



No. S-224444  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985 c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF  
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONER

**APPLICATION RESPONSE**

**Application Response Filed by:** Huiyong Holdings (BC) Ltd. and Huiyong Holdings Group Co. Ltd. (together, the "Application Respondent" or "Huiyong").

THIS IS A RESPONSE TO the Amended Notice of Application of the Petitioner filed on May 5, 2025 (the "Notice of Application").

The Application Respondent estimates that the application will take 2 days.

**PART 1: ORDERS CONSENTED TO**

The Application Respondent consents to the granting of the orders set out in the following paragraphs of Part 1 of the Petition: **NONE**.

**PART 2: ORDERS OPPOSED**

The Applicant Respondent opposes the granting of the orders set out in the following paragraphs of Part 1 of the Petition: **ALL**.

**PART 3: ORDERS ON WHICH NO POSITION IS TAKEN**

The Application Respondent take no position on the granting of the orders set out in the following paragraphs of Part 1 of the Petition: **NONE**.

**PART 4: FACTUAL BASIS**

**A. Background**

1. All terms not otherwise defined herein shall have the same meanings ascribed to them as in the Notice of Application.

2. The Application Respondent, Huiyong Holdings (BC) Ltd., is the majority shareholder of HD Mining International Ltd. (“**HD Mining**”).

Affidavit #1 of Tracy Yang, sworn June 2, 2025, at para 4 and Exhibit “C”.

3. The Application Respondent, Huiyong Holdings Group Co. Ltd. (“**Huiyong Holdings**”), is a creditor of the Petitioner. Pursuant to the Claims Process Order, on or about August 15, 2022, Huiyong Holdings submitted two Proofs of Claim to the Monitor, for claims in the amounts of \$25,158,000 and \$6,611,500, respectively.

**B. Apparent Error in CCAA materials**

1. The various materials filed in these CCAA proceedings, including the Murray River APA, appear to contain an error. These materials refer to “Canadian Dehua Lvliang Corp.” as being the legal and beneficial owner of 40% of the issued and outstanding shares in the capital of HD Mining. However, the central securities register for HD Mining, as maintained by HD Mining’s registered and records office, indicates that “Canadian Dehua LVLiang International Mines Corp.” (emphasis added, and referred to herein as “**CDLV**”) is the correct legal and beneficial owner of 40% of the issued and outstanding shares in the capital of HD Mining.

Affidavit #1 of Tracy Yang, sworn June 2, 2025, at para 4.

2. For purposes of this Application Response, we have assumed that all references to “CDLV” in the various court materials filed in these CCAA proceedings were intended to refer to “Canadian Dehua LVLiang Mining International Corp.” instead of “Canadian Dehua Lvliang Corp.”.

**C. Unclear whether the Petitioner and Purchaser can conclude transactions described in Murray River APA**

2. The transactions described in the Murray River APA are conditional on deliverables that appear to be beyond the control of the Petitioner (as vendor) and Qu Bo Liu (as purchaser, and referred to herein as the “**Purchaser**”). For this reason, it is unclear whether the Petitioner and Purchaser are capable of concluding the transactions described in the Murray River APA.

3. In particular, pursuant to Section 8.2(c) of the Murray River APA, the transactions are conditional on the Petitioner tendering for the Purchaser certified copies of resolutions of the directors of CDLV authorizing the transfer of its shares in the capital of CDLV (the “**CDLV Shares**”) to, and registration of the CDLV Shares in, the name of the Purchaser and the issue of new share certificates representing the CDLV Shares in the name of the Purchaser.

Supplement to the Twenty-Sixth Report of the Monitor dated April 21, 2025, at Appendix B, p.8.

4. CDLV is not wholly-owned by CDI, and has at least one other shareholder.

Twenty-Sixth Report of the Monitor dated April 10, 2025, at paragraph 2(e).

5. According to BC Registry Services searches, the board of directors of CDLV appears to consist of two directors, being:

- (a) Nai Shun Liu (“**Mr. Liu**”); and
- (b) Jingcai Zhang (“**Mr. Zhang**”).

Affidavit #1 of Tracy Yang, sworn June 2, 2025, at para 2.

6. No evidence has been submitted by the Petitioner to confirm whether Mr. Zhang, or any shareholder for which he acts as a nominee director, supports the transactions contemplated in the Murray River APA. Based on the various reports to court filed by the Monitor in these proceedings, it is also unclear whether the Monitor has considered whether Mr. Zhang (or the other shareholder(s) of CDLV) would support the transactions contemplated in the Murray River APA. More generally, it is unclear to the Application Respondent whether Mr. Zhang (or the other shareholder(s) of CDLV) are even aware of the Notice of Application, the relief sought therein, or the Murray River APA more generally.

**D. Unclear whether the Petitioner and Purchaser can conclude transactions described in Remaining Assets APA**

7. The same issues described above also apply to the ability of the Petitioner and the Purchaser to conclude the transactions described in the Remaining Assets APA with respect to the sale of CDI’s shares in the capital of VIIOC (the “**VIIOC Shares**”).

8. In particular, pursuant to Section 8.2(h) of that agreement, the Petitioner must tender to the Purchaser certified copies of resolutions of the directors of VIIOC authorizing the transfer of the VIIOC Shares to, and registration of the VIIOC Shares in, the name of the Purchaser and the issue of new share certificates representing the VIIOC Shares in the name of the Purchaser.

Supplement to the Twenty-Sixth Report of the Monitor dated April 21, 2025, at Appendix C, at p.9.

9. VIIOC is not wholly-owned by CDI, and has at least one other shareholder.

Twenty-Sixth Report of the Monitor dated April 10, 2025, at paragraph 2(e).

10. According to BC Registry Services searches, the board of directors of VIIOC appears to consist of four directors, being:

- (a) Mr. Liu;
- (b) the Purchaser;
- (c) Shuge Xue (“**Shuge**”); and
- (d) Shuyuan Xue (“**Shuyuan**”).

Affidavit #1 of Tracy Yang, sworn June 2, 2025, at para 3.

11. No evidence has been submitted by the Petitioner to confirm whether Shuge or Shuyuan would support the transactions contemplated in the Remaining Asset APA, or whether these individuals act as nominee directors on behalf of any shareholder of VIIOC. Based on the various reports of the Monitor in these proceedings, it is also unclear whether the Monitor has considered whether Shuge or Shuyuan (or the other shareholder(s) of VIIOC) would support the transactions contemplated in the Remaining Asset APA. More generally, it is unclear to the Application Respondent whether Shuge or Shuyuan (or any other shareholder(s) of VIIOC) are even aware of the Notice of Application, the relief sought therein, or the Remaining Asset APA more generally.

## **PART 5: LEGAL BASIS**

- A. **Director/Shareholder consent should be confirmed *before* the SISP or Murray River APA/Remaining Assets APA are approved**

12. Though courts have frequently approved a stalking horse sales process notwithstanding the objections of other stakeholders, determining the appropriateness of such a process is in all cases dependent on a rigorous review of the relevant circumstances. As recently articulated by Madam Justice Fitzpatrick (in the context of a break fee):

“At the most basic level, the benefits of entering into a stalking horse bid that can be potentially achieved in these proceedings must be justified by the costs in doing so. That cost/benefit analysis requires a rigorous review of all of the relevant circumstances toward answering the question – is stalking horse offer appropriate at this time in these ....proceedings?”.

“ As is often the case in CCAA proceedings, the court must make this assessment, not only on historical facts, but also with a view to what the future might hold for the debtor company and its stakeholders given the present state of affairs.”

*Re Freshlocal Solutions Inc.*, 2022 BCSC 1616, at paras 33 and 34.

13. These CCAA proceedings have been on-going for nearly 3 years, have incurred almost \$2.45 million in costs, and have resulted in zero recovery for creditors. Going forward, the Petitioner anticipates that concluding the SISP will require at least another \$400,000 through increased financing from the Interim Lender. Further, the Murray River APA and Remaining Assets APA (together, the “APAs”) each carry a substantial break fee, which may further erode creditor recovery.
14. With this historical and prospective cost/benefit picture in mind, the Application Respondent submits that it would be inappropriate for the Court to approve the SISP or the APAs without the Petitioner *first* confirming that the shareholders and directors of CDLV and VIIOC support the SISP and transactions set out in the APAs. So far, the Petitioner has shown no evidence that it has undertaken this very basic exercise of due diligence to mitigate closing risk, nor that it has even contacted the directors or shareholders of CDLV or VIIOC to ensure they are aware of the SISP and APAs.

**B. General**

15. More generally, the Application Respondent also relies on:
- (a) *Supreme Court Civil Rules*, B.C. Reg. 168/2009;
  - (b) *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36; and
  - (c) the inherent jurisdiction of this Court.

**PART 6: MATERIAL TO BE RELIED ON**

16. The Application Respondent relies on:
- (a) The pleadings and proceedings had and taken herein;

- (b) Affidavit #1 of Tracy Yang dated June 2, 2025;
- (c) the Twenty-Sixth Report of the Monitor dated April 10, 2025;
- (d) the Supplement to the Twenty-Sixth Report of the Monitor dated April 21, 2025;
- (e) such further and other material as counsel may advise and the Court may permit.

The Application Respondent has not filed in this proceeding a document that contains an address for service. The application respondent's ADDRESS FOR SERVICE is:

Application Respondent's Address for  
Service and Name of Lawyer:

**Ryan Laity / Jennifer Pepper**  
Borden Ladner Gervais LLP  
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Date: June 2, 2025

  
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Counsel for the Application Respondent  
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