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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)**

**Rule 13.09 Announcement –  
Non-legally binding memorandum for formation of a joint venture company  
with Minmetals Mining Corporation Limited for trading in mineral ores**

The Board is pleased to announce that on 15 January 2010, the non-legally binding Memorandum was entered into between Honour Rainbow Limited, a wholly-owned subsidiary of the Company, and the JV Partner, pursuant to which the parties have in principle and subject to contract agreed to the formation of the JV Company and the principal terms governing the JV Company.

The purpose of the JV Company is to trade in mineral ores. The parties to the Memorandum will jointly develop and operate the mineral ores trading business through the JV Company, and will share the interest of such trading business in the same proportion as their respective beneficial interest in the JV Company. Each of the Group and the JV Partner will initially be beneficially interested in 50% of the issued share capital of the JV Company.

**The Board wishes to emphasize that no binding agreement in relation to (i) the formation of the JV Company and (ii) the mineral ores trading business has been entered into by the Company as at the date of this announcement. As such, both transactions may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the Shares. Further announcement in respect of both transactions will be made by the Company as and when required by the Listing Rules.**

## **INTRODUCTION**

The Board is pleased to announce that on 15 January 2010, a non-legally binding Memorandum was entered into between Honour Rainbow Limited, a wholly-owned subsidiary of the Company, and the JV Partner, pursuant to which the parties have in principle and subject to contract agreed to the formation of the JV Company and the principal terms governing the JV Company.

## **THE NON-LEGALLY BINDING MEMORANDUM**

Date : 15 January 2010

Parties: : (a) Honour Rainbow Limited, a wholly-owned subsidiary of the Company;  
and  
(b) the JV Partner.

The JV Partner and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not connected persons (as defined under the Listing Rules) of the Company.

### **Purpose of the JV Company**

The purpose of the JV Company (which shall be a limited liability company incorporated in Hong Kong) is to trade in mineral ores. The parties to the Memorandum will jointly develop and operate the mineral ores trading business through the JV Company, and will share the interest of such trading business in the same proportion as their respective beneficial interest in the JV Company.

### **Interest of the JV Company**

Each of the Group and the JV Partner will initially be beneficially interested in 50% of the issued share capital of the JV Company.

### **Board of directors of the JV Company**

The board of the JV Company will comprise four directors, two of them will be appointed and removed at the request of the Group and two of them will be appointed and removed at the request of the JV Partner.

### **Obligations of parties to the JV Company**

The JV Partner will be responsible for procuring signing of off-take agreement by the JV Company with a renowned minerals dealer.

The Group will be responsible for procuring supply of the necessary mineral ores in order to fulfil the JV Company's obligations under any off-take agreement to which it is a party.

## REASONS FOR ENTERING INTO THE MEMORANDUM

The Group is currently principally engaged in (i) design, manufacturing, marketing and trading of fine jewellery and diamonds; and (ii) property investment.

The Directors have always been proactive in seeking opportunities for expanding and enhancing the Group's business, and have been holding the view that the price of metals and minerals will rise in the long run due to the demand of the developing countries and the scarcity of such resources. On 20 November 2009, the Group entered into a conditional acquisition agreement for the acquisition of 100% interest in two gold mines in Henan Province, PRC, details of which were announced on 30 November 2009 by the Company. As such, the Group is in the process of stepping into the mining industry. The Directors consider that the entering into of the Memorandum offers the Group a good business opportunity to cooperate with the JV Partner for further expanding into the mineral ores trading business.

## GENERAL

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

**The Board wishes to emphasize that no binding agreement in relation to (i) the formation of the JV Company and (ii) the mineral ores trading business has been entered into by the Company as at the date of this announcement. As such, both transactions may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the Shares. Further announcement in respect of both transactions will be made by the Company as and when required by the Listing Rules.**

## DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“Company”	Continental Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	the limited liability company to be formed between the Group and the JV Partner in Hong Kong to carry on mineral ores trading business, the beneficial interest of which will be held as to 50% by the Group and 50% by the JV Partner

“JV Partner”	Minmetals Mining Corporation Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the non-legally binding memorandum entered into between Honour Rainbow Limited and the JV Partner dated 15 January 2010, details of which are set out in this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	share(s) in the Company of HK\$0.1 each
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**Continental Holdings Limited**  
**Chan Sing Chuk Charles**  
*Chairman*

Hong Kong, 18 January 2010

*As at the date of this announcement, Dr. Chan Sing Chuk, Charles BBS, JP, Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki and Mr. Chan Wai Lap, Victor are executive Directors, Mr. Chu Wai Kok is a non-executive Director, Mr. Wong Kai Cheong, Mr. Yu Shiu Tin, Paul BBS, MBE, JP, Mr. Chan Ping Kuen, Derek and Mr. Sze, Irons are independent non-executive Directors.*