

【For Immediate Release】**Baguio Green Group Announces 2023 Annual Results**

(Stock Code: 01397)

Adjusted Net Profit increased by 36.7%
Contracts on Hand Increased to a Historical High of HK\$5.1 Billion
Favorable policies driving Rapid Growth

(28 March 2024 - Hong Kong) Baguio Green Group Limited (“**Baguio**” or the “**Group**”, Stock Code: 01397.HK) is pleased to announce its annual results for the year ended 31 December 2023 (the “Year”).

During the Year, the Group’s revenue was approximately HK\$2.33 billion, representing an increase of approximately 29.8% as compared with the preceding year. Excluding non-operating subsidies* from the HKSAR Government (the “Government”), the Group has recorded an adjusted net profit for the Year of approximately HK\$46.3 million, representing an increase of approximately 36.7% as compared to the corresponding figure in 2022. The Board recommends the payment of a final dividend for the Year at HK\$3.4 cents per share.

Business Overview and Prospects

This significant increase in adjusted net profit primarily stems from: (i) the growth impetus provided by the Hong Kong Waste Charging Scheme for our recycling and green technology businesses; (ii) securing new cleaning contracts with the Government, quasi-government bodies, and private entities; and (iii) amplified efficiency gains due to economies of scale. As of 27 March 2024, the Group’s contracts on hand increased significantly to approximately HK\$5.1 billion, providing strong revenue growth in the subsequent years.

During the Year, as the core business of the Group, cleaning services continued to record a significant growth, with revenue increased by 37.3% year-on-year to approximately HK\$1.83 billion, accounting for approximately 78.5% of the Group’s total revenue. As the end of 2023, the Group’s Government-related street cleaning services cover a total of eight districts (Tsuen Wan, Mong Kok, Sha Tin, Yuen Long, Western, Eastern, Sham Shui Po and Tai Po districts), serving a population of approximately 3 million. The Group’s Government market related cleaning services and Government-related leisure venues cleaning services have also cover various districts in Hong Kong. The Group’s other cleaning sites covered hospitals (North Lantau Hospital, Caritas Medical Centre and Kwai Chung Hospital), clinics (clinics of the Department of Health in Kowloon East and Kowloon West), Hong Kong International Airport, schools, housing estates and private institutions, demonstrating the Group’s leading position in Hong Kong cleaning services market.

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碧瑤綠色集團成員 Member of Baguio Green Group (上市編號 Stock Code: 1397.HK)

碧瑤清潔服務有限公司	Baguio Cleaning Services Co. Ltd.
碧瑤蟲害管理有限公司	Baguio Pest Management Ltd.
碧瑤園藝工程有限公司	Baguio Landscaping Services Ltd.
德泰園景工程有限公司	Tak Tai Enviroscape Ltd.

碧瑤廢物處理及回收有限公司	Baguio Waste Management & Recycling Ltd.
碧瑤塑料回收有限公司	Baguio rPlastic Ltd.
碧瑤綠色科技有限公司	Baguio Green Technology Ltd.
碧瑤綠色科技(深圳)有限公司	Baguio Green Technology (Shenzhen) Ltd.

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In terms of waste management, the Group provided Government-related waste collection services to five districts, including Tsuen Wan, Wong Tai Sin, Mong Kok, Wan Chai and Eastern districts, serving a population of approximately 1.6 million. In terms of recycling, the Group is contracted by the Environmental Protection Department (“EPD”) of the Government to handle around 5,000 recycling spots (including plastic, glass bottles, metals, waste paper and food waste) across Hong Kong, and is one of the market leaders. In 2023, the Group was granted by EPD to provide collection services for recycling bins in public places and schools. During the Year, the Group continued to provide plastic collection services for Eastern, Kwun Tong and Central & Western districts under the EPD Plastic Recycling Pilot Scheme contract. The Group also provides plastic collection services for Recycling Stations of “GREEN@COMMUNITY” and Reverse Vending Machines, which were introduced by EPD and other institutions in Hong Kong. In addition, the Group also provides collection and management services of glass bottles for Hong Kong Island, the New Territories and Islands district. With regard to recyclable food waste collection services, as one of the market leaders in Hong Kong in providing recyclable food waste collection services, the Group was engaged by the EPD to provide recyclable food waste collection services in Kowloon district and New Territories West. Besides, in early 2024, the Group won two contracts to provide smart food waste recycling machines and maintenance services for large private residential estates, helping residents to recycle food waste efficiently and reduce Waste Charging expenses.

After strategic deployment in recent years, the green technology business achieved rapid growth. The Group made impressive progress in providing the Government with smart recycling machines and a big data analytics platform. Smart recycling machines are now available in different places of Hong Kong, providing the public with a convenient recycling experience 24 hours a day and helping to increase the overall recycling volume in Hong Kong. In addition, the Group was awarded a contract by the Food and Environmental Hygiene Department for the provision of people counting services servicing at over 800 public toilets, aqua privies and bathhouses through the system powered by Time-of-flight and Internet of Things technologies to assist the Government in monitoring flow and optimising service standard, and to support the future strategic development of public toilets.

The Group’s bioconversion technology (Black Soldier Flies) project has successfully “converted waste into useful resources”, which not only solves the problem of chicken manure in Hong Kong, but also supplies converted insect protein and organic fertilizer for fisheries and agriculture in Hong Kong.

In partnership with Jardine Engineering Corporation Limited, the Pilot Biochar Production Plant at the EcoPark in Tuen Mun commenced trial operation in the Year. By converting yard waste into high-quality biochar with pyrolysis technology for various applications, the production plant effectively “turns waste into useful resources”.

As for the landscaping business, the Group's landscaping services currently cover some large private residences, schools, shopping malls, hotels, the Hong Kong Science Park and the Hong Kong University of Science and Technology. During the Year, the Group won the Yuen Long barrage and flood barrier improvement works and the Tuen Ma Line Extension - Tuen Mun Swimming Pool reconfiguration project. For pest management business, the Group provided pest management services in Wong Tai Sin, Tai Po and Yau Tsim districts during the Year. During the Year, the Group provided termite control and monitoring services to 29 monuments under the Antiquities and Monuments Office and 24 temples under the Chinese Temples Committee respectively.

In order to achieve the target of "Zero Landfill" in Hong Kong by 2035 as set out in the Waste Blueprint for Hong Kong 2035, the Government during the Year announced that the "Municipal Solid Waste (MSW) charging scheme" ("Waste Charging") will be officially implemented on 1 August 2024, it is expected to further motivate the public to recycle and to increase the recycling volume. Currently, food waste recycling machines are installed in only 35% of public housing estates in Hong Kong. The Government intends to extend the installation of such machines to all public housing estates in Hong Kong in 2024. In the private housing sector, the initiative is still in its initial phase. With Waste Charging set to effect, under the strong advocacy of the Government and the expected market demand created by the Waste Charging, it is believed that the Group's smart recycling machines, food waste recycling machines and related smart technology business will bring huge business opportunities.

In addition to the Waste Charging, the Government is also proactively promoting the "Producer Responsibility Scheme on Plastic Beverage Containers and Beverage Cartons", which is expected to be launched within two to three years. The launch of the Waste Charging and this scheme will directly drive the growth of Baguio's recycling business and create solid returns for its investment in recycling facilities over the years which creates a strong entry barrier to competitors.

Moreover, according to the 2023 Policy Address, the Northern Metropolis is a new engine for the future development of Hong Kong and will provide about 500,000 new housing units after fully developed, which is believed to bring opportunities to the Group's core businesses.

Looking forward, Baguio will continue to increase its market share in all businesses and proactively engage in expansion in Hong Kong and beyond. In addition, it will actively explore suitable mergers and acquisitions, joint ventures or new business projects to accelerate future business growth and deliver substantial and long-term returns to shareholders.

For details of the Group's 2023 annual results announcement, please visit the following website:

<http://www.baguio.com.hk/en-US/Investor%20Relations/Announcements%20and%20Notices>

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* Non-operating subsidies from the HKSAR Government include but not limited to Employment Support Scheme under the Anti-epidemic Fund, government vehicle schemes and Green Employment Scheme, etc.

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About Baguio Green Group

Established in 1980, Baguio Green Group (Stock code: 01397.HK) is one of Hong Kong's largest integrated environmental services groups. It provides a full spectrum of professional services including professional cleaning, waste collection & recycling, waste management, green technology, organic fertilizer and animal feed production, horticulture & landscaping, and pest control. It serves a wide range of customers in various sectors including Government departments, statutory organizations and multinational corporations. Fully committed to ESG, the Group works relentlessly to advance sustainable development and create a cleaner, greener, healthier city.

For further information, please contact:

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