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China Gem Holdings Limited

中國中石控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1191)

DECISION OF THE LISTING REVIEW COMMITTEE AND SUSPENSION OF TRADING

This announcement is made by China Gem Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 5 February 2021, 10 February 2021, 14 May 2021 and 20 May 2021 (the “**Announcements**”) in respect of, amongst other things, the decisions of the Listing Division and the Listing Committee that the Company failed to comply with Rule 13.24 of the Listing Rules and the Company’s written request for a review by the Listing Review Committee. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

DECISION OF THE LISTING REVIEW COMMITTEE

The Company requested for a review of the LC Decision on 20 May 2021 and the review hearing of the LC Decision by the Listing Review Committee (the “**LRC Hearing**”) was held on 12 August 2021. On 27 August 2021, the Company received a letter from the Stock Exchange notifying the Company that the Listing Review Committee, having carefully considered all the facts and evidence, and all submissions presented by the Company and the Listing Division, decided to uphold the LC Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules on the ground that the Company had failed to comply with Rule 13.24 of the Listing Rules.

The Company at the time of the LRC Hearing had four business activities, namely Strategic Financial Investment, Property Development Business, Money Lending Business and License and Financial Service Business.

The Listing Review Committee arrived at its decision for the following reasons:

1. The Property Development Business was the key and principal business of the Company, but it had generated minimal income for the Company in the past six years. Although this segment generated revenue of HK\$20 million in FY2020, it was still a small figure and had been generated from an old project concluded almost 20 years ago. The annual rental income from property lease agreements the Company entered into were also small. It had not been adequately demonstrated that this rental income could meet its projected revenue of HK\$25 million for FY2021 nor how the property leasing business of the Company, in the event that it is scaled up, might assist the Property Development Business.
2. The Company's Money Lending Business was reliant on a small number of borrowers and had not recorded any revenue and recorded losses in the Company's audited statements for FY2020. The Company's auditors also issued a disclaimer concerning recoverability issues in the Company's financing statements. The Money Lending Business had not been demonstrated to be a business of substance.
3. The License and Financial Services Business had over recent years recorded a low level of operations and minimal income. It had not recorded any revenue in the Company's audited statements for FY2020 and had generated annual revenue of less than HK\$2.5 million in the year ended on 31 December 2018 ("FY2018") and FY2019, as well as recorded a segment loss in FY2019.
4. The Strategic Financial Investment business had recorded no revenue in the Company's FY2020 audited financial statements. The Strategic Financial Investment business involves proprietary trading and/or investment in securities and should in any event be excluded for the purposes of considering the Company's compliance with Rule 13.24(1) of the Listing Rules by application of Rule 13.24(2) of the Listing Rules.
5. Aside from the Company's four core business activities, it had plans to acquire other businesses to improve its scale of operations, including a company operating a building materials business and a company involved in the production of TikTok videos. The Company had also acquired a company in Shanghai engaged in consulting business, but it had not generated income in FY2020. Further, the Company had announced that it acquired the entire equity interest in Dalian Yidi Agricultural Development Co. Limited with deferred payment of consideration. These proposals and acquisitions in disparate sectors in which the Company appeared to have no significant experience had not been satisfactorily demonstrated to assist the Company in improving its scale of operations and to be in compliance with Rule 13.24 of the Listing Rules.

6. The Company's auditor expressed a disclaimer of opinion on the Company's FY2020 financial statements relating to uncertainties on going concern and the opening balances of the loan and interest receivables. The Company's audited results for FY2020 indicated total assets of HK\$428,915,000 and a net asset position of negative HK\$535,084,000. Although the Company submitted that it had achieved some recent success with recovery of significant loan receivable amounts, the Listing Review Committee was of the view that the Company's assets which consisted largely of investment properties, loan receivables and investments did not support the businesses of the Company for the purposes of generating sufficient revenue and profits.
7. While the Company outlined its debt restructuring plans at the LRC Hearing, the Listing Review Committee considered that such plans were at a preliminary stage.

In view of the above, the Listing Review Committee has determined that the Company had failed to demonstrate that it had sufficient level of operations and assets of sufficient value to support its operations so as to comply with Rule 13.24 of the Listing Rules. The Listing Review Committee decided to uphold the LC Decision to suspend the Company's shares under Rule 6.01(3) on the ground that the Company had failed to comply with Rule 13.24.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange will be suspended with effect from 9:00 a.m. on 30 August 2021. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company who have any queries about the implications of the dealing of the Shares are advised to seek advice from professional advisors.

By order of the Board
China Gem Holdings Limited
Zhong Ling
Executive Director

Hong Kong, 29 August 2021

As at the date of this announcement, the Board comprises Mr. Zhong Ling, Mr. Yan Ping and Mr. Wu Yijie being executive Directors; Mr. Kan Chi Ming being non-executive Director; Mr. Warren Lee Primhak and Mr. Li Haibo being independent non-executive Directors.