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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2025	2024	Change
	HK\$'000	HK\$'000	
Revenue	1,353,483	1,291,140	+4.8%
Gross profit	133,019	97,073	+37.0%
Other income, gains and losses	6,191	2,511	+146.6%
Profit for the period	58,767	25,765	+128.1%
Basic and diluted earnings per share (HK cents)	14.20	5.85	+142.7%

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (1H2024: Nil).

The board of directors (the “Directors” and the “Board” respectively) of Baguio Green Group Limited (the “Company”, and together with its subsidiaries, the “Group” or “Baguio”) is pleased to present the interim results of the Group for the six months ended 30 June 2025 (the “Period”).

MARKET REVIEW

Although the global economy is filled with uncertainties due to trade wars and geopolitical factors, and some countries have slowed down their environmental protection and carbon reduction efforts in response to challenges, the HKSAR Government (the “Government”) has always regarded environmental protection as a crucial national policy for the long-term sustainable development. Baguio’s core businesses, including cleaning, waste management, recycling, green technology, landscaping, and pest management, are closely related to the livelihood of the general public. The Group’s services are considered a rigid demand and remain unaffected by the external environment amid economic headwinds.

To address climate change and achieve the goal of “Zero Landfill” under the Waste Blueprint for Hong Kong 2035, the Government has not only proactively promoted waste reduction and recycling but also fully expanded the community recycling support network, which fully demonstrates the Government’s determination to advance waste reduction and recycling, as well as its commitment to instill a green lifestyle within the community. As one of the largest integrated environmental services groups in Hong Kong, the Group strives to provide quality service and improve the image of Hong Kong as the most livable city in Asia.

BUSINESS REVIEW

Revenue for the Period amounted to approximately HK\$1,353.5 million, representing an increase of approximately 4.8% as compared to the same period last year. The overall gross profit margin increased from 7.5% for the same period last year to 9.8%, driving the overall gross profit up by approximately 37.0% to approximately HK\$133.0 million. Profit for the Period amounted to approximately HK\$58.8 million, representing an increase of approximately 128.1% as compared to the same period last year. The Group’s core business, cleaning services, recorded growth during the Period. Revenue from cleaning services increased by 4.0% to approximately HK\$1,076.5 million, accounting for approximately 79.6% of the Group’s total revenue. Gross profit margin of the cleaning business increased from 6.4% for the same period last year to 7.9%, driving the gross profit up by 27.4% to approximately HK\$84.7 million, mainly due to the Group’s new cleaning service contracts with various Government departments and different institutions.

The Group’s cleaning services cover various scenarios, including providing cleaning services for Government streets, markets, leisure venues, hospitals and clinics. The Group’s other cleaning sites cover numerous different places such as universities, large exhibition centers, Hong Kong International Airport, housing estates and private institutions.

Waste management and recycling business recorded revenue of approximately HK\$145.3 million, accounting for approximately 10.7% of the Group's total revenue. The gross profit margin of the waste management and recycling business surged significantly from 12.9% for the same period last year to 19.2%, driving the gross profit of this business up by approximately 46.6% to approximately HK\$28.1 million, mainly due to the Government's proactive promotion of recycling and the substantial expansion of the network of recycling spots, including those for food waste, which facilitated public participation and effectively stimulated collection, and the contribution from the green technology business.

In terms of recycling, the Group is contracted by the Environmental Protection Department ("EPD") of the Government to provide collection services for thousands of recycling spots (including plastics, glass bottles, metals, waste paper and food waste) across Hong Kong, and is one of the market leaders. During the Period, the Group provided collection services for recycling bins in public places and schools. Baguio also provides collection services for Recycling Stations of "GREEN@COMMUNITY", introduced by the EPD, recycling convenience spots and smart recycling machines, and other institutions in Hong Kong. In addition, the Group also provides the Government with glass bottles collection and management services and food waste collection services in several districts in Hong Kong, and is one of the market leaders.

The Group continued to provide Government-related waste collection services for five districts, serving a population of approximately 1.6 million.

Regarding green technology business, the Group won a new contract to supply the Government with a new generation of solar-powered compacting refuse bins. This innovative product is designed with an auto-sensing inlet and indicator lights, and under its sealed design, it is equipped with devices for ventilation, lighting, and deodorization. Meanwhile, it is equipped with a big data platform and wireless technology to monitor data in real time, enabling effective tracking of the status of waste collection points, strategic deployment of resources, optimization of operational efficiency, and enhanced planning for future initiatives. Furthermore, the solar-powered compacting refuse bins adopt solar panels and rely on renewable energy, which significantly reduces carbon emissions. They can be flexibly deployed in various scenarios, suitable for remote areas where there are no refuse collection point. This product is expected to be gradually launched into the market in the year.

The Group seized the opportunity of smart city development and has been committed to expanding its market share of smart recycling in recent years. Currently, Baguio's smart recycling products, such as smart recycling machines, smart food waste recycling machines, and smart balances, have been deployed in different places across Hong Kong, including Government venues and schools, private housing estates, commercial buildings, theme parks, large-scale exhibition venues, and sports stadiums. These products provide the public with convenient recycling services 24 hours a day and help increase Hong Kong's overall recycling volume.

In partnership with Jardine Engineering Corporation Limited, the Pilot Biochar Production Plant at the EcoPark in Tuen Mun has commenced operation. 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 provides landscaping services for a wide range of clients, including large private residences, Government premises, schools, shopping malls, hotels, airports, Hong Kong Housing Authority, Hong Kong Jockey Club, Hong Kong Science Park, the University of Hong Kong, Hong Kong University of Science and Technology and Lingnan University, etc. During the Period, the Group provided landscaping services for Kai Tak Sports Park, Hong Kong International Airport, Hong Kong-Shenzhen Innovation and Technology Park, Nano Parks, and the Tung Chung New Town Extension (West).

For pest management business, the Group continued to provide pest management services in Wong Tai Sin and Tai Po districts during the Period. In addition, 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.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the Period (1H2024: Nil).

Revenue Breakdown of Major Business Segments

	For the six months ended 30 June				Change
	2025		2024		
	Revenue (HK\$ million)	% of total revenue	Revenue (HK\$ million)	% of total revenue	
Cleaning	1,076.5	79.6%	1,034.9	80.2%	+4.0%
Waste management and recycling	145.3	10.7%	147.3	11.4%	-1.4%
Landscaping	100.2	7.4%	71.1	5.5%	+41.0%
Pest management	31.5	2.3%	37.8	2.9%	-16.7%
Total	<u>1,353.5</u>	<u>100.0%</u>	<u>1,291.1</u>	<u>100.0%</u>	+4.8%

Gross Profit Margin of Major Business Segments

	For the six months ended 30 June		Change
	2025	2024	
Cleaning	7.9%	6.4%	+1.5 p.p.
Waste management and recycling	19.2%	12.9%	+6.3 p.p.
Landscaping	19.0%	13.3%	+5.7 p.p.
Pest management	3.6%	5.1%	-1.5 p.p.
Overall	9.8%	7.5%	+2.3 p.p.

During the Period, the Group delivered outstanding performance, primarily contributed by increased gross profits from cleaning, waste management and recycling, and landscaping segment.

Our cleaning segment benefited from the commencement of several sizable new contracts, which achieved higher gross profit margins due to the Group's effective implementation of stringent cost control measures. Similarly, our waste management and recycling segment continued to demonstrate operational efficiency with further improvement in gross profit margin benefited from the Government's proactive promotion of recycling. As for our landscaping segment, the completion of substantial works of several high-margin contracts contributed significantly to the increase in gross profit. Meanwhile, facing intense market competition, our pest management segment remained focused on maintaining profitability through stringent cost control.

As a result, the overall gross profit of the Group improved approximately from HK\$97.1 million to HK\$133.0 million and the overall gross profit margin of the Group increased approximately from 7.5% to 9.8%.

Contracts on Hand

As of 30 June 2025, the Group had a total of approximately HK\$3,099.4 million worth of unexpired contracts on hand, among which, approximately HK\$1,043.9 million would be recognised by the end of 2025; approximately HK\$1,354.2 million would be recognised in 2026 and the rest of approximately HK\$701.3 million would be recognised in 2027 and beyond.

	Backlog contract value (HK\$ million)	Contract value to be recognised by 31 December 2025 (HK\$ million)	Contract value to be recognised by 31 December 2026 (HK\$ million)	Contract value to be recognised in 2027 and beyond (HK\$ million)
Cleaning services	2,334.0	812.3	1,059.2	462.5
Waste management and recycling services	471.0	126.3	186.2	158.5
Landscaping services	245.4	82.4	97.3	65.7
Pest management services	49.0	22.9	11.5	14.6
Total	<u>3,099.4</u>	<u>1,043.9</u>	<u>1,354.2</u>	<u>701.3</u>

PROSPECTS

Subsequent to the Reporting Period, the Group has been successfully awarded a 3-year contract from the Marine Department of the Government for approximately HK\$150 million for the provision of “Marine Refuse Cleansing and Disposal Services in the Eastern Waters of Hong Kong”. This contract marks a significant milestone for Baguio, as it represents a strategic expansion of its service portfolio from land to sea, further strengthening its leading position in Hong Kong’s integrated environmental services market. Under the contract, Baguio will deliver comprehensive marine refuse cleansing and ship refuse collection services in the Eastern Waters of Hong Kong starting from 1 October 2025 including, but not limited to: Victoria Harbour, Central, Sheung Wan, Causeway Bay, Tsim Sha Tsui, Yau Ma Tei, Cheung Sha Wan, Shau Kei Wan, Kwun Tong, Sai Kung, Tolo Harbour and Tai Po. Winning this contract signifies strong market recognition of Baguio’s outstanding performance over the past 45 years. The Group will seamlessly extend its professional standards and operational efficiency in land-based waste management to the marine environment, striving to safeguard Hong Kong’s valuable marine ecosystem and present a cleaner, more beautiful Victoria Harbour to both residents and tourists.

In addition, the Group has been successfully awarded two 35-month contracts from the EPD, with a total value of approximately HK\$43 million. Starting from September 2025, the Group will be responsible for operating the “GREEN@Tai Wo” and “GREEN@Po Lam” recycling stores, and will collaborate with nearby buildings, organizations, and community stakeholders to establish and operate fixed and mobile recycling spots for waste collection, provide community recycling support to facilitate citizens, and promote and educate the public on waste sorting and recycling in the community to strengthen citizens’ recycling habits.

In addition, the Promotion of Recycling and Proper Disposal of Products (Miscellaneous Amendments) Bill 2025 submitted by the Government was passed by the Legislative Council on 23 July 2025. This bill establishes a common legal framework for producer responsibility scheme applicable to different products. Under this framework, the Government plans to submit the producer responsibility scheme on plastic beverage containers and beverage cartons in the coming year. The scheme encourages citizens to return used containers for recycling to earn rebate, which will help significantly increase the recycling rate. Benefiting from the scheme, Baguio’s recycling volume is expected to be directly driven up, providing attractive returns for the Group’s long-term investments in recycling services and competitive barriers.

The Government is actively developing the Northern Metropolis. Four new development areas include Kwu Tung North/Fanling North, Hung Shui Kiu/Ha Tsuen, Yuen Long South, and San Tin Technopole are under construction. The Government has resumed more than 400 hectares of private land within these four new development areas, completed land levelling for 80 hectares, and is progressively handing over these lands to relevant departments for building road and railway infrastructure, public and private housing, schools, public markets, ecological conservation, as well as development of innovation and technology industry. The Group believes that this will bring opportunities for many of its core businesses.

Looking forward, the Group will continue to increase the market share of its core businesses and proactively engage in expansion in Hong Kong and beyond. Meanwhile, in line with the development of the Company, it will actively explore potential mergers and acquisitions, joint ventures or new business projects to accelerate future business growth and deliver substantial and long-term returns to shareholders.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$1,353.5 million for the Period, compared to HK\$1,291.1 million for the corresponding period in 2024, representing an increase of approximately 4.8%, primarily driven by cleaning and landscaping segments.

A moderate revenue growth in cleaning segment was mainly attributable to the Group's efforts in securing new government contracts, as well as the full-period contribution from several sizable contracts which commenced in the prior period, partially offset by the loss of revenue from contracts that expired during the Period. In addition, landscaping segment recorded a strong revenue growth, which mainly due to the completion of substantial works under several contracts during the Period. Conversely, waste management and recycling segment experienced a slight decline in revenue, primarily due to the expiry of bioconversion of organic waste service in the second half of 2024. Moreover, this was substantially offset by increased revenue from food waste collection and other new recycling and collection projects. Intense market competition persisted in our pest management segment, adversely impacting our business performance and leading to a decline in revenue.

Cost of Services

For the six-month period ended 30 June 2025 and 2024, the cost of services amounted to approximately HK\$1,220.5 million and HK\$1,194.1 million respectively, representing approximately 90.2% and approximately 92.5% of the Group's total revenue for the corresponding periods respectively. The cost of services primarily comprised direct wages, direct overhead expenses and material consumables.

Gross Profit

The Group's gross profit for the Period was approximately HK\$133.0 million, representing an increase of approximately 37.0% from approximately HK\$97.1 million for the corresponding period in 2024.

Gross Profit Margin

As a result of the aforementioned, the gross profit margins of the Group for the six-month period ended 30 June 2025 and 2024 were approximately 9.8% and approximately 7.5%, respectively.

Other Income, Gains and Losses

Other income, gains and losses of the Group for the six-month period ended 30 June 2025 and 2024 were approximately HK\$6.2 million and HK\$2.5 million respectively, representing an increase of approximately 146.6%. The significant increase was primarily due to a gain of HK\$1.8 million from the disposal of property, plant, and equipment during the Period, compared to a loss of HK\$1.2 million recorded in the corresponding period in 2024.

Selling and Marketing Expenses

Selling and marketing expenses of the Group for the six-month period ended 30 June 2025 and 2024 were approximately HK\$0.8 million and HK\$0.9 million respectively. These expenses were mainly for promotional activities and channels to promote our recycling business and to enhance public awareness of environmental protection and waste recycling.

Administrative Expenses

Administrative expenses of the Group for the six-month period ended 30 June 2025 and 2024 were approximately HK\$67.0 million and HK\$61.5 million respectively, representing an increase of approximately 9.1%, and approximately 5.0% and approximately 4.8% of the respective period's total revenue. The Group continued to implement its budget cost control measures for administrative expenses during the Period.

Finance Costs

Finance costs of the Group for the six-month period ended 30 June 2025 and 2024 were approximately HK\$3.2 million and HK\$5.7 million respectively, representing approximately 0.2% and approximately 0.4% of the Group's total revenue respectively. The decrease was mainly due to the decrease in average bank borrowings coupled with the decrease in interest rate during the Period.

Profit for the Period Attributable to Equity Shareholders of the Company

As the result of the aforementioned, the Group's net profit attributable to equity shareholders of the Company for the six-month period ended 30 June 2025 and 2024 amounted to approximately HK\$58.9 million and HK\$24.3 million, respectively, representing an increase of approximately 142.9%.

CAPITAL STRUCTURE

The share capital of the Group comprises only ordinary shares. The capital structure of the Group mainly consists of borrowings from banks and lease liabilities and equity attributable to equity shareholders of the Group, comprising issued share capital and reserves.

The Directors review the capital structure regularly, taking into consideration the cost of capital and the risks associated. The Group considers the cost of capital and the risks associated with each class of capital to monitor its capital structure on the basis of its gearing ratio.

LIQUIDITY AND FINANCIAL RESOURCES

The Group derives cash flows from operating activities principally from rendering a comprehensive range of environmental services. For the Period, we had net cash generated from operating activities of approximately HK\$199.4 million (1H2024: HK\$145.8 million). As at 30 June 2025, the Group had available cash and bank balances amounting to approximately HK\$290.8 million (31 December 2024: HK\$128.1 million), representing an increase of approximately 127.1% from 31 December 2024.

As at 30 June 2025, the Group's total current assets and current liabilities were approximately HK\$836.5 million (31 December 2024: HK\$725.5 million) and HK\$596.6 million (31 December 2024: HK\$543.0 million) respectively, while the current ratio was approximately 1.4 times (31 December 2024: 1.3 times). The liquidity position of the Group is maintained at a healthy level.

As at 30 June 2025, the Group's bank borrowings amounted to approximately HK\$65.1 million (31 December 2024: HK\$80.8 million), representing a decrease of approximately 19.4%; the Group's lease liabilities were approximately HK\$33.2 million (31 December 2024: HK\$38.1 million), representing a decrease of approximately 12.9%, for recognising the lease contracts in respect of certain lands, office buildings and nurseries. During the Period, no financial instruments were used for hedging purposes.

As at 30 June 2025, the gearing ratio of the Group was approximately 0.2 times (31 December 2024: 0.3 times), which was calculated based on the total interest-bearing bank borrowings and lease liabilities over the total equity of the Group.

As at 30 June 2025, the Group had unutilised banking facilities of approximately HK\$368.4 million (31 December 2024: HK\$434.5 million).

FOREIGN CURRENCY EXPOSURE

The Group's foreign currency exposure is limited as most of its transactions, assets and liabilities are denominated in Hong Kong dollars. During the Period, the main foreign currency exposure arose from the fluctuation in the Renminbi ("RMB"). Due to the Group's PRC operation, the Group possessed RMB bank balances and a small portion of transactions were denominated in RMB.

CAPITAL COMMITMENT

As at 30 June 2025, the Group had capital commitment contracted for of approximately HK\$22.9 million (31 December 2024: HK\$7.3 million).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2025, the amounts payable under lease liabilities within one year were approximately HK\$11.7 million (31 December 2024: HK\$12.0 million), that after one year but within five years were approximately HK\$7.6 million (31 December 2024: HK\$11.5 million), and that after five years were approximately HK\$13.9 million (31 December 2024: HK\$14.6 million).

In addition as at 30 June 2025, the Group had (i) pledged bank deposits of approximately HK\$7.4 million (31 December 2024: HK\$7.3 million); (ii) pledge of cash and cash equivalents of approximately HK\$42.8 million (31 December 2024: HK\$2.4 million); (iii) mortgage of the land and buildings of approximately HK\$58.4 million (31 December 2024: HK\$59.8 million); and (iv) pledge of the trade receivables of approximately HK\$122.8 million (31 December 2024: HK\$132.9 million).

Save as mentioned above, we did not have any outstanding mortgages or charges, borrowings or indebtedness (including bank overdrafts, loans or debentures), loan capital, debt securities or other similar indebtedness, finance leases or hire purchase.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities.

ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

During the Period, the Group did not make any material acquisition, disposal nor significant investment.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 10,092 employees (31 December 2024: 10,329 employees), including both full-time and part-time employees. Remuneration packages were generally structured by reference to market terms together with individual qualifications and experience. Total staff costs (including Directors' remuneration) of the Group for the six-month period ended 30 June 2025 were approximately HK\$1,067.5 million (six-month period ended 30 June 2024: HK\$1,057.3 million). During the Period, various training activities, such as training on operational safety, team building, administrative and management skills, were conducted to improve the quality of front-end services and office support and management.

In addition, employees are also encouraged, subsidised and sponsored to attend job-related seminars and courses organised by professional and/or educational institutions to ensure the smooth and effective management of the Group's business.

The unaudited consolidated interim results of the Group for the six months ended 30 June 2025 together with the comparative figures of 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED

(EXPRESSED IN HONG KONG DOLLARS)

		For the six months ended 30 June	
		2025	2024
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	4	1,353,483	1,291,140
Cost of services		<u>(1,220,464)</u>	<u>(1,194,067)</u>
Gross profit		133,019	97,073
Other income, gains and losses		6,191	2,511
Selling and marketing expenses		(788)	(921)
Administrative expenses		<u>(67,026)</u>	<u>(61,462)</u>
Profit from operations		71,396	37,201
Finance costs	5	<u>(3,168)</u>	<u>(5,735)</u>
Profit before taxation	6	68,228	31,466
Income tax	7	<u>(9,461)</u>	<u>(5,701)</u>
Profit for the period		58,767	25,765
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries, net of nil tax		72	(47)
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		<u>(2,275)</u>	<u>(3,984)</u>
Other comprehensive income		<u>(2,203)</u>	<u>(4,031)</u>
Total comprehensive income for the period		<u>56,564</u>	<u>21,734</u>

		For the six months ended 30 June	
		2025	2024
	Note	HK\$'000	HK\$'000
Profit for the period attributable to:			
Equity shareholders of the Company		58,944	24,271
Non-controlling interests		(177)	1,494
		<u>58,767</u>	<u>25,765</u>
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		56,741	20,240
Non-controlling interests		(177)	1,494
		<u>56,564</u>	<u>21,734</u>
Earnings per share			
Basic and diluted (HK cents)	9	<u>14.20</u>	<u>5.85</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025 — UNAUDITED

(EXPRESSED IN HONG KONG DOLLARS)

		At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		179,210	198,575
Right-of-use assets		28,777	33,768
Intangible assets		8,200	8,200
Financial assets at fair value through profit or loss		15,189	15,181
Prepayments, deposits and other receivables		29,666	28,191
Deferred tax assets		1,988	2,098
		<u>263,030</u>	<u>286,013</u>
Current assets			
Inventories		2,544	2,347
Contract assets		7,479	7,765
Trade receivables	10	503,711	554,451
Prepayments, deposits and other receivables		24,564	24,791
Tax recoverable		–	795
Pledged bank deposits		7,418	7,338
Cash and cash equivalents		290,759	128,054
		<u>836,475</u>	<u>725,541</u>
Current liabilities			
Trade payables	11	43,514	42,279
Contract liabilities		2,299	4,002
Accruals, deposits received and other payables		462,998	401,150
Bank borrowings		65,108	80,810
Lease liabilities		11,709	11,950
Tax payable		11,006	2,853
		<u>596,634</u>	<u>543,044</u>
Net current assets		<u>239,841</u>	<u>182,497</u>
Total assets less current liabilities		<u>502,871</u>	<u>468,510</u>

		At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Other payables		108	324
Lease liabilities		21,461	26,138
Provision		12,321	11,852
Deferred tax liabilities		14,505	16,514
		<u>48,395</u>	<u>54,828</u>
Net assets		<u>454,476</u>	<u>413,682</u>
Capital and reserves			
Share capital	12	4,150	4,150
Reserves		<u>448,390</u>	<u>407,419</u>
Total equity attributable to equity shareholders of the Company		452,540	411,569
Non-controlling interests		<u>1,936</u>	<u>2,113</u>
Total equity		<u>454,476</u>	<u>413,682</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED
(EXPRESSED IN HONG KONG DOLLARS)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Other reserve	Share option reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	4,150	100,850	18,330	1,165	(270)	245,966	370,191	(490)	369,701
Profit for the period	–	–	–	–	–	24,271	24,271	1,494	25,765
Other comprehensive income for the period	–	–	–	–	(47)	(3,984)	(4,031)	–	(4,031)
Total comprehensive income for the period	–	–	–	–	(47)	20,287	20,240	1,494	21,734
Dividends approved in respect of the previous year (note 8)	–	–	–	–	–	(14,110)	(14,110)	–	(14,110)
Share options lapsed	–	–	–	(1,165)	–	1,165	–	–	–
At 30 June 2024	4,150	100,850	18,330	–	(317)	253,308	376,321	1,004	377,325
As at 1 January 2025	4,150	100,850	18,330	–	(325)	288,564	411,569	2,113	413,682
Profit for the period	–	–	–	–	–	58,944	58,944	(177)	58,767
Other comprehensive income for the period	–	–	–	–	72	(2,275)	(2,203)	–	(2,203)
Total comprehensive income for the period	–	–	–	–	72	56,669	56,741	(177)	56,564
Dividends approved in respect of the previous year (note 8)	–	–	–	–	–	(15,770)	(15,770)	–	(15,770)
As at 30 June 2025	4,150	100,850	18,330	–	(253)	329,463	452,540	1,936	454,476

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED
(EXPRESSED IN HONG KONG DOLLARS)

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Net cash generated from operating activities	199,362	145,815
Investing activities		
Payment for the purchase of property, plant and equipment	(14,964)	(9,365)
Other cash flows arising from investing activities	3,347	1,202
Net cash used in investing activities	(11,617)	(8,163)
Financing activities		
Proceeds from new bank borrowings	702,910	844,936
Repayment of bank borrowings	(718,612)	(931,572)
Other cash flows used in financing activities	(9,407)	(16,097)
Net cash used in financing activities	(25,109)	(102,733)
Net increase in cash and cash equivalents	162,636	34,919
Cash and cash equivalents at the beginning of the period	128,054	41,425
Effect of foreign exchange rates changes	69	(43)
Cash and cash equivalents at the end of the period	290,759	76,301

NOTES

1. GENERAL INFORMATION

The Company was incorporated with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The ultimate holding company of the Company is Baguio Green (Holding) Limited, which was incorporated in the British Virgin Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Unit A, 4/F., Dragon Industrial Building, No. 93 King Lam Street, Lai Chi Kok, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are engaged in the provision of environmental and related services.

2. BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2025, but are extracted from that interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates - Lack of Exchangeability*, issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The Group has identified four reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Cleaning services business
- Waste management and recycling business
- Landscaping services business
- Pest management business

Information regarding the Group's reportable segments is presented below.

Segment revenue and results

Segment results represent the earnings from each segment before interest, taxation, selling and marketing expenses, and administrative expenses including directors' emoluments and exclude other income, gains and losses. The following is an analysis of the Group's revenue and results by reportable segments.

	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2025					
Disaggregated by timing of revenue recognition					
– over time	1,076,520	143,945	100,224	31,487	1,352,176
– point in time	–	1,307	–	–	1,307
Revenue from external customers	1,076,520	145,252	100,224	31,487	1,353,483
Inter-segment revenue	324	1,154	113	331	1,922
Reportable segment revenue	1,076,844	146,406	100,337	31,818	1,355,405
Segment results	84,671	28,140	19,056	1,152	133,019
Other income, gains and losses					6,191
Selling and marketing expenses					(788)
Administrative expenses					(67,026)
Finance costs					(3,168)
Profit before taxation					68,228

	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2024					
Disaggregated by timing of revenue recognition					
– over time	1,034,933	145,628	71,106	37,822	1,289,489
– point in time	–	1,651	–	–	1,651
Revenue from external customers	1,034,933	147,279	71,106	37,822	1,291,140
Inter-segment revenue	283	1,312	87	386	2,068
Reportable segment revenue	1,035,216	148,591	71,193	38,208	1,293,208
Segment results	66,444	19,197	9,467	1,965	97,073
Other income, gains and losses					2,511
Selling and marketing expenses					(921)
Administrative expenses					(61,462)
Finance costs					(5,735)
Profit before taxation					31,466

Segment assets and liabilities

Segment assets include all assets attributable to the activities of the individual segments, with the exception of intercompany receivables and other corporate assets. Segment liabilities include all liabilities attributable to the activities of the individual segments, with the exception of intercompany payables and corporate liabilities. The segment assets and liabilities at the end of the reporting period by reportable segments are as follows:

	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2025					
Segment assets	826,231	147,205	78,602	35,410	1,087,448
Unallocated					12,057
Total assets					1,099,505
Segment liabilities	467,786	86,260	38,545	33,837	626,428
Unallocated					18,601
Total liabilities					645,029
As at 31 December 2024					
Segment assets	725,880	158,915	79,772	34,001	998,568
Unallocated					12,986
Total assets					1,011,554
Segment liabilities	434,234	87,527	37,587	34,541	593,889
Unallocated					3,983
Total liabilities					597,872

Geographical information

The following sets out information about the geographical region of the Group's revenue from external customers, which is based on the location to which the services and goods are delivered.

	For the six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,352,771	1,290,250
Southeast Asia	712	890
	<u>1,353,483</u>	<u>1,291,140</u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank borrowings and overdrafts	2,356	4,963
Lease liabilities	812	701
Others	–	71
	<u>3,168</u>	<u>5,735</u>

6. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Cost of consumable goods	36,146	32,850
Depreciation:		
Owned property, plant and equipment	32,993	33,839
Right-of-use assets	6,312	5,814
(Gain)/loss on disposal of property, plant and equipment	(1,836)	1,194
Government grants*	(578)	(698)
Recognition of credit losses on trade receivables	222	442
	<u>36,146</u>	<u>32,850</u>
Staff costs (including directors' remuneration):		
Wages, salaries and other benefits	988,423	970,578
Defined benefit plan obligation	40,771	48,901
Provision for untaken paid leave	10,023	9,842
Contributions to defined contribution retirement scheme	28,326	28,003
	<u>1,067,543</u>	<u>1,057,324</u>
Short-term lease payments not included in the measurement of lease liabilities:		
Machinery and motor vehicles	37,669	31,649
Land and buildings	1,934	1,526
	<u>39,603</u>	<u>33,175</u>

* During the reporting period, the Group recognised the government grants as follows:

- (i) Urban Forestry Support Fund of Development Bureau of the Government of HK\$210,000 (six months ended 30 June 2024: HK\$93,000);
- (ii) Recycling Fund of the Government, which aims to support the sustainable development of the recycling industry, of HK\$196,000 (six months ended 30 June 2024: HK\$163,000);
- (iii) subsidies for phasing out certain diesel commercial vehicles by the Group of HK\$149,000 (six months ended 30 June 2024: HK\$257,000); and
- (iv) other subsidies of HK\$23,000 (six months ended 30 June 2024: HK\$185,000).

There were neither unfulfilled conditions nor other contingencies attached to the receipt of those grants. There is no assurance that the Group will continue to receive such grant in the future.

7. INCOME TAX

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	11,360	8,664
Deferred tax	(1,899)	(2,963)
	9,461	5,701

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2024: 16.5%) of the estimated assessable profits for the six months ended 30 June 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

8. DIVIDENDS

For the six months ended 30 June	
2025	2024
<i>HK\$'000</i>	<i>HK\$'000</i>

Final dividend in respect of the previous financial year,
was approved and recognised during the interim period,
of HK3.8 cents (six months ended
30 June 2024: HK3.4 cents) per ordinary share

15,770	14,110
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The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the six months ended 30 June 2025 attributable to ordinary equity shareholders of the Company of HK\$58,944,000 (six months ended 30 June 2024: HK\$24,271,000) and the weighted average number of 415,000,000 (six months ended 30 June 2024: 415,000,000) ordinary shares in issue during the interim period.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2025 and 2024 are the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the interim periods.

10. TRADE RECEIVABLES

The ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance at the end of the reporting period, is as follows:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 60 days	424,147	427,502
Over 60 days but within 120 days	60,772	85,520
Over 120 days but within 365 days	18,606	40,973
Over 365 days	186	456
	503,711	554,451

In general, for the contracts with some quasi-government organisations and The Government of the Hong Kong Special Administrative Region, the Group has no specific credit terms in accordance with the tender terms. For other contracts, the Group normally allows a credit period ranging from 30 to 60 days depending on the customers' creditworthiness and the length of business relationship.

11. TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date at the end of the reporting period, is as follow:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Within 30 days	23,470	24,523
Over 30 days but within 60 days	4,801	4,495
Over 60 days but within 90 days	1,009	1,700
Over 90 days	14,234	11,561
	<u>43,514</u>	<u>42,279</u>

The credit period on purchases of certain goods and services is generally within 30 to 60 days.

12. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	<u>1,000,000</u>	<u>10,000</u>
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	<u>415,000</u>	<u>4,150</u>

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the “CG Code”) as set out in both Part 1 and Part 2 of Appendix to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (“Audit Committee”) is to review the effectiveness of the Group’s financial reporting process, risk management and internal control systems, and to oversee the audit and review process of the external auditor. The Audit Committee currently consists of four independent non-executive Directors.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group, and discussed risk management and internal controls and financial reporting matters including a review of the interim results of the Group for the Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.baguio.com.hk). The interim report of the Company for the Period will be despatched to the shareholders of the Company as well as published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 August 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, Professor Cheng Edwin Tai Chiu and Mr. Chan Kin Kan as independent non-executive Directors of the Company.