

TARGET

Intelligence Report

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T U E S D A Y

July 19, 2022

CHINA GEM HOLDINGS LTD:

Will you, won't you, will you, won't you, will you join the dance ?
Will you, won't you, will you, won't you, won't you join the dance ?

Prima facie, it would appear that China Gem Holdings Ltd (中國中石控股有限公司) (Code: 1191, Main Board, The Stock Exchange of Hongkong Ltd) is in dire straits.

It is questionable as to whether or not Senior Management will be able to negotiate the violent financial waves that seem to be intent on engulfing the Company due, in large part, to numerous financial, and, in addition, regulatory problems.

The former Chairman of China Gem Holdings Ltd, Dr Liu Jie Shan (劉杰山) (also known as Dr Liu Jie Shan (刘杰山)), is known to be – or has been – a prolific gambler in the Macau Special Administrative Region (MSAR) of the People's Republic of China (PRC).

On or about August 23, 2019, Venetian Macau Ltd (威尼斯人澳門股份有限公司), one of a number of popular casinos in the MSAR, caused to have filed Action Number 5077 of 2019 in the High Court of the Hongkong Special Administrative Region (HKSAR) of the PRC, Civil Matters, Bankruptcy, naming Dr Liu Jie Shan as the Debtor of Venetian Macau Ltd (the Creditor).

Venetian Macau Ltd listed, as its Claim against the Debtor, '*a request to issue Bankruptcy Proceedings.*'

As at February 7, 2020, a Bankruptcy Order was made against the Debtor and, about three months later, a Miscellaneous Insolvency Application was filed in the HKSAR High Court.

Prior to the above-named HKSAR High Court Actions, Venetian Macau Ltd had sued Dr Liu Jia Shan for the sum of \$HK6,247,730.00, the nature of the Claim against the Defendant, being, simply, '*Debt*'.

High Court Action, Number 868 of 2022

On or about Tuesday, July 12, 2022, Prosper Talent Ltd (旺駿有限公司) filed HKSAR High Court Action, Number 868 of 2022, naming the following two Defendants:

China Gem Holdings Ltd
Dr Liu Jie Shan

First Defendant
Second Defendant

Prosper Talent Ltd is a wholly owned subsidiary of China Construction Bank Corporation (中國建設銀行股份有限公司) (Code: 939, Main Board, The Stock Exchange of Hongkong Ltd).

Also known, popularly, as ‘**CCB**’, China Construction Bank Corporation is known to be the second-largest bank in the world in terms of its market capitalisation, and the sixth largest company in the world.

The parent organisation of CCB is ‘*The State Council of the People’s Republic of China* (中華人民共和國國務院).’

In the recitals of Action Number 868 of 2022, the addresses of the two Defendants were given as being:

Unit 13B, 13th Floor,
Gaylord Commercial Building,
Number 114, Lockhart Road,
Wanchai,
Hongkong Island,
The HKSAR.

First Defendant

Flat C, 47th Floor,
Block One, The Zenith,
Number Three, Wanchai Road,
Wan Chai,
Hongkong Island,
The HKSAR.

Second Defendant

and,

Flat B, First Floor,
Kennedy Park,
Number Four, Kennedy Road,
Mid-Levels,
Hongkong Island,
The HKSAR.

Prosper Talent Ltd is claiming from the Defendants, the sum of \$HK403,992,714.53.

In the Indorsement of Claim, attached to Writ of Summons, Number 868 of 2022, the Plaintiff makes the following claims against the Defendants:

*‘1. The Plaintiff’s claim arises from defaults by the Defendants in relation to two senior secured guaranteed notes issued by the 1st Defendant (the “**Issuer**”) in favour of the Plaintiff (the “**Holder**”) on 6 November 2017 and 5 December 2017 respectively in the aggregate principal*

amount of HK\$180,000,000 (“Notes”), a deed of guarantee executed by the 2nd Defendant (the “Guarantor”) in favor of the Plaintiff dated 6 November 2017 (“Personal Guarantee”), and a note purchase agreement entered into between the Plaintiff and the 1st Defendant dated 3 November 2017 (“Note Purchase Agreement”).

- ‘2. The defaults include (1) the failure of the 1st Defendant to pay the principal and interest of the Notes due on 5 November 2019 and 4 December 2019 (“Default Dates”) respectively pursuant to the Notes; and (2) the failure of the 2nd Defendant to pay the outstanding principal and interest of the Notes pursuant to the Personal Guarantee.*
- ‘3. Pursuant to Condition 9.2(a) of the Notes, upon occurrence of a default, the Plaintiff issued an EOD Notice of Repayment on 12 October 2020 to the 1st Defendant to require the Notes be redeemed at the EOD Redemption Amount.*
- ‘4. The ... [CLICK TO ORDER FULL ARTICLE](#)*

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