of the Consideration Shares to the Vendor (or its nominee)
“%”	per cent.

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

Hong Kong, 9 July 2008

As at the date of this announcement, the board of directors of the Company comprises the following members: (a) as executive directors, Dr. Chan Sing Chuk, Charles, J.P., Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki and Mr. Chan Wai Lap, Victor; (b) as non-executive directors, Mr. Chu Wai Kok and Mr. Leung Hai Ming, Raymond; and (c) as independent non-executive directors, Mr. Wong Kai Cheong, Mr. Yu Shiu Tin, Paul, *BBS, MBE, J.P.* and Mr. Chan Ping Kuen, Derek

The Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any of the statements in this announcement misleading.