



VIBRANT GROUP LIMITED

Company Registration Number: 198600061G

UPDATE ANNOUNCEMENT ON BLACKGOLD INTERNATIONAL HOLDINGS PTY LTD

The Board of Directors (the “**Board**”) of Vibrant Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement on 11 February 2020 relating to the various law suits brought by China Minsheng Banking Corporation Limited (Chongqing branch) (the “**Chongqing Minsheng**”) against Chongqing Heijin Industrial Co., Ltd (“**Chongqing Heijin**” and together with its subsidiaries, the “**PRC Blackgold Group**”) and certain of its subsidiaries (the “**Chongqing Minsheng Law Suits**”) and the announcement on 24 October 2018 relating to the law suits brought by China Minsheng Banking Corporation Limited (Nanjing branch) (“**Nanjing Minsheng**”) against Chongqing Heijin (the “**Nanjing Minsheng Law Suits**” and together with the Chongqing Minsheng Law Suits, the “**Law Suits**”).

The Board had instructed counsel in the People’s Republic of China (“**PRC**”) (the “**PRC Counsel**”) to provide an update on the Law Suits and to provide their opinion on certain matters concerning the Law Suits, PRC Blackgold Group and the Group based on applicable PRC laws.

The legal opinion was sent by the PRC Counsel on 24 July 2020 and a summary of the key points raised in the legal opinion are set out below.

A. Updates on law suits

Chongqing Minsheng Law Suits

In the course of conducting its searches and investigations, the PRC Counsel identified an announcement made by Chongqing Minsheng on 8 April 2020 disclosing that it had transferred all its creditor’s rights together with its interest in all the security provided in connection with the relevant bank loans granted by Chongqing Minsheng (the “**Loan Security**”), to Chongqing Fucheng Assets Management Co., Ltd (“**Chongqing Fucheng**”). The Loan Security comprises:

- (a) joint and several guarantees provided by certain entities of the PRC Blackgold Group, and Yuguo Peng and his related persons;
- (b) pledges of the shares of certain entities of the PRC Blackgold Group (these pledges have been duly registered with the relevant corporate registries);
- (c) mortgages of the vessels owned by Chongqing Guoping Shipping Transportation Co., Ltd (which is an entity in the PRC Blackgold Group); and
- (d) mortgages of mining licenses¹ owned by certain members of the PRC Blackgold Group.

The PRC Counsel had also discerned an announcement made by Chongqing Fucheng on 10 April 2020 disclosing that it had transferred all its creditor’s rights together with its interest in the Loan Security to Shanghai Chengjin Shangmao Co., Ltd (“**Shanghai Chengjin**”).

Based on the searches conducted by the PRC Counsel, Shanghai Chengjin has not applied for enforcement of the judgments of the Chongqing Minsheng Law Suits as at the date of the legal opinion.

¹ Based on public searches conducted by the PRC Counsel, they had confirmed that only the mining license held by Chongqing Caotang Coal Mine Resources Development Co., Ltd remains valid. The mining licenses held by three other entities of the PRC Blackgold Group have either been de-registered or cancelled.

Nanjing Minsheng Law Suits

Based on the searches it conducted, the PRC Counsel found that Nanjing Minsheng had applied for enforcement of the judgments of the Nanjing Minsheng Law Suits. Pursuant to the Decisions of Enforcement Suspension made by the Nanjing Intermediate People's Court on 4 September 2019, the court decided to suspend the enforcement proceedings due to, amongst others, all frozen assets having been encumbered by prior security rights or other court enforcement proceedings, and the Nanjing Intermediate People's Court being unable to source or trace any other valuable assets of Chongqing Heijin and the other defendants.

Further to these findings, the PRC Counsel has confirmed that the assets of Chongqing Heijin are insufficient to pay off its debts, at least since 11 March 2019 (being the enforcement acceptance date of the Nanjing Minsheng Law Suits). While creditors of Chongqing Heijin may apply to the PRC courts to commence for bankruptcy proceedings against Chongqing Heijin, based on the searches conducted by PRC Counsel, no such application has been initiated against Chongqing Heijin as at the date of the legal opinion.

B. Control over assets

The PRC Counsel has confirmed that the Company has lost and no control over the Loan Security and other assets owned by the PRC Blackgold Group which have been frozen by the relevant PRC courts in connection with the Law Suits, including (a) the bank accounts of Chongqing Heijin; (b) certain properties owned by Chongqing Heijin in the PRC; and (c) Chongqing Heijin's investment in Zhongmin LLP (it is unclear to the Board the corporate details and business activities of Zhongmin LLP) for the following reasons:

- (i) the Loan Security had been provided as security for the bank loans granted by Chongqing Minsheng to the PRC Blackgold Group (which are the subject of the Chongqing Minsheng Law Suits);
- (ii) Chongqing Minsheng filed its petitions for the Chongqing Minsheng Law Suits with the relevant PRC courts on the grounds that the borrowers under the PRC Blackgold Group had failed to make due and full repayment of the relevant bank loans; and
- (iii) the assets of Chongqing Heijin are insufficient to pay off its debts since as early as 11 March 2019.

C. Recourse of Chongqing Minsheng and Nanjing Minsheng against any company in the Group (save for the PRC Blackgold Group)

The PRC Counsel has highlighted in the legal opinion that under PRC Company law, shareholders of a limited liability company shall be liable for the indebtedness of such company up to the amount of their respective subscribed registered capital. Accordingly, Blackgold Holdings Hong Kong Limited, as the direct sole shareholder of Chongqing Heijin is liable for the indebtedness of Chongqing Heijin up to the amount of its total registered capital of RMB 192.5 million. Without any guarantees or undertakings otherwise agreed or provided, the relevant creditors of the Blackgold PRC Group would not have recourse against any company in the Group (save for the Blackgold PRC Group).

To the best of the PRC Counsel's knowledge and pursuant to its legal searches, the PRC Counsel confirms that it has not encountered any information or documents that would make PRC Counsel believe or suspect that the Group (other than the PRC Blackgold Group) has provided any form of guarantee or security in respect of the bank loans granted to or guaranteed by the PRC Blackgold Group.

Shareholders are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Where in doubt as to the action they should take, shareholders should consult their financial, tax, legal or other professional advisors.

By Order of the Board
Vibrant Group Limited

Eric Khua
Executive Director & CEO
27 July 2020