

Interview: Baguio Green Group CFO reveals improved interim results

CFO Patrick Chan discussed with CT the key reasons behind the improved half-year results for the Hong Kong-based environmental firm, as well as key strategies around cost control and cash management.



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On August 28, Hong Kong-based Baguio Green Group, a local environmental management solutions provider, announced its interim results for six months ended June 30, 2025. It achieved a 128.1% YoY growth in profit for the period, reaching HK\$58.77 million (\$7.5 million). Basic and diluted earnings per share recorded a 142.7% rise.

Two weeks ahead of the interim results, Baguio Green Group issued a statement indicating an improved earnings performance, attributing the improvement to a material decline in financial costs, as well as sales of inadequately utilised property, plant and equipment.

That pushed the stock price of Baguio to around HK\$0.9 per share from the HK\$0.7 level. After the late August report, the share price of the company has further climbed to over HK\$1.

Baguio Green Group is one of the contractors with the Hong Kong government to provide street cleaning services covering seven districts in the city, in addition to cleaning services provided in various types of facilities, such as recycling.

The cleaning business consists of over 80% of the firm's revenue, according to its latest annual report. Other businesses include waste management and recycling, landscaping and pest management.

Patrick Chan, chief financial officer (CFO) at Baguio Green Group, told *CorporateTreasurer*, in an interview, that the team has been actively managing cost factors across business lines. Meanwhile, he shared some new cash management attempts to capture the interest rate gap between Hong Kong dollar and US dollar.



Performance improvement

Chan (pictured) listed out three factors that have contributed to the 128% increase in profits – an improved gross margin, cost-cutting strategies, and sale of assets.

The firm's food waste management business performed better than the team's expectations, he said. According to the company's interim result disclosure, the gross profit margin of the waste management and recycling business, which accounted for approximately 10.7% of the firm's total revenue, witnessed a boost, generating HK\$28.1 million of gross profit.

Baguio Green Group, headquartered in Lai Chi Kok in Kowloon, is contracted by the Environmental Protection Department (EPD) of Hong Kong to carry out collection services across the city's recycling spots. The report said that the network of recycling spots has substantially expanded and allow residents to bring their recycling to high street retail units

The team has also been more closely tracking performance and monitoring cost savings at an operational level regularly.

"We ask each business segment to come up with their own targets, identify sector-specific opportunities, and report payments for performance monitor purposes," he said.

"Performance development tracking wasn't carried out in the past, but it turned out to be very helpful."

He further explained that making efficient operational decisions can also help save costs for the company, for example, arranging labour resources in a more organised way. Baguio Green Group hires over 11,000 employees, and only around 300 of them are office workers, with the rest taking labour-extensive positions such as cleaners.

The cost-cutting pushes also involved an intentional effort to lower financial costs – Chan told *CT* that the team has reached out to and established relationships with more banking partners in Hong Kong, which in turn offers more options, and comparability, when it comes to borrowing.

"Some banks are able to offer higher fixed deposit rates, for example. We have therefore turned to those banks for a higher return," he said.

Finance costs for the first six months of 2025 were HK\$3.2 million, compared to HK\$5.7 for the same period in 2024. A decrease in average bank borrowings, and a decrease in interest rates, were cited as the two major factors in the report.

Interest paid for bank borrowings and overdrafts was HK\$2.3 million, while that figure was near HK\$5 million in 2024.

Baguio Green Group's capital structure consists of borrowings from banks, lease liabilities and equity, comprising issued ordinary shares and reserves.

Chan said that the team has also been exploring new saving products. As savings accounts' interest rates for Hong Kong dollar have declined to below 0.3% level, Chan shared that his team has, for the first time, explored US dollar fixed deposits, despite not having regular exposure to the currency. Higher interest rates from the US dollar makes up the conversion cost to and from the Hong Kong dollar.

Despite a challenging business environment – its bank balance has hit a three-year high at Baguio, signalling paused investments – Chan said that the team will continue looking for appropriate future opportunities.

Technology-based new solutions, combined with a continuing cost-cutting strategy, will be the company's key focus for the following year.

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