

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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)**

**VOLUNTARY ANNOUNCEMENT — ARBITRATION PROCEEDINGS**

This announcement is made by Bay Area Gold Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis. This announcement is intended to provide the shareholders of the Company (“**Shareholders**”) and potential investors an update on the latest developments of the Group.

On 23 December 2021, the Company received copies of five arbitral awards (the “**Award(s)**”) granted by arbitrators of Pu’er Arbitration Commission (“**PAC**”) on 20 December 2021 in respect of the following arbitration proceedings.

As stated in the first Award, Kai Yuan Finance Leasing (Shenzhen) Co., Ltd.\* (“**Kai Yuan**”) and its group affiliates borrowed a total of RMB653,498,220.84 from Shenzhen Anying Tongda Investment Partnership Enterprise (Limited Partnership)\* (the “**Applicant**” or “**Shenzhen Anying**”) between 2018 and 2019. To this end, the parties signed the corresponding loan agreement, and made clear agreements on the loan period, interest, etc. The parties have also signed the corresponding contract of guarantee to provide joint and several liability guarantees to the Applicant for Kai Yuan. During the loan period, Kai Yuan repaid a total of RMB106 million, but after the loan expired, the borrower failed to repay the loan principal and interest as agreed, and the guarantor failed to perform guarantee obligations as agreed. The parties signed the repayment plan on 5 January 2021. Kai Yuan has still not paid off the loan upon expiration of the repayment period. Therefore, the Applicant filed an arbitration application against the Company, Kai Yuan, Mojiang County Mining Co., Ltd.\* (“**Mojiang Mining**”), Shenzhen Munsun Asset Management Ltd.\* (“**Shenzhen Munsun**”), Zhuhai Munsun Asset Management Ltd.\* (“**Zhuhai Munsun**”), Luanchuan County Jinxing Mining Co., Ltd.\* (“**Luanchuan Jinxing**”), Luanchuan County Luanling Gold Mine Co., Ltd.\* (“**Luanling Gold Mine**”), Pu’er Hengyi Mining Co., Ltd.\* (“**Hengyi Mining**”), Shenzhen Baosheng Mining Holding Co., Ltd.\* (“**Baosheng Mining**”), Fast Trend Investment Ltd. (“**Fast Trend**”) and China Precious Resources Co., Ltd. (“**China Precious Resources**”) (collectively, the “**Respondents**”) to PAC on 6 August 2021, alleging that they violated the repayment agreement.

In the Award, PAC ruled, among other things, that Kai Yuan should pay Shenzhen Anying:

- (1) the outstanding loan principal of RMB586,010,595.84;
- (2) an interest of RMB196,242,019.43 calculated at an annual interest rate of 15% as of 20 July 2021;
- (3) an interest calculated at an annual interest rate of 15% from 21 July 2021 to the day when the loan is paid off; and
- (4) RMB4,806,987.50 for arbitration fees and other related expenses.

Kai Yuan shall repay the outstanding loan to Shenzhen Anying within 30 days from the effective date of the above Award. The Award shall take effect on the date it was made.

PAC ruled that Shenzhen Anying has the priority to be repaid with the proceeds from the discount, auction or sale of the relevant equity interests pledged by Baosheng Mining, Zhuhai Munsun, China Precious Resources, Mojiang Mining, Fast Trend and Kai Yuan within the scope of the first to fourth claims in the above Award. Shenzhen Munsun, Zhuhai Munsun, Luanchuan Jinxing, Luanling Gold Mine, Hengyi Mining, Mojiang Mining and the Company shall be liable, jointly and severally, for the repayment of the loan within the scope of the first to fourth claims in the above Award.

As stated in the second Award, Shenzhen Munsun and its group affiliates borrowed a total of RMB28 million from Shenzhen Anying in 2018. To this end, the parties signed the corresponding loan agreement, and made clear agreements on the loan period, interest, etc. The parties have also signed the corresponding contract of guarantee to provide joint and several liability guarantees to the Applicant for Shenzhen Munsun. After the loan expired, the borrower failed to repay the loan principal and interest as agreed, and the guarantor failed to perform guarantee obligations as agreed. The parties signed the repayment plan on 5 January 2021. The Respondents have still not paid off the loan upon expiration of the repayment period. Therefore, the Applicant filed an arbitration application against the Respondent to PAC on 6 August 2021, alleging that they violated the repayment agreement.

In the Award, PAC ruled, among other things, that Shenzhen Munsun should pay Shenzhen Anying:

- (1) the outstanding loan principal of RMB28,000,000.00;
- (2) an interest of RMB12,737,500.00 calculated at an annual interest rate of 15% as of 20 July 2021;
- (3) an interest calculated at an annual interest rate of 15% from 21 July 2021 to the day when the loan is paid off; and

(4) RMB179,860.90 for arbitration fees.

Shenzhen Munsun shall repay the outstanding loan to Shenzhen Anying within 30 days from the effective date of the above Award. The Award shall take effect on the date it was made.

PAC ruled that Shenzhen Anying has the priority to be repaid with the proceeds from the discount, auction or sale of the relevant equity interests pledged by Baosheng Mining, Zhuhai Munsun, China Precious Resources, Mojiang Mining, Fast Trend and Kai Yuan within the scope of the first to fourth claims in the above Award. Kai Yuan, Zhuhai Munsun, Mojiang Mining, Luanchuan Jinxing, Luanling Gold Mine, Hengyi Mining and the Company shall be liable, jointly and severally, for the repayment of the loan within the scope of the first to fourth claims in the above Award.

As stated in the third Award, Luanchuan Jinxing and its group affiliates borrowed a total of RMB46.60 million from Shenzhen Anying. To this end, the parties signed the corresponding loan agreement, and made clear agreements on the loan period, interest, etc. The parties have also signed the corresponding contract of guarantee to provide joint and several liability guarantees to the Applicant for Luanchuan Jinxing. During the loan period, Luanchuan Jinxing repaid a total of RMB23 million, but after the loan expired, the borrower failed to repay the loan principal and interest as agreed, and the guarantor failed to perform guarantee obligations as agreed. The parties signed the repayment plan on 5 January 2021. Luanchuan Jinxing has still not paid off the loan upon expiration of the repayment period. Therefore, the Applicant filed an arbitration application against the Respondents to PAC on 6 August 2021, alleging that they violated the repayment agreement.

In the Award, PAC ruled, among other things, that Luanchuan Jinxing should pay Shenzhen Anying:

- (1) the outstanding loan principal of RMB24,255,500.00;
- (2) an interest of RMB10,182,500.00 calculated at an annual interest rate of 15% as of 20 July 2021;
- (3) an interest calculated at an annual interest rate of 15% from 21 July 2021 to the day when the loan is paid off; and
- (4) RMB154,190.30 for arbitration fees.

Luanchuan Jinxing shall repay the outstanding loan to Shenzhen Anying within 30 days from the effective date of the above Award. The Award shall take effect on the date it was made.

PAC ruled that Shenzhen Anying has the priority to be repaid with the proceeds from the discount, auction or sale of the relevant equity interests pledged by Baosheng Mining, Zhuhai Munsun, China Precious Resources, Mojiang Mining, Fast Trend and Kai Yuan within the scope of the first to fourth claims in the above Award. Kai Yuan, Shenzhen Munsun, Zhuhai Munsun, Luanling Gold Mine, Hengyi Mining, Mojiang Mining and the Company shall be liable, jointly and severally, for the repayment of the loan within the scope of the first to fourth claims in the above Award.

As stated in the fourth Award, Zhuhai Munsun and its group affiliates borrowed a total of RMB9,584,664.54 from Shenzhen Anying in 2018. To this end, the parties signed the corresponding loan agreement, and made clear agreements on the loan period, interest, etc. The parties have also signed the corresponding contract of guarantee to provide joint and several liability guarantees to the Applicant for Zhuhai Munsun. After the loan expired, the borrower failed to repay the loan principal and interest as agreed, and the guarantor failed to perform guarantee obligations as agreed. The parties signed the repayment plan on 5 January 2021. Zhuhai Munsun has still not paid off the loan upon expiration of the repayment period. Therefore, the Applicant filed an arbitration application against the Respondents to PAC on 6 August 2021, alleging that they violated the repayment agreement.

In the Award, PAC ruled, among other things, that Zhuhai Munsun should pay Shenzhen Anying:

- (1) the outstanding loan principal of RMB9,584,664.54;
- (2) an interest of RMB4,744,400.00 calculated at an annual interest rate of 15% as of 20 July 2021;
- (3) an interest calculated at an annual interest rate of 15% from 21 July 2021 to the day when the loan is paid off; and
- (4) RMB72,246.40 for arbitration fees.

Zhuhai Munsun shall repay the outstanding loan to Shenzhen Anying within 30 days from the effective date of the above Award. The Award shall take effect on the date it was made.

PAC ruled that Shenzhen Anying has the priority to be repaid with the proceeds from the discount, auction or sale of the relevant equity interests pledged by Baosheng Mining, Zhuhai Munsun, China Precious Resources, Mojiang Mining, Fast Trend and Kai Yuan within the scope of the first to fourth claims in the above Award. Kai Yuan, Shenzhen Munsun, Mojiang Mining, Luanchuan Jinxing, Luanling Gold Mine, Hengyi Mining and the Company shall be liable, jointly and severally, for the repayment of the loan within the scope of the first to fourth claims in the above Award.

As stated in the fifth Award, Mojiang Mining and its group affiliates borrowed a total of RMB68.625 million from Shenzhen Anying in 2018. To this end, the parties signed the corresponding loan agreement, and made clear agreements on the loan period, interest, etc. The parties have also signed the corresponding contract of guarantee to provide joint and several liability guarantees to the Applicant for Mojiang Mining. During the loan period, Mojiang Mining repaid a total of RMB10.005 million, but after the loan expired, the borrower failed to repay the loan principal and interest as agreed, and the guarantor failed to perform guarantee obligations as agreed. The parties signed the repayment plan on 5 January 2021. Mojiang Mining has still not paid off the loan upon expiration of the repayment period. Therefore, the Applicant filed an arbitration application against the Respondents to PAC on 6 August 2021, alleging that they violated the repayment agreement.

In the Award, PAC ruled, among other things, that Mojiang Mining should pay Shenzhen Anying:

- (1) the outstanding loan principal of RMB60,062,500.00;
- (2) an interest of RMB26,422,500.00 calculated at an annual interest rate of 15% as of 20 July 2021;
- (3) an interest calculated at an annual interest rate of 15% from 21 July 2021 to the day when the loan is paid off; and
- (4) RMB366,282.10 for arbitration fees.

Mojiang Mining shall repay the outstanding loan to Shenzhen Anying within 30 days from the effective date of the above Award. The Award shall take effect on the date it was made.

PAC ruled that Shenzhen Anying has the priority to be repaid with the proceeds from the discount, auction or sale of the relevant equity interests pledged by Baosheng Mining, Zhuhai Munsun, China Precious Resources, Mojiang Mining, Fast Trend and Kai Yuan within the scope of the first to fourth claims in the above Award. Kai Yuan, Shenzhen Munsun, Zhuhai Munsun, Luanchuan Jinxing, Luanling Gold Mine, Hengyi Mining and the Company shall be liable, jointly and severally, for the repayment of the loan within the scope of the first to fourth claims in the above Award.

The Company is currently seeking a legal opinion on the matter. The Company will keep its Shareholders and investors informed of any material developments relating to the above arbitration and will make further announcements as and when appropriate pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**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, 31 December 2021

*As at the date of this announcement, the Executive Directors of the Company are Mr. Yi Shuhao, Mr. Chen Sheng, Mr. Zhang Lirui and Mr. Huang Zhiwei; and the Independent Non-Executive Directors of the Company are Mr. Tang Yiu Kay, Mr. Zhu Tianxiang, Professor Xiao Rongge and Professor Zhang Tianyu.*

\* *For identification purposes only*