碧 瑤
BAGUIO

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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2015 amounted to approximately HK$1,224.9 million (2014: HK$1,028.7 million), representing an increase of approximately 19.1% as compared with the preceding year.
- Gross profit for the year ended 31 December 2015 was approximately HK$94.9 million (2014: HK$98.2 million), representing a decrease of approximately 3.4% as compared with the preceding year.
- Net profit for the year ended 31 December 2015 was approximately HK$24.1 million (2014: HK$17.7 million), representing an increase of approximately 36.2% as compared with the preceding year.
- A final dividend of HK1.7 cents (2014: HK1.3 cents) per share, totalling HK$7,055,000 (2014: HK$5,395,000) was recommended by the Board for the year ended 31 December 2015.

The board of directors (the "Directors" or the "Board") of Baguio Green Group Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group" or "Baguio") for the year ended 31 December 2015 (the "Year").

CHAIRMAN'S STATEMENT

On behalf of the board of directors of Baguio Green Group Limited, I am pleased to present the audited consolidated annual results of the Group for the year ended 31 December 2015.

2015 marked a new phase for Baguio in terms of business development and geographical expansion. The successful listing on the Mainboard of Hong Kong Exchange in 2014 has built a solid capital foundation for us to pursuit a greater business development. Oriented by a dual growth strategy, we have endeavoured to maintain a solid organic growth in our established businesses, namely cleaning, waste management and recycling, landscaping and pest management in Hong Kong. At the same time, we have also made a good start in exploring China's biowaste-to-energy market by investing, building and operating two biowaste-to-energy plants in Guangdong Province and Shandong Province, respectively. Leverage on over 35 years of experiences in the environmental industry, well-established and solid management system, we strongly believe that this strategic breakthrough has opened a new front for Baguio's development.

CAPTURE THE GROWING OPPORTUNITIES IN CHINA'S BIOWASTE-TO-ENERGY MARKET

After three decades of high-speed economic development that heavily relied on natural resources, China is facing enormous environmental problems. In China's 13th Five Year Plan, "Green Development" has become the top priorities of national policy and focus. Our two biowaste-to-energy projects target to turn manure into biogas through anaerobic fermentation, and generate electricity and organic fertiliser. The electricity will be sold to local grid companies and the fertilisers will be sold to surrounding agricultural communities to replace chemical fertilisers. These projects meet the national policies for pollution control, soil improvement as well as turning biowaste into clean energy.

The establishment of the two biowaste-to-energy projects in 2015 marked a new phase of our development in China. However, this is just a beginning. Through the operation of these two biowaste-to-energy projects, we will gain valuable experiences and technological know-hows in biogas related energy generation projects. In line with China's environmental protection blueprint, Baguio will be devoted to exploring the feasibility of other waste-to-energy projects by utilizing domestic waste, landfills, industrial waste water and food waste. With such know-how, we are looking forward to replicating these projects to other regions in China.

STRENGTHENING EXISTING BUSINESS SEGMENTS

Achieving a 19.1% revenue growth in 2015, our established businesses of cleaning, waste management and recycling, landscaping and pest managements demonstrated sustainable growth capabilities in 2015. During the Year, we have continued to leverage on our cross-selling platform to fully explore and satisfy the needs of our clients. Such diversified service offering has successfully increased our market penetration to private sector. In addition to business expansion, the Group is committed to enhancing operational efficiency. Considering the labour-intensive nature of the existing businesses, we foresee the statutory minimum wage will continue to increase and drive the escalation in labour costs. The Group, hence, invested to enhance our enterprise resource planning system, which optimises human resources allocation and provides scientific analysis on labour efficiency. We believe high quality of services and continuous improvement in management efficiency cements our position as a market leader in Hong Kong's integrated environmental services.

Established in August 2014, the Group's waste recycling plant in Fanling has gained reputation in the industry and has been visited by media, renowned corporations, public and high ranking government officials. These visits enabled the public and government to have more understanding of the current status and development potentials of the recycling industry in Hong Kong. As more and more environmental protection policies will enter the legislative procedure, we believe the local recycling industry will florish in the upcoming years and our Group is prepared to capture these opportunities.

PROSPECTS

In 2016, we will continue to pursuit a stable growth in our core cleaning, landscaping, and waste management and recycling business; to explore and develop downstream recycling product business, and most importantly continue to venture and secure strong foothold in our China business. In pursuing our growth, we will be actively looking for joint venture partners or suitable targets for merger and acquisitions. The Board believes that 2016 will be another year of important growth and development for our Group.

APPRECIATION

After a year of hard work and delivery of fruitful results for our shareholders, I would like to express my heartfelt gratitude to the Baguio team for their considerable contribution in 2015. I would also like to sincerely thank our shareholders and business partners for their continued support and confidence in the Group.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Venturing into China's Biowaste-to-Energy Sector

For the Year, the Group has delivered impressive results in its existing business by achieving approximately 19.1% revenue growth against the backdrop of global economic downturn. Most importantly, it has also moved a significant step forward in expanding its business to China's biowaste-to-energy market. Together with its strategic partners in the People's Republic of China ("PRC"), the Group will invest, build and operate two projects of anaerobically fermenting livestock manure to generate biogas, which in turn will be used to generate electricity. The two projects are located in Guangdong (Guangdong Project) and Shandong (Shandong Project) provinces. Each with a designed power generating capacity reaching 48,000 kilowatts per day, these projects are considered to be large scale in terms of power generation capacity. The power generated will be connected to the local grid. Another by-product of the process is organic fertiliser which will be used for raising feedstocks for farms to complete a close-loop eco-system of turning waste into resources. The designed annual production capacity of the organic fertiliser reaches 22,000 tonnes. Trial production of both projects will commence in September 2016. The Group expects that both projects will reach its designed power generation capacity by the end of 2016.

Market Review

According to the Environmental Protection Department, there are over 9,000 tonnes of disposed waste in Hong Kong every day. The three existing landfills will be full, one-by-one, as we approach 2020; Hong Kong is facing a severe waste management problem. As mapped out in the "Hong Kong Blueprint For Sustainable Use of Resources 2013–2022", the Hong Kong Special Administrative Region Government (the "Hong Kong Government") introduced several measures and policies to tackle the imminent waste problems. Those measures have been gradually implementing in 2015. With an aim to reduce the waste production and nurture the habit of recycling, the Hong Kong Government is planning to introduce a quantity-based charging scheme for municipal solid waste. Adding on top, the HK$1 billion Recycling Fund was launched by the Hong Kong Government in October 2015 for application, with an aim to support Hong Kong enterprises in upgrading and expanding their waste recycling operations. The above measures demonstrated the Hong Kong Government's determination in developing and building the recycling industry, which has created an optimal operational environment for the Group's waste management and recycling business.

Janitorial or cleaning service is one of the most important services that create a pleasant and healthy living environment. The rising living standard and the demand of a cleaner living environment have all led to the needs of professional cleaning service from commercial, industrial, government and residential sectors. In particular, government entities have outsourcing more cleaning contracts to professional services providers in the recent year, and providing a strong growth momentum for the Group's business.

Corporate Sustainability

The Group believes that promoting sustainability is as important as achieving long-term business growth and taking care of shareholders' interests. It has therefore made continuous efforts to maintain a high degree of sustainability to strengthen its operation and management. To demonstrate its commitment to transparency and accountability to its stakeholders, the Group has completed its first Environmental, Social and Governance ("ESG") Report this year by reference to the "ESG Reporting Guide" set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The report represents our wide commitment to sustainable development during the year under review, and covers the significant economic, environmental and social achievements and impact arising from the activities of the Group.

The ESG report will be included in the Group's 2015 annual report to be published in due course.

Results

For the Year, contributed by the new cleaning contracts and the substantial contribution from the new recycling and waste management contracts, the overall revenue of the Group increased by approximately 19.1% from approximately HK$1,028.7 million in 2014 to approximately HK$1,224.9 million in 2015. However, the raise in statutory minimum wage to HK$32.5 per hour on 1 May 2015 has inevitably affected the cost level of the Group. During the Year, cost of services surged by approximately 21.4% to approximately HK$1,130.0 million (2014: HK$930.5 million). Gross profit for the Year recorded a decrease of approximately 3.4% to approximately HK$94.9 million (2014: HK$98.2 million)while gross profit margin was decreased by 1.8 percentage points to approximately 7.7%.

The Group has endeavoured to maintain a relatively low level of administrative expenses in the Year by enhancing its enterprise resource planning system and operational efficiency. Administrative expenses had a year-on-year increase of approximately 15.5% to approximately HK$61.8 million (2014: HK$53.5 million), which represented approximately 5.0% (2014: 5.2%) of revenue. The profit attributable to owners of the Company amounted to approximately HK$24.1 million, representing an increase of approximately 36.2% (2014: HK$17.7 million). This was mainly due to the lower comparison base in 2014 with the non-recurring listing expense of approximately HK$13.2 million. No listing expense was incurred for the Year. Net profit margin increased by 0.3 percentage points to approximately 2.0% (2014: 1.7%). Basic and diluted earnings per share was HK$0.06 (2014: HK$0.05).

Final Dividend

The Directors recommended the payment of a final dividend for the year ended 31 December 2015 at HK1.7 cents (2014: HK1.3 cents) per share totalling HK$7,055,000 (2014: HK$5,395,000), subject to approval by shareholders of the Company ("Shareholders") at the forthcoming annual general meeting ("Annual General Meeting") of the Company to be held on 20 May 2016. If so approved by shareholders, it is expected that the final dividend will be paid out on or around 24 June 2016 to shareholders whose names appear on the register of members of the Company on 10 June 2016.

The Directors did not declare any interim dividend for the six months ended 30 June 2015.

Revenue breakdown of major business segments

	For the year ended				
	31 December 2014		**31 December 2015**		
	Revenue *(HK$ Million)*	% of total revenue	**Revenue *(HK$ Million)***	**% of total revenue**	Change
Cleaning	734.6	71.4%	**911.1**	**74.4%**	+24.0%
Landscaping	143.5	14.0%	**144.1**	**11.8%**	+0.4%
Pest management	84.2	8.2%	**80.9**	**6.6%**	-3.9%
Waste management and recycling	66.4	6.4%	**88.8**	**7.2%**	+33.7%
Total	1,028.7	100.0%	**1,224.9**	**100.0%**	+19.1%

Gross profit margin of major business segments

	For the year ended 31 December 2014 Gross profit margin	**For the year ended 31 December 2015 Gross profit margin**	Change
Cleaning	8.1%	**6.0%**	-2.1p.p.
Landscaping	17.3%	**17.0%**	-0.3p.p.
Pest management	8.5%	**7.5%**	-1.0p.p.
Waste management and recycling	10.4%	**11.2%**	+0.8p.p.
Total/Overall	9.5%	**7.7%**	-1.8p.p.

During the Year, the Group has managed to deliver good performance in all its core business segments against the backdrop of global economic downturns. The revenue from the cleaning business shared approximately 74.4% of total revenue, increasing by 24.0% year-on-year to approximately HK$911.1 million for the Year from approximately HK$734.6 million in 2014. In February 2015, the Group successfully obtained the tendering contracts with the Hong Kong Government in providing support and cleaning services to 84 clinics and health centres under the Department of Health for a period of 27 months with the total contract value amounted to approximately HK$106.8 million. In addition, the Group also gained a 36-month contract from The Airport Authority Hong Kong in providing cleaning services in Terminal 2 and Skye Pier of the Hong Kong International Airport. The contract was effective from 16 August 2015. As the cleaning business is labour intensive in nature, the increase in statutory minimum wage has driven the surge of labour costs. As a result, the segment gross profit margin recorded a decrease to approximately 6.0% (2014: 8.1%).

The Group's waste management and recycling business has also delivered improved performance. In the Year, revenue for the waste management and recycling business shared approximately 7.2% of total revenue, reaching to approximately HK$88.8 million compared to approximately HK$66.4 million in 2014 and representing a growth of approximately 33.7%. In April 2015, the Group gained a 36-month contract from The Airport Authority Hong Kong rendering waste management and recycling services to the Hong Kong International Airport. The service officially commenced on 6 May 2015. Adding on top was the contribution from the Group's confidential material destruction services. Thanks to the overall enhancement in operating efficiencies and gradually the increasing in processing scale, segment gross profit margin increased by 0.8 percentage points to approximately 11.2% (2014: 10.4%).

New Contract Gains and Contract on-hand

As of 31 December 2015, the Group has a total amount of approximately HK$1,225.4 million worth of unexpired contracts on hand. Among which, approximately HK$835.9 million will be recognised by the end of 2016; approximately HK$299.5 million will be recognised in 2017 and the rest of approximately HK$90.0 million will be recognised in 2018 and beyond.

	Backlog contract value *(HK$ Million)*	**Contract value to be recognised by 31 December 2016** *(HK$ Million)*	**Contract value to be recognised by 31 December 2017** *(HK$ Million)*	**Contract value to be recognised in 2018 and beyond** *(HK$ Million)*
Cleaning services	847.4	607.7	200.0	39.7
Landscaping services	154.1	107.0	44.6	2.5
Pest Management services	38.7	32.2	6.5	–
Waste management and recycling services	185.2	89.0	48.4	47.8
Total	1,225.4	835.9	299.5	90.0

PROSPECTS

Three decades of industrial and manufacturing growth in China has fuelled the world leading economic success. Such resource-heavy growth model has made waste generation a problem that is too big to ignore. As a result, waste treatment and resources recycling has become the top priorities for the Chinese Government to pursuit a "Green Development". According to Goldman Sachs Global Investment Research, China's waste treatment, environmental protection as well as pollution cleanup is estimated to grow into a RMB8.2 trillion market in the 13th Five Year Period (2016–2020).

Livestock in farms around China generates large amount of manure a day. Without proper treatment, livestock manure generated may pollute water and spread diseases. The Group's biowaste-to-energy project is a sustainable and efficient close-loop eco mechanism to recycle the manure and turn to organic fertilisers and clean energy. Through microbial reaction and anaerobic fermentation, manure yields biogas, which is clean fuel for electricity generation. Residues from the process can be used as organic fertilisers for raising feedstocks in the farms to complete the cycle of turning waste into resources. From the operation of these projects, the Group can comprehend the core technology and gain experiences on waste treatment and resources recycling as well as biogas related environmental projects. The establishment of the two biowaste-to-energy projects is just the first step for Baguio's development in China. Leverage on our knowledges and experiences in the environmental industry as well as our well-established management system, the Group is going to replicate these successful cases to other regions in China and is aiming to explore more integrated environmental protection projects in the future.

In October 2015, the Group established a subsidiary in Qianhai, Shenzhen to act as a base of the Group in China. The subsidiary will actively participate in industry related conferences and exchange tour to closely follow and monitor the environmental protection trend in China. Moreover, it will also act as a pioneer for the Group to source merge and acquisition projects in the environmental and recycling industry.

In terms of the Group's core business segments in Hong Kong, the Group will continue to participate in tendering of both governmental and private sectors, in order to capture greater market share. In addition, the Group will continue to enhance its operational efficiency. To uphold the cost-effective measures, the management is setting up internal framework and guidelines to monitor the key performance indicators of human resources allocation, administrative expenses and operational efficiency. Leverage on the our strong track record, quality services and management system, the Group is confident to achieve sustainable growth in all cleaning, waste management and recycling, landscaping and pest management business.

FINANCIAL REVIEW

Revenue

The Group's revenue for each of the year ended 31 December 2015 and 2014 was approximately HK$1,224.9 million and HK$1,028.7 million, respectively, representing an increase of approximately 19.1%. The increase was mainly due to overall increase in revenue in our services segments of cleaning, landscaping and waste management and recycling with increase in total value of contracts and orders during the Year.

More details of the Company's performance for the Year by business segments is set out in note 4 to the consolidated financial statements.

Cost of Services

For each of the year ended 31 December 2015 and 2014, the cost of services of the Group amounted to approximately HK$1,130.0 million and HK$930.5 million respectively, representing approximately 92.3% and 90.5% of the Group's revenue for the corresponding years. Our cost of services primarily comprised direct wages, direct overhead expenses, consumables and sub-contracting fees. The cost of services in proportion to the Group's revenue increased, primary due to the increase in labour costs arising from the raise of statutory minimum wage during the Year. In addition, operation cost incurred in the Group's recycling plant which was only set up in August 2014 also increased the cost of services of the Group.

Gross Profit

The Group's gross profit for the Year was approximately HK$94.9 million, representing a decrease of approximately 3.4% from approximately HK$98.2 million in 2014. The decrease was mainly due to increase in cost of services of the Group.

Gross Profit Margin

The gross profit margins of the Group for each of the year ended 31 December 2015 and 2014 were approximately 7.7% and 9.5% respectively. As mentioned above, the decrease was mainly attributable to increase in direct labour costs due to the labour intensive nature of our business and additional operating expenses, such as depreciation of plant and equipment, of the Group's recycling plant set up in August 2014.

Selling and Marketing Expenses

The selling and marketing expenses incurred by the Group for each of the year ended 31 December 2015 and 2014 were approximately HK$2.5 million and HK$1.7 million respectively, representing an increase of approximately 44.5%, and approximately 0.2% and 0.2% of the respective year's total revenue. This was mainly due to increase in marketing activities for penetrating our business in the private sector, promoting the new business in the recycling sector and expanding Baguio's footprint into the PRC. In additions, increased marketing cost was incurred in promoting activities in various communication channels, and fostering public and investors' relationships after listing of the Company.

Administrative Expenses

The administrative expenses incurred by the Group for each of the year ended 31 December 2015 and 2014 were approximately HK$61.8 million and HK$53.5 million respectively, representing an increase of approximately 15.5%, and approximately 5.0% and 5.2% of the respective year's total revenue. With improvements in cost control and operation efficiency, the percentage of administrative expenses for supporting the growth of business in comparison to revenue generated was controlled to an acceptable level.

Finance Costs

The finance costs of the Group amounted to approximately HK$7.6 million and HK$8.4 million for the year ended 31 December 2015 and 2014 respectively, representing approximately 0.6% and approximately 0.8% of the Group's revenue in the respective years.

Profit for the Year Attributable to Owners of The Company

The Group's profit attributable to owners of the Company for each of the year ended 31 December 2015 and 2014 were approximately HK$24.1 million and HK$17.7 million respectively, representing an increase of approximately 36.2%. The significant increase was primarily attributable to inclusion of the non-recurring listing expenses of approximately HK$13.2 million in connection with the listing of the Company in year 2014. If the above factor is excluded from calculation, the net profit attributable to owners of the Company for the Year would represent a decrease of approximately HK$6.8 million from the year 2014. Such decrease was due to the decrease in gross profit and increase in selling and marketing expenses and administrative expenses with the factors described above.

FOREIGN CURRENCY RISK

The Group's foreign currency exposure is limited as most of its transactions, assets and liabilities are denominated in Hong Kong dollars.

LIQUIDITY AND FINANCIAL RESOURCES

The Group derives cash flow from operating activities principally from rendering comprehensive range of environmental services. For the Year, we had net cash generated from operating activities of approximately HK$50.6 million (2014: HK$20.7 million). The Group had available cash and bank balances amounting to approximately HK$90.3 million as at 31 December 2015 (31 December 2014: HK$61.4 million), representing an increase of approximately 47.2% from 31 December 2014.

As at 31 December 2015, the Group's total current assets and current liabilities were approximately HK$384.9 million (31 December 2014: HK$326.0 million) and HK$296.4 million (31 December 2014: HK$257.3 million) respectively, while the current ratio was approximately 1.3 times (31 December 2014: approximately 1.3 times).

As at 31 December 2015, the Group's finance lease payables were approximately HK$66.2 million (31 December 2014: HK$80.0 million) for financing the acquisition of motor vehicles for operation use. During the Year, no financial instruments were used for hedging purposes (2014: nil).

The gearing ratio of the Group was approximately 1.0 times as at 31 December 2015 (31 December 2014: 1.0 times), which was calculated based on the total interest-bearing bank borrowings and obligations under finance leases over equity attributable to owners of the Company.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

For the Year, our capital expenditures mainly included additions in motor vehicles, plant and equipment amount to approximately HK$28.5 million (2014: HK$58.7 million). These capital expenditures were funded by borrowings from bank and finance companies, funds generated from our operating activities and capital contributions from our shareholders through the initial public offering of the Company.

As at 31 December 2015, the Group had capital commitment of approximately HK$1.4 million (31 December 2014: HK$3.7 million) in respect of the acquisition of motor vehicles, office equipment and machinery contracted but not provided in the financial statements.

CONTINGENT LIABILITIES

As at 31 December 2015 and 2014, the Group did not have any material contingent liabilities.

USE OF PROCEEDS

The Company was listed on the Stock Exchange on 22 May 2014 and raised net proceeds of approximately HK$90.0 million. The plans for the use of net proceeds were stated in the prospectus of the Company dated 12 May 2014 and subsequently changed during the Year as stated in the announcement of the Company dated 31 December 2015. During the period between the date of the listing of the Company to 31 December 2015, the net proceeds were used for the following purposes:

Summary of use of proceeds

	Available *(HK$ Million)*	**Utilised** *(HK$ Million)*	**Unutilised** *(HK$ Million)*
Acquisition of vehicles and equipment for expanding and broadening for existing services	18.4	18.4	–
Development and expansion of waste management and recycling services	9.9	9.9	–
Enhancing operation efficiency and quality services	11.7	7.4	4.3
Working capital and other general purposes	35.0	35.0	–
Investment in PRC projects *(Note)*	15.0	–	15.0
	90.0	70.7	19.3

As at 31 December 2015, the unused proceeds were deposited in licensed banks in Hong Kong.

Note: As per the Company's announcement dated 31 December 2015, the Group changed the application of HK$15 million of the net proceeds from the global offering to be used for the formation of the joint ventures for the two biowaste-to-energy projects.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2015, the amounts payable under finance leases within one year was approximately HK$23.7 million (31 December 2014: HK$24.2 million), and in the second to fifth year inclusive was approximately HK$42.4 million (31 December 2014: HK$55.8 million).

As at 31 December 2015, the obligations under finance leases of the Group were secured by corporate guarantee provided by the Company and a subsidiary of the Company.

In addition, we have (i) pledged bank deposit with carrying amounts of approximately HK$5.1 million as at 31 December 2015 (31 December 2014: HK$7.2 million); (ii) pledge of the Group's leasehold land and buildings with carrying amounts of approximately HK$17.7 million as at 31 December 2015 (31 December 2014: HK$18.3 million); (iii) pledge of the Group's available-for-sale financial assets with carrying values of approximately HK$12.9 million as at 31 December 2015 (31 December 2014: HK$12.5 million); and (iv) pledge of the Group's trade receivables with aggregate values of approximately HK$113.2 million as at 31 December 2015 (31 December 2014: HK$103.4 million).

Save as mentioned above in this section, 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 lease or hire purchase.

ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

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

HUMAN RESOURCES

As at 31 December 2015, the Group employed 8,658 employees, including both full time and part time (31 December 2014: 8,934). Remuneration packages are generally structured by reference to market terms and individual qualifications and experience.

During the Year, various training activities, such as training on operational safety, team building, administrative and management skills, have been conducted to improve the front-end quality of services and office support and management. In additions, employees are also encouraged, subsidized and sponsored to attend job-related seminars and course organized by professional and/or educational institution to ensure the smooth and effective management of the Group's business.

The audited consolidated annual results of the Group for the year ended 31 December 2015 together with the comparative figures of 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*5*	**1,224,887**	1,028,711
Cost of services		**(1,129,974)**	(930,491)
Gross profit		**94,913**	98,220
Other income	*6*	**4,646**	3,507
Change in fair value less costs to sell of biological assets		**948**	50
Listing expenses		**–**	(13,202)
Selling and marketing expenses		**(2,458)**	(1,701)
Administrative expenses		**(61,766)**	(53,490)
Profit from operations		**36,283**	33,384
Finance costs	*8*	**(7,552)**	(8,372)
Profit before taxation	*7*	**28,731**	25,012
Income tax expenses	*9*	**(4,645)**	(7,331)
Profit for the year attributable to owners of the Company		**24,086**	17,681
Other comprehensive income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available-for-sale financial assets		**402**	337
Total other comprehensive income for the year		**402**	337
Total comprehensive income for the year attributable to owners of the Company		**24,488**	18,018
Earnings per share			
Basic and diluted (HK$)	*11*	**0.06**	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**161,734**	171,777
Available-for-sale financial assets		**12,941**	12,539
Pledged bank deposit		**5,137**	7,237
		179,812	191,553
Current assets			
Inventories		**4,955**	3,669
Trade receivables	*12*	**269,620**	244,795
Prepayments, deposits and other receivables		**13,147**	14,518
Biological assets		**6,820**	463
Tax recoverable		**20**	1,184
Cash and cash equivalents		**90,346**	61,365
		384,908	325,994
Current liabilities			
Trade payables	*13*	**23,654**	16,964
Accruals, deposits received and other payables		**120,810**	105,479
Bank borrowings		**126,177**	109,741
Obligation under finance leases		**23,726**	24,183
Tax payable		**2,017**	939
		296,384	257,306
Net current assets		**88,524**	68,688
Total assets less current liabilities		**268,336**	260,241
Non-current liabilities			
Bank borrowings		**9,204**	6,609
Obligation under finance leases		**42,440**	55,820
Deferred tax liabilities		**9,688**	10,111
		61,332	72,540
Net assets		**207,004**	187,701
Capital and reserves			
Share capital	*14*	**4,150**	4,150
Reserves		**202,854**	183,551
Total equity		**207,004**	187,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as exempted company with limited liability in the Cayman Islands on 8 November 2013. The ultimate holding company of the Company is Baguio Green (Holdings) Limited, which was incorporated in the British Virgin Islands ("BVI"). The registered office of the Company is located at Cricket Square, Hutchins Drive, PO 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, 93 King Lam Street, Lai Chi Kok, Kowloon, Hong Kong.

The Company had its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited on 22 May 2014.

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand, unless otherwise stated.

2. BASIS FOR PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance ("CO").

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new CO (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of Hong Kong Accounting Standard ("HKAS") 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices include within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable for the asset or liability.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the above amendments to HKFRSs has had no material impact on the Group's financial performance and position.

The nature and impact of each amendment is described below.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plan.

Annual Improvements to HKFRSs 2010–2012 Cycle and 2011–2013 Cycle

The Group has applied the amendments to HKFRSs included in the Annual Improvements to HKFRSs 2010–2012 Cycle and 2011–2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of HKFRS 8 Operation Segments. The Group has aggregated several operating segments into a single operating segment and made the required disclosures in accordance with the amendments. The application of the other amendments has had no impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations[3]
HKAS 1 (Amendments)	Disclosure Initiative[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

HKFRS 9 Financial Instruments

HKFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in July 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised; and

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2018 and that the application of new standard may have a significant impact on amounts reported in respect of Group's financial assets. However, it is not practical to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 Regulatory Deferral Accounts, describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with IFRS/HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate regulated goods or services.

The amendments to HKFRS 14 apply prospectively for annual periods beginning on or after 1 January 2016. The directors do not anticipate that the application of HKFRS 14 will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

— Step 1: Identify the contract(s) with a customer
— Step 2: Identify the performance obligations in the contract
— Step 3: Determine the transaction price
— Step 4: Allocate the transaction price to the performance obligations in the contract
— Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively.

The directors anticipate that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

— At cost;

— In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9); or

— Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards.

The directors do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with HKFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The directors do not anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

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's operating and reportable segments under HKFRS 8 are therefore as follows:

— Cleaning services business

— Landscaping services business

— Pest management business

— Waste management and recycling business

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

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

	Cleaning services business *HK$'000*	**Landscaping services business** *HK$'000*	**Pest management business** *HK$'000*	**Waste management and recycling business** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2015					
Segment revenue	**911,062**	**144,080**	**80,896**	**88,849**	**1,224,887**
Segment results	**53,026**	**24,513**	**5,178**	**9,738**	**92,455**
Other income					**4,646**
Change in fair value less costs to sell of biological assets	**–**	**948**	**–**	**–**	**948**
Central administrative costs					**(61,766)**
Finance costs					**(7,552)**
Profit before taxation					**28,731**

	Cleaning services business *HK$'000*	Landscaping services business *HK$'000*	Pest management business *HK$'000*	Waste management and recycling business *HK$'000*	Total *HK$'000*
Year ended 31 December 2014					
Segment revenue	734,592	143,555	84,210	66,354	1,028,711
Segment results	58,407	24,683	6,720	6,709	96,519
Other income					3,507
Change in fair value less costs to sell of biological assets	–	50	–	–	50
Listing expense					(13,202)
Central administrative costs					(53,490)
Finance costs					(8,372)
Profit before taxation					25,012

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other income, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The segment assets and liabilities at the end of the reporting period by reportable segments are as follows:

	Cleaning services business *HK$'000*	**Landscaping services business** *HK$'000*	**Pest management business** *HK$'000*	**Waste management and recycling business** *HK$'000*	**Total** *HK$'000*
As at 31 December 2015					
Segment assets	**324,921**	**60,013**	**58,183**	**97,147**	**540,264**
Unallocated					**24,456**
Total assets					**564,720**
Segment liabilities	**239,516**	**30,305**	**36,991**	**48,125**	**354,937**
Unallocated					**2,779**
Total liabilities					**357,716**

	Cleaning services business *HK$'000*	Landscaping services business *HK$'000*	Pest management business *HK$'000*	Waste management and recycling business *HK$'000*	Total *HK$'000*
As at 31 December 2014					
Segment assets	286,656	55,382	56,625	85,619	484,282
Unallocated					33,265
Total assets					517,547
Segment liabilities	112,409	17,621	30,294	40,422	200,746
Unallocated					129,100
Total liabilities					329,846

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than available-for-sale financial assets, leasehold properties and other assets for corporate use.

— all liabilities are allocated to reportable segments other than bank borrowings, deferred tax liabilities and other liabilities for corporate use.

Other segment information

	Cleaning services business *HK$'000*	**Landscaping services business** *HK$'000*	**Pest management business** *HK$'000*	**Waste management and recycling business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2015						
Additions to non-current assets	**13,111**	**933**	**202**	**14,040**	**214**	**28,500**
Depreciation of property, plant and equipment	**11,016**	**1,016**	**3,104**	**9,326**	**99**	**24,561**
Loss on disposal of property, plant and equipment	**747**	**362**	**16**	**282**	**2**	**1,409**

	Cleaning services business *HK$'000*	Landscaping services business *HK$'000*	Pest management business *HK$'000*	Waste management and recycling business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the year ended 31 December 2014						
Additions to non-current assets	28,700	1,955	4,269	23,732	68	58,724
Depreciation of property, plant and equipment	8,688	879	2,724	6,609	82	18,982
Gain/(loss) on disposal of property, plant and equipment	254	(307)	(171)	33	–	(191)
Impairment loss recognised on trade receivables	75	26	–	–	–	101

Geographical information

No geographical information is presented as all of the Group's businesses are carried out in Hong Kong and the Group's revenue from external customers is generated in Hong Kong during the years ended 31 December 2015 and 2014.

Information about major customers

For the year ended 31 December 2015, approximately HK$837,765,000 (2014: HK$753,083,000) of the Group's revenue was arising from various segment by two customers (2014: two). Each customer has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2015 (2014: Nil).

Revenue from major customers amounted to 10% or more of the Group's revenue, are set out below:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**452,516**	400,145
Customer B	**385,249**	352,938
	837,765	753,083

5. REVENUE

The principal activity of the Group is environmental and related service. The amount of each significant category of revenue recognised during the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Cleaning services	**911,062**	734,592
Landscaping services	**144,080**	143,555
Pest management services	**80,896**	84,210
Waste management and recycling services	**88,849**	66,354
	1,224,887	1,028,711

6. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Government subsidies	**4,002**	2,265
Interest income	**10**	11
Sundry income	**634**	1,231
	4,646	3,507

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Auditors' remuneration:		
Audit service	**780**	800
Other service	**160**	160
Depreciation of property, plant and equipment:		
Owned by the Group	**13,000**	7,844
Held under finance lease obligation	**11,561**	11,138
Loss on disposal of property, plant and equipment	**1,409**	191
Impairment losses recognised on trade receivables	**–**	101
Cost of consumables goods	**51,195**	46,909
Staff costs (including directors' remuneration):		
Wages, salaries and other benefits	**958,537**	780,253
Provision for long services payment	**1,878**	3,916
Provision for untaken paid leave	**10,509**	8,567
Contribution to retirement schemes	**32,955**	28,216
Equity-settled share-based payments	**210**	–
	1,004,089	820,952
Operating lease rentals: minimum lease payments		
Hire of machinery and motor vehicles	**18,086**	13,649
Land and buildings	**4,264**	2,965
	22,350	16,614

8. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
Bank overdrafts	**286**	246
Bank loans	**4,490**	5,277
Obligation under finance leases	**2,776**	2,849
	7,552	8,372

9. INCOME TAX EXPENSES

The income tax expenses for the year represent Hong Kong Profits Tax which is calculated at 16.5% on the estimated assessable profit of the Group.

The income tax expenses comprise:

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**5,068**	4,174
Deferred tax:		
Current year	**(423)**	3,157
	4,645	7,331

10. DIVIDENDS

A dividend in respect of the year ended 31 December 2015 of HK 1.7 cents per share, amounting to a total dividend of HK$7,055,000, was recommended by the Board on 30 March 2016 and to be approved by the shareholders in the forthcoming annual general meeting. These financial statements do not reflect this dividend payables.

	2015	2014
	HK$'000	*HK$'000*
Proposed final dividend of HK 1.7 cents (2014: HK 1.3 cents) per ordinary share	**7,055**	5,395
Dividend paid to shareholders	**5,395**	32,000
	12,450	37,395

On 30 March 2015, the Company proposed to declare final dividend of HK$5,395,000 to its shareholders for the year ended 31 December 2014. Such dividend has been fully paid in June 2015.

On 24 January 2014, a subsidiary of the Company had proposed to declare final dividend of HK$32,000,000 to its shareholders for the year ended 31 December 2013. Such dividend has been fully paid in April 2014.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 2015 is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$24,086,000 (2014: HK$17,681,000) and the weighted average number of ordinary shares in issue of approximately 415,000,000 (2014: 378,561,644).

During the year ended 31 December 2015, the Company's outstanding share options were not included in the calculation of diluted earnings per share because the effects of the Company's outstanding share options were anti-dilutive. And the diluted earnings per share were the same as the basis earnings per share.

Diluted earnings per share for the year ended 31 December 2014 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during year.

12. TRADE RECEIVABLES

The ageing analysis of trade receivables based on the invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 60 days	**231,343**	221,253
61 days to 120 days	**24,381**	15,467
121 days to 365 days	**13,702**	7,893
Over 365 days	**194**	182
	269,620	244,795

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 number of credit date. 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.

13. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**15,744**	11,898
31 days to 60 days	**2,894**	3,195
61 days to 90 days	**672**	485
Over 90 days	**4,344**	1,386
Total	**23,654**	16,964

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

14. SHARE CAPITAL

	Number of shares	**Nominal value**
		HK$
Authorised:		
Ordinary shares of HK$0.01 each		
As at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	1,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
As at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	415,000,000	4,150,000

POST BALANCE SHEET EVENTS

The Group had no material event subsequent to the end of the Year and up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed tentatively from Wednesday, 18 May 2016 to Friday, 20 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. To be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 May 2016 or at another time and/or date as advised.

The register of members of the Company will be closed tentatively from Wednesday, 8 June 2016 to Friday, 10 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order for the Shareholders to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 June 2016.

CORPORATE GOVERNANCE

The Company is committed to maintaining 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 Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the Year. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in the Group's 2015 annual report to be published in due course.

AUDIT COMMITTEE

The audit committee has reviewed with the management of the Company the audited consolidated annual results of the Group for the Year, and reviewed the effectiveness of the risk management and internal control system of the Company with the management of the Company.

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 10 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 have confirmed that he/she has complied with the Model Code throughout the Year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.baguio.com.hk). The annual report of the Company for the Year will be despatched to the Shareholders 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, 30 March 2016

As at the date of this announcement, the Board comprises Mr. Ng Wing Hong, Ms. Ng Yuk Kwan Phyllis, Mr. Ng Wing Chuen, Ms. Leung Shuk Ping, Ms. Chan Shuk Kuen and Ms. Cheung Siu Chun as executive directors of the Company and Mr. Sin Ho Chiu, Dr. Law Ka Hung and Mr. Lau Chi Yin Thomas as independent non-executive directors of the Company.