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BAGUIO GREEN GROUP LIMITED

碧瑤綠色集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1397)

TERMINATION OF JOINT VENTURES

Reference is made to the announcement of the Company dated 31 December 2015 (the “**Announcement**”) in respect of, *inter alia*, the formation of the Joint Ventures and transfer of the Projects to the Joint Ventures, which constituted a disclosable transaction, and the change in use of proceeds. Unless otherwise stated herein, terms used in this announcement shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, on 31 December 2015 (after trading hours), (i) the Company; (ii) Dezhou Lanse; (iii) Yangjiang Lanse; and (iv) the Guarantors (collectively the “**Parties**”) entered into the Cooperative Agreement, pursuant to which the Parties agreed that:

- (i) Baguio CN Environment, an indirect wholly-owned subsidiary of the Company, and Dezhou Lanse shall cooperate to establish the Shandong Joint Venture in Dezhou, Shandong Province, the PRC;
- (ii) Baguio CN Environment and Yangjiang Lanse shall cooperate to establish the Guangdong Joint Venture in Yangjiang, Guangdong Province, the PRC;
- (iii) After the completion of the Transfers in the manner satisfactory to the shareholders of the Joint Ventures, Dezhou Lanse and Yangjiang Lanse will sell and transfer all their respective shareholding interests in the Shandong Joint Venture and Guangdong Joint Venture to Baguio CN Environment free from all encumbrances; and
- (iv) Upon satisfactory completion of the above, Mr. Liu shall then acquire 49% of the issued shares in Baguio CN Environment and in the event of a Listing, Mr. Liu shall have the right to acquire from the Group (subject to compliance with the relevant rules and regulations) a percentage of shares in Listco, as represents 2% diluted by the percentage of public float on a Listing at a consideration to be determined by reference to the Consolidated Net Asset Value of Listco.

TERMINATION OF THE JOINT VENTURES

On 3 August 2016 (after trading hours), the Parties and Baguio CN Environment entered into a deed of termination (the “**Deed of Termination**”), pursuant to which the parties agreed:

1. to terminate the Cooperative Agreement and a joint venture agreement entered into between Baguio CN Environment and Yangjiang Lanse (the “**JV Agreement**”) with immediate effect;
2. to immediately cease all the applications and procedures in relation to the setting up of the Shandong Joint Venture;
3. to continue to cease conducting any business by the Guangdong Joint Venture;
4. the parties to the JV Agreement and their respective appointed director(s) to commence the dissolution of the Guangdong Joint Venture within 1 month of the date of the Deed of Termination;

REASONS FOR TERMINATION OF THE JOINT VENTURES

Discussion in relation to terminating the Joint Ventures was led by the fact that the Parties held different views on the management, financial and operational arrangements of the Joint Ventures. In order to protect our Shareholders’ interests and to ensure that risk management measures are properly implemented, the Parties had mutually agreed to terminate the Joint Ventures.

CURRENT STATUS OF THE PROJECTS

As at the date of this Announcement, only the Guangdong Joint Venture in Yangjiang, Guangdong Province, the PRC has been established. Whereas Baguio CN Environment and Dezhou Lanse have not yet established the Shandong Joint Venture in Shandong Province, the PRC. As at the date of this Announcement, the Guangdong Joint Venture has yet commenced any business.

IMPACT OF THE TERMINATION OF THE JOINT VENTURES

Pursuant to the Deed of Termination, the parties to the Cooperative Agreement and the JV Agreement will be released from the obligations and liabilities set out under the said agreements and will cease to be cooperative partners.

The Directors consider that the termination of the Joint Ventures would not have any material adverse impact on the business operation and financial position of the Group and would be in the best interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Cooperative Agreement and its termination and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the Deed of Termination and matters ancillary thereto.

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

By order of the Board
Baguio Green Group Limited
Ng Wing Hong
Chairman

Hong Kong, 3 August 2016

As at the date of this announcement, the Board comprises Mr. Ng Wing Hong, Ms. Ng Yuk Kwan Phyllis, Mr. Ng Wing Chuen, Ms. Leung Shuk Ping, Ms. Chan Shuk Kuen and Ms. Cheung Siu Chun as executive directors of the Company and Mr. Sin Ho Chiu, Dr. Law Ka Hung and Mr. Lau Chi Yin Thomas as independent non-executive directors of the Company.