

# TARGET

## Intelligence Report

VOLUME XXIV No. 4

THURSDAY

January 6, 2022

### **BAY AREA GOLD GROUP LTD: BAY AREA SUFFERS THE ICY-COLD WINDS OF WINTER**

To state that Bay Area Gold Group Ltd (灣區黃金集團有限公司) (Code: 1194, Main Board, The Stock Exchange of Hongkong Ltd) was in a debilitating situation is to state the obvious since, inter alia, it is facing numerous financial claims from a materially substantial number of parties.

The most-recent announcement from the Company was contained in that which was labelled as being a '**VOLUNTARY ANNOUNCEMENT**', in respect of '**ARBITRATION PROCEEDINGS**'.

This announcement was made on the last day of 2021, at 16:58 hours of December 31, 2021.

The rather lengthy announcement stated, in toto:

*'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. (凱源融資租賃[深圳]有限公司) ("**Kai Yuan**") and its group affiliates borrowed a total of RMB653,498,220.84 from Shenzhen Anying Tongda Investment Partnership Enterprise (Limited Partnership) (深圳安盈通達投資合伙企業[有限合伙]) (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. (墨江縣礦業有限責任公司) (“**Mojiang Mining**”), Shenzhen Munsun Asset Management Ltd. (深圳市麥盛資產管理有限公司) (“**Shenzhen Munsun**”), Zhuhai Munsun Asset Management Ltd. (珠海麥盛資產管理有限公司) (“**Zhuhai Munsun**”), Luanchuan County Jinxing Mining Co., Ltd. (樂川縣金興礦業有限責任公司) (“**Luanchuan Jinxing**”), Luanchuan County Luanling Gold Mine Co., Ltd. (樂川縣樂靈金礦有限公司) (“**Luanling Gold Mine**”), Pu'er Hengyi Mining Co., Ltd. (普洱恒益礦業有限責任公司) (“**Hengyi Mining**”), Shenzhen Baosheng Mining Holding Co., Ltd. (深圳保勝礦業控股有限責任公司) (“**Baosheng Mining**”), Fast Trend Investment Ltd. (弘捷投資有限公司) (“**Fast Trend**”) and China Precious Resources Co., Ltd. (中國貴金資源有限公司) (“**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, ... [CLICK TO ORDER FULL ARTICLE](#)*

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