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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)

INSIDE INFORMATION WINDING-UP PETITION AGAINST THE COMPANY

According to the Inside Information Announcement published on 23 June 2020, on the day 16 June 2020, the **Company** received a writ of summons (the “**Writ**”) filed by Linshan Limited (“**Linshan**”) as the plaintiff (the “**Plaintiff**”) against Asiaone Forest Products Holdings Limited (“**Asiaone Forest**”) , being a wholly-owned subsidiary of the Company, as 1st defendant (the “**1st Defendant**”), the Company as 2nd defendant (the “**2nd Defendant**”) and Green Oasis Limited (“**Green Oasis**”), being a wholly-owned subsidiary of the Company, as 3rd defendant (the “**3rd Defendant**”) (collectively, the “**Defendants**”). Under High Court Action No. 531/2020 (the “**Legal Proceedings**”) in the High Court of Hong Kong (the “**High Court**”). The Writ was issued from the High Court on 7 May 2020.

The summary of which the Plaintiff stated the following loan documents and claims in the Writ:

1. Corporate King Limited (the “**Corporate King**”) has made to the 1st Defendant in an aggregate principal amount of HK\$49,800,000, for the purpose of inter alia financing the working capital requirement of the 1st Defendant and/or the 2nd Defendant.
2. Immediately before a loan agreement dated 28 September 2012 between Corporate King, the Plaintiff and the 1st Defendant (in the form of a deed of assignment) (the “**Loan Agreement**”), a sum of around HK\$49,800,000 was indebted by Corporate King to the Plaintiff.

3. By the Loan Agreement:
 - a. Corporate King assigned the loan of HK\$49,800,000 owed by the 1st Defendant to Corporate King (the “**Loan**”) to the Plaintiff.
 - b. The 1st Defendant as borrower acknowledged receipt of the notice of assignment of the Loan.

4. Accordingly, by a supplemental agreement dated 16 August 2013 (the “**Supplemental Agreement**”), the 1st Defendant and the Plaintiff agreed:
 - a. The repayment date of the Loan would be extended from 31 December 2013 to 31 December 2014.
 - b. The interest rate was at 1% per annum.
 - c. The interest would be payable on a quarterly basis starting from 1 September 2013.

5. In or around March 2014, the 3rd Defendant made a repayment of the sum of HK\$122,087.74 to discharge partly of the interest of the Loan.
 - a. The repayment date of the Loan would be extended from 31 December 2013 to 31 December 2014.
 - b. The interest rate was at 1% per annum.
 - c. The interest would be payable on a quarterly basis starting from 1 September 2013.

6. The Plaintiff claims in the Writ:
 - a. Against the 1st Defendant as the primary debtor for the outstanding sum of HK\$53,344,381.01 (the “**Outstanding Sum**”) on the basis of its breach of the Loan Agreement and/or the Supplemental Agreement;
 - b. Against the 2nd Defendant as the guarantor for the Outstanding Sum on the basis of its breach of the Oral Guarantee; and
 - c. Against the 3rd Defendant as the guarantor for the Outstanding Sum on the basis of the D3 Guarantee and/or the Oral Guarantee.
 - d. In the alternative to sub-paragraphs (a), (b) and/or (c) above, against the 1st, 2nd and/or 3rd Defendants in unjust enrichment for the Outstanding Sum on the basis of a total failure of consideration.

As stated in the Writ, Mr. Shannon Tan Siang-tau (alias Shannon Chen Xiangdao) is and was at all material times a director of the Plaintiff and the 1st Defendant both since 21 October 2008, and the 2nd Defendant since 19 December 2011, and is still a director of the Plaintiff and the 1st Defendant.

Upon receipt of the Writ, the Company conducted initial verification and assessment regarding the Writ, including going through the Company's records and meetings with relevant parties. However, no such records for the Oral Guarantee exist. The directors of the Plaintiff were tied to the Company's previous litigations regarding former tree plantation operations in Phillipines. According to the Company's disclosure in Annual Report in 2016:

“... Linshan is wholly owned by Mr. Shannon Tan Siang-Tau (“Mr. S Tan”), a former Executive Director of the Company and the son of Mr. CT Tan, a former Chairman and Executive Director of the Company. ...

Mr. S Tan and Mr. CT Tan were both key members of the management team of the Group's former tree plantation operations in the Philippines, details of which are set out in note 19. The Group has been highly dissatisfied with the performance, behaviour and misrepresentations of this management team, as the tree plantation operations were a total failure and has since been fully written off and abandoned by the Group during the year ended 31 July 2014. On 28 October 2014, a criminal action for misappropriation of certain funds and falsification of documents was filed in the Philippines against Ms. De Guzman, another key member of the management team and the majority equity rights holder of these tree plantation operations. In around May 2016, a warrant for the arrest of Ms. De Guzman was issued by the Regional Trial Court of Makati City. Ms. De Guzman subsequently filed a Motion for Reconsideration to dismiss the complaint raised against her. In June 2016 the Court denied Ms. De Guzman's motion and an arrest warrant was issued against her. Although several attempts have been made to serve the arrest warrant on Ms. De Guzman, none have been successful up to the date these financial statements were approved.

The Group is contemplating similar measures/actions against Mr. S Tan and Mr. CT Tan, and until that situation has been resolved, the Group has no intention of settling the loan and interest due to Linshan.”

Petition

The company received legal documents in regard to the debts of the company's subsidiaries and the company's Liquidation petition involving an amount of HK\$60,465,257.26 on May 27,2022 from the Official Receiver's Office. On June 14,2022,the Company received a petition issued in the Court of First Instance of High Court by the Petitioner against the Company that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts.

The petition will be heard before the High Court at 10:00 a.m.on Wednesday, 20 July 2022.

The company is currently consulting and soliciting professional opinions from lawyers. The board of directors will actively respond to such cases and resolutely safeguard the company's legitimate rights and interests!

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

Hong Kong, 16 June 2022

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