

【For Immediate Release】**Baguio Green Group Announces 2024 Interim Results**

(Stock Code: 01397)

Persistent growth despite external challenges**Revenue hits historical high for comparable period**

(29 August 2024 - Hong Kong) Baguio Green Group Limited (“**Baguio**” or the “**Group**”, Stock Code: 01397.HK) is pleased to announce its unaudited interim results for the six months ended 30 June 2024 (the Period”).

During the Period, the Group’s revenue amounted to approximately HK\$1,291.1 million, representing an increase of approximately 16.6% as compared to the same period last year, mainly due to the continued increase in revenue in the cleaning segment together with the waste management and recycling segment. Profit for the Period amounted to approximately HK\$25.8 million, representing an increase of approximately 18.5% as compared to the same period last year. The overall gross profit increased by approximately 12.4% to approximately HK\$97.1 million.

Business Overview and Prospects

In the first half of 2024, new contracts awarded to the Group amounted to a total of HK\$1.48 billion. As a result, the Group’s contracts on hand reached approximately HK\$4.60 billion (as of 30 June 2024), representing an increase of approximately 3.8% from approximately HK\$4.43 billion as of 31 December 2023, providing strong revenue growth in the second half of 2024 and subsequent years.

The Group’s core business, cleaning services, recorded growth during the Period. Revenue from cleaning services increased by 20.1% to approximately HK\$1,034.9 million, accounting for approximately 80.2% of the Group’s total revenue. Gross profit of the cleaning business increased by 7.6% to approximately HK\$66.4 million, mainly due to the Group’s new cleaning service contracts with various HKSAR Government (the “Government”) departments and different institutions.

The Group’s Government-related street cleaning services cover a total of seven districts, serving a population of approximately 2.8 million, marking Baguio’s leading position in the Hong Kong cleaning services market. The Group’s Government venue cleaning services for the Food and Environmental Hygiene Department cover seven districts in Hong Kong. In addition, the Group also provided Government market related cleaning services and leisure venues cleaning services, covering several districts in Hong Kong, as well as other cleaning sites such as hospitals, Government clinics, Hong Kong

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International Airport, schools, housing estates and private institutions, demonstrating that the Group's professional services are widely recognised.

Waste management and recycling business recorded growth in revenue during the Period which increased by approximately 7.4% to approximately HK\$147.3 million, accounting for approximately 11.4% of the Group's total revenue. Gross profit of the waste management and recycling business increased by approximately 60.7% to approximately HK\$19.2 million, mainly due to the "Plastic Recycling Pilot Scheme" entered the harvest period and the related contracts with the Government increased the recycling spots and revenue. During the Period, the Group provided Government-related waste collection services to five districts, serving a population of approximately 1.6 million, and provided collection services for thousands of recycling spots (including plastic, glass bottles, metals, waste paper and food waste) across Hong Kong, and collection services for recycling bins in public places and schools. During the Period, the Group provided Baguio continued to provide plastic collection services for several districts under the Environment Protection Department ("EPD") Plastic Recycling Pilot Scheme contract. Baguio also provides collection services for Recycling Stations of "GREEN@COMMUNITY", introduced by the EPD 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.

Regarding green technology business, the Group launched a smart recycling system through combination of a number of advanced smart digital technologies and Internet of Things technologies. Through a one-stop management and big data analytics platform, the Group can monitor the real-time situation of the recycling machines, and flexibly deploy transportation according to the amount of recyclables, reducing logistics costs and unnecessary carbon emissions. The Group currently provides smart recycling machines to the EPD and smart food waste recycling machines to private housing estates. At present, smart recycling machines and smart food waste 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. The Government is proactively offering financial aids for private housing estates to install food waste recycling machines through the Recycling Fund and the Environment and Conservation Fund. Under the expected market demand created by the strong advocacy of the Government, it is believed that the Group's food waste recycling machines and related smart technology business will bring huge business opportunities. With the increasing market demand for smart recycling, the Group plans to seize the opportunity of smart city development, striving to expand the market share of smart recycling machines and smart food waste recycling machines.

In addition, the Government is actively promoting the "Producer Responsibility Scheme on Plastic Beverage Containers and Beverage Cartons", and plans to table the bill to the Legislative Council for scrutiny this year with a view to introducing it in 2025.

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Enshrining the principle of “Polluter Pays” and the vision of “Eco-responsibility”, the recycling rate of plastic beverage containers and beverage cartons is expected to have a significant increase. The scheme is expected to directly drive the growth of Baguio’s recycling business and create solid returns from our investment in recycling facilities which creates a strong entry barrier to the competition.

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

Hong Kong has made concerted effort to keep pace with international trends in the field of green and sustainable finance, accelerating its progress towards becoming an international green finance hub. To meet the needs of sustainable development, the Group has incorporated sustainability insights into its core businesses and operations and is committed to providing customers with one-stop and diversified green environmental services and sustainable procurement solutions. In the future, Baguio will invest more resources in personnel training and green procurement. Meanwhile, through the provision of waste audit services, the Group provides waste constituent data to help corporate customers understand the amount of generated waste that can be recycled and achieve sustainable development goals.

As for the landscaping business, the Group provided landscaping services for the Kai Tak Sports Park, the Central and Western District Promenade and the Inclusive Park for Pets at Tsun Wen Road in Tuen Mun. In addition, the Group provides landscaping services for a wide range of clients, including large private residences, Government premises, schools, shopping malls, hotels, airports, Hong Kong Science Park, Hong Kong University of Science and Technology and Lingnan University, etc.

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.

The Government is developing the Northern Metropolis at full speed and a number of public housing estates are scheduled for completion in phases. In particular, intake of tenants at the public housing estates in northern Kwu Tung North and Fanling North New Development Area will commence progressively from 2026. The Northern Metropolis will provide about 500,000 new housing units after fully developed, which is believed to bring opportunities to the Group’s core businesses.

Mr. Ng Wing Hong, Chairman of Baguio, commented, “The Government demonstrates a strong commitment to environmental agenda. Baguio’s core businesses are closely related to the livelihood of the general public and are not affected by the

economic environment. Despite the presence of economic headwinds, the Group's core business continues to demonstrate a growth trajectory.

While the implementation of the Waste Charging was postponed during the Period, the Government has significantly increased its efforts to increase various types of recycling spots through recyclers. For example, the addition of night mobile food waste recycling spots to facilitate citizens' recycling, with improvement in terms of quality and quantity, which directly brings growth impetus to the Group's recycling business. Therefore, the postponement of Waste Charging has no adverse impact on the Group's recycling business, and on the contrary, results in an increase in business. In the long run, waste reduction and recycling will help achieve the Government's goal of "Zero Landfill", and benefit the development of the Group's recycling and green technology 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 Group, 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.

For details of the Group's 2024 interim results announcement, please visit the following website:

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

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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.

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