



China Gold International Resources Corp. Ltd. (TSX: CGG, HKG: 2099) — Parent contempt ruling and global asset freeze raise governance overhang; place target price and rating Under Review

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Investment Highlights

- ◆ **China Gold International Resources Corp Ltd.** (TSX: CGG) (“CGG”, or “Company”) is a polymetallic miner with two producing assets in the Greater China Region — the CSH mine and the Jiama mine. The Company has delivered a 1,324% return to shareholders since our initial report on August 27, 2000.
- ◆ **Parent in contempt: Global Mareva order heightens liquidation risk:** China National Gold Group Hong Kong (CNGHK), which owns 40.01% shares in CGG, has been found in serious contempt of court over its refusal to transfer ownership of the Soremi Copper-Zinc Mine in the Republic of Congo to Gerald Group, a U.S.-linked commodities firm. In addition to contempt fines, the court has issued worldwide freezing (Mareva) injunctions against CNGHK assets, including 34.1 million shares of CGG (worth C\$767 million). This exposes CGG shares to forced liquidation risk.
- ◆ **Governance overhang:** CGG has not provided any disclosures or commentary regarding the litigation, the contempt judgment, and asset-freeze rulings, indicating a potential governance and transparency gap for investors.
- ◆ We view these developments as incremental risks to CGG’s valuation multiple. While the company continues to report strong operational performance, unresolved legal and reputational issues surrounding its parent could result in de-rating. **We are placing our target price and rating ‘Under Review’ pending disclosure and clarity from the Company.**

Key financial data (FYE Dec. 31, C\$)	2024		Q2-2025	
Cash	\$	183,779,000	\$	550,786,000
Working capital	\$	326,988,000	\$	353,863,000
Fixed assets	\$	2,127,912,000	\$	2,065,389,000
Total assets	\$	2,935,979,000	\$	3,109,079,000
Net income (loss)	\$	62,732,000	\$	116,343,000
EPS (US\$)	\$	0.16	\$	0.29

Current Price (C\$)*	\$22.49
Fair Value	Under Review
Projected Upside	NA
Action Rating	Under Review
Perceived Risk	HIGH

Shares Outstanding	396,413,753
Market Cap. (C\$)	\$8,915,345,305
P/E	24.70
P/B	3.31
YoY Return	240.76%
YoY TSX Return	52.65%

* Note: all \$ amounts are C\$ unless otherwise stated

TSX: CGG price and volume history



China Gold International Resources (CGG) is 40% owned by China National Gold Group Hong Kong (CNGHK). In recent months, multiple international court rulings have escalated the legal exposure for CNGHK, which may harm CGG shareholders. The dispute stems from the ownership of Soremi Investments Ltd (SIL), the owner of the Soremi copper-lead-zinc mine in the Republic of Congo. In 2022, the Hong Kong International Arbitration Centre (HKIAC) ruled in favour of Gerald Group being the rightful owner of SIL and also stated that CNGHK must transfer its shares to Gerald Group. Following CNGHK's refusal to follow the orders, Gerald Global began enforcement actions in the British Virgin Islands (BVI), where Soremi is incorporated, seeking rectification of the share register and compliance with the HKIAC awards.

In July 2025, the BVI court found CNGHK in serious contempt of court, imposing a record US\$2.5 million contempt fine and ordering the rectification of Soremi's share register in favour of Gerald Global. Further to this, in October 2025, the Hong Kong Court of First Instance granted worldwide freezing (Mareva) injunctions against CNGHK's assets, including 34.1 million shares of CGG worth C\$767 million.

Although CGG itself is not a named party to the proceedings, public records suggesting that the shares of CGG owned by CNGHK may fall within the scope of the freezing orders expose CGG shares to forced liquidation risk.

We believe these developments justify applying a governance-risk discount in CGG's valuation multiple until transparency improves and the outcome of the enforcement actions becomes clearer. We are placing our target price and rating 'Under Review' pending disclosure and clarity from the Company.

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