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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO POTENTIAL ACQUISITION

This announcement is made by Baguio Green Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders (the “**Shareholders**”) and potential investors of the Company with information on the latest business development of the Group.

INTRODUCTION

The board of directors (the “**Board**”) of the Company is pleased to announce that after trading hours of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 January 2025, the Company entered into a term sheet (the “**Term Sheet**”) with two parties (the “**Vendors**”) in relation to a potential acquisition (the “**Potential Acquisition**”) of the entire issued capital of a company (the “**Target Company**”).

PRINCIPAL TERMS OF TERM SHEET

Subject to the fulfillment of certain conditions precedent and further negotiation between the Company and the Vendors, the Company intends to purchase the entire equity interest in the Target Company for a total consideration of HK\$135 million by way of cash payable in three instalments, subject to profit guarantee and consideration adjustments.

The Vendors undertook for a period of 90 days after the date of signing the Term Sheet (the “**Exclusivity Period**”) not to directly or indirectly solicit, initiate or encourage submission of any proposals or offers from, nor negotiate or participate in any discussions with, or enter into any agreements with any third party in relation to the transfer of any of shares or any material assets of the Target Company. The Exclusivity Period will automatically extend for a period of 30 days each unless a written notice is served by the Company or the Vendors to the other party (or parties) in advance of its or their intention not to extend such period.

In the event that the Vendors terminate the Term Sheet by written notice to the Company without the prior written consent of the Company during the Exclusivity Period (as may be extended), the Vendors shall refund the deposit of HK\$1 million and in addition pay to the Company HK\$3 million as compensation for the substantial costs and expenses incurred and/or losses suffered by the Company immediately upon written request by the Company.

CONDITIONS PRECEDENT

Should a definitive agreement be entered into by the Company and the Vendors in respect of the Potential Acquisition, completion of the Potential Acquisition will be conditional upon the fulfillment of, among others, the following:

- (i) obtaining all necessary regulatory approvals and third-party consents (if any);
- (ii) absence of any material adverse change to Target Company’s business, financial condition, or operations; and
- (iii) the Company having obtained necessary shareholders’ approval in relation to the Potential Acquisition pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited company incorporated in Hong Kong and carries on property management business in Hong Kong. It holds a property management company license and a security company license issued in accordance with the Property Management Services Ordinance (Cap. 626, the Laws of Hong Kong) and the Security and Guarding Services Ordinance (Cap. 460, the Laws of Hong Kong), respectively, and is a registered electrical contractor under Regulation 10(1) of the Electricity (Registration) Regulations (Cap 406 Sub. Leg.).

The Target Company provides a range of services, including, but not limited to, property and facility management, repair and maintenance, security, cleaning, and pest control.

REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION

The Company has been conducting a comprehensive review of its operations and actively seeking business and investment opportunities to expand and diversify the Group's business portfolio and revenue streams, thereby fostering business growth. The Board believes that the Potential Acquisition, if materialized, will broaden the income stream and enhance the Group's financial performance, ultimately maximizing the interests of the Company and the Shareholders.

Having considered the above reasons, the Board considers that the terms of the Term Sheet are fair and reasonable, on normal commercial terms and are in the interest of the Company and the Shareholders.

LEGAL EFFECT

Save for certain provisions relating to deposit, confidentiality, exclusivity, expenses and taxes, announcement, non-binding, termination, governing law and counterparts, the other terms of the Term Sheet are not intended to be legally binding.

To the best of the Director's knowledge and belief, having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons as defined under the Listing Rules.

The Board wishes to emphasize that the Potential Acquisition may or may not proceed and is subject to further negotiation between the Company and the Vendors as well as the execution of a definitive agreement. Shareholders and potential investors of the Company are advised to exercise caution in dealing with the securities of the Company.

In the event that the Potential Acquisition materialises, a definitive agreement shall be entered into by the Company and the Vendors, and such definitive agreement will constitute a notifiable transaction of the Company under the Listing Rules. The Company will make further announcement(s) in respect of the Potential Acquisition in accordance with the Listing Rules as and when appropriate.

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

Hong Kong, 13 January 2025

As at the date of this announcement, the Board comprises Mr. Ng Wing Hong, Ms. Ng Yuk Kwan Phyllis, and Ms. Leung Shuk Ping as executive directors of the Company and Mr. Sin Ho Chiu, Mr. Lau Chi Yin Thomas and Professor Cheng Edwin Tai Chiu as independent non-executive directors of the Company.