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Bay Area Gold Group Limited
灣區黃金集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 1194)

**(1) INSIDE INFORMATION — WINDING UP PETITION;
(2) VOLUNTARY ANNOUNCEMENT —
UPDATE ON AMENDED PETITION AND LITIGATION
PROCEEDINGS; AND (3) RESUMPTION OF TRADING**

INSIDE INFORMATION — WINDING UP PETITION

This announcement is made by Bay Area Gold Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 26 August 2021 in relation to, among others, a writ of summons with an indorsement of claim dated 16 August 2021 filed by an individual bondholder of the Company, Ms. Liang Yanfang (“**Second Petitioner**”), against the Company in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) in relation to alleged outstanding debts of the Company under a bond issued by the Company to the Second Petitioner on 2 December 2014 in the principal amount of HK\$10,000,000 carrying interest at the rate of 6.5% per annum and due on 1 June 2022. On 14 September 2021, the Company received a petition (the “**Second Petition**”) dated 10 September 2021 filed by the Second Petitioner against the Company in the High Court.

According to the Second Petition, the Second Petitioner alleged that she has served a statutory demand on the Company on 28 April 2021 demanding the Company to pay the debt and interest accrued up to 2 December 2020 in the sum of HK\$10,575,000 within 21 days and alleged that the said outstanding sum of HK\$10,575,000 has not been paid or satisfied by the Company despite receiving the said statutory demand.

Based on the Second Petition, the Second Petitioner petitioned for: (i) an order that the Company may be wound up by the High Court under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong

Kong) (the “**CWUMPO**”); (ii) or that such other order may be made in the premises as shall be just; and (iii) costs of the Second Petition. The Second Petition is scheduled to be heard before the High Court on 17 November 2021.

EFFECTS OF THE SECOND PETITION

The Company has been advised by its legal advisers that in the event that the Company is ultimately wound up as a result of the Second Petition, then pursuant to section 182 of the CWUMPO, any disposition of the property of the Company, including things in action, and any transfer of shares, or alteration in the status of the members of the Company after the commencement date of the winding up, namely the date of the presentation of the Second Petition (10 September 2021), will be void as a matter of Hong Kong law unless a validation order is obtained from the High Court. Any disposition made on or after 10 September 2021 will not be affected if the Second Petition is subsequently struck out, dismissed or permanently stayed. Although the Company intends to oppose the Second Petition, given the effect of section 182 of the CWUMPO, the board of directors of the Company (the “**Board**”) wishes to remind the shareholders and potential investors of the Company that, the transfer of the shares in the Company made on or after 10 September 2021 would be void without a validation order from the High Court. Pursuant to the circular dated 28 December 2016 issued by Hong Kong Securities Clearing Company Limited (“**HKSCC**”) in relation to the transfer of the shares of listed issuers after a winding up petition has been presented, in view of these restrictions and the uncertainties that may arise in relation to the transfer of shares of the Company, for participant(s) who conduct share transfers through HKSCC (the “**Participant(s)**”), HKSCC may at any time, and without notice, exercise its powers under the General Rules of Central Clearing and Settlement System (“**CCASS**”) to temporarily suspend any of its services in respect of shares of the Company. This may include the suspension of acceptance of deposits of share certificates of the Company into CCASS. The share certificates of the Company received by HKSCC but not yet re-registered in HKSCC Nominee Limited’s name will also be returned to the relevant Participant and HKSCC shall reserve the right to reverse any credit granted to such Participant by debiting the relevant securities from its CCASS account accordingly. These measures would generally cease to apply from the date when the winding up petition has been struck-out, dismissed or permanently stayed, or the Company has obtained the necessary validation order from the High Court.

The Board is currently assessing the impact of the Second Petition to the current financial position and business operation of the Group.

FURTHER ACTION REGARDING THE SECOND PETITION

The Company is actively dealing with the Second Petition and is in the course of seeking legal advice in respect of the Second Petition. In view of the Second Petition, the Company will apply to the High Court for a validation order upon receiving legal advices from its legal advisers regarding the application for a validation order. Shareholders are reminded

that there is no guarantee that the validation order would be granted by the High Court. In the event where the validation order is not granted but the winding up order is not dismissed or permanently stayed, all transfer of shares, after the commencement of the winding up, shall be void. The Company will keep its shareholders and investors informed of any significant development and will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

The Board would also like to disclose following information to keep the Shareholders of the Company and the potential investors informed of the latest development of the Group on a voluntary basis.

AMENDED PETITION

Reference is made to the announcements of the Company dated 20 August 2021, 24 August 2021 and 1 September 2021 (together, the “**Announcements**”), in relation to, among others, the Petition dated 16 August 2021 filed by an individual bondholder of the Company against the Company and the Summons dated 18 August 2021. Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

As mentioned in the announcements of the Company dated 24 August 2021 and 1 September 2021 respectively, the Summons hearing had been held on 7 September 2021. On 10 September 2021, the Company received a sealed copy of the amended winding-up petition (the “**Amended Petition**”) filed by the Petitioner on 10 September 2021. The Amended Petition will be heard before a master of the High Court at 10:00 a.m. on 20 October 2021.

The Petition was filed in the High Court only as an application for the winding up of the Company and as at the date of this announcement, no winding up order has been granted by the High Court to wind up the Company.

LITIGATION PROCEEDINGS

The Company received two writs of summons on 1 September 2021 and 10 September 2021, respectively, filed by an individual bondholder of the Company, Mr. Fang Jie (the “**First Plaintiff**”), (“**First Action**”) and Tai Ning Investment Holdings Limited (“**Tai Ning**”) who was a substantial shareholder of the Company at the material time, (“**Second Action**”) respectively, against the Company in the Court of First Instance of the High Court.

FIRST ACTION

The writ of summons (the “**First Action Writ**”) received for the First Action relating to the alleged outstanding debts of the Company under bonds issued by the Company to the First Plaintiff on 27 February 2015 in the principal amount of HK\$5,000,000 carrying interest

accrued thereon at the rate of 6% per annum and due on 26 August 2022. As stated in the indorsement of claim endorsed with the First Action Writ, the First Plaintiff claims against the Company for:

- (1) HK\$5,154,906.20, being the outstanding sum (including the principal amount and interests) allegedly due and payable by the Company in accordance with a bond instrument dated 27 February 2015;
- (2) damages;
- (3) interests on such sum and/or damages as may be awarded by the High Court pursuant to sections 48 and 49 of the High Court Ordinance (Cap.4) of the Laws of Hong Kong;
- (4) costs; and
- (5) further and/or other relief.

SECOND ACTION

The writ of summons (the “**Second Action Writ**”) received for the Second Action relating to a purported breach of the loan agreement dated 29 January 2016 entered into between Tai Ning as lender and the Company as borrower, in which Tai Ning agreed to make available to the Company a loan of up to HK\$248,000,000 (the “**Loan**”) repayable on demand (or if not demanded, 24 months after the drawdown date) by Tai Ning with interest to be accrued at the rate of 12% per annum from the day the Loan is outstanding and payable on the date of repayment of the Loan. It is alleged that Tai Ning obtained funding from Chance Talent Management Limited (“**Chance Talent**”) and issued a Notes of Subscription Agreement (the “**Notes**”) in the same principal amount at the same interest rate and assigned the interest in the Loan to Chance Talent by entering into an Assignment of Intercompany Loan (the “**Assignment**”) with Chance Talent on 8 March 2016 to secure the funding. It is claimed by Tai Ning that Chance Talent subscribed for the Notes in the principal sum of HK\$248,000,000 and paid directly to the Company on 14 March 2016.

It is alleged that the Company has failed to repay the Loan together with interest accrued to Tai Ning on the 24th month after the drawdown date. In partial settlement of the principal sum outstanding under the Notes, Tai Ning had made an aggregate sum of HK\$7,000,000 to Chance Talent on 29 October 2019, 29 November 2019 and 13 December 2019.

As stated in the statement of claim endorsed with the Second Action Writ, Tai Ning claims against the Company for:

- (1) HK\$7,000,000, being the sum to indemnify Tai Ning's partial settlement payments made to Chance Talent under the Notes;
- (2) interests on the HK\$7,000,000 from 13 December 2019 at bank rate until judgment;
- (3) interests on judgment sum at the rate the High Court decides;
- (4) costs; and
- (5) further or other reliefs.

The Company will keep its shareholders and investors informed of any significant development of the above proceedings and will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 15 September 2021 pending the publication of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 16 September 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Bay Area Gold Group Limited
Yi Shuhao
Chairman

Hong Kong, 15 September 2021

As at the date of this announcement, the Board comprises Mr. Yi Shuhao, Mr. Chen Sheng, Mr. Zhang Lirui and Mr. Huang Zhiwei as Executive Directors; and Mr. Tang Yiu Kay, Mr. Zhu Tianxiang, Professor Xiao Rong Ge and Professor Zhang Tianyu as Independent Non-Executive Directors.