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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 2024**

**FINANCIAL HIGHLIGHTS**

|                                                 | For the six months ended 30 June |                 |        |
|-------------------------------------------------|----------------------------------|-----------------|--------|
|                                                 | 2024                             | 2023            | Change |
|                                                 | <i>HK\$'000</i>                  | <i>HK\$'000</i> |        |
| Revenue                                         | <b>1,291,140</b>                 | 1,106,855       | +16.6% |
| Gross profit                                    | <b>97,073</b>                    | 86,390          | +12.4% |
| Other income, gains and losses                  | <b>2,511</b>                     | 3,173           | -20.9% |
| Profit for the period                           | <b>25,765</b>                    | 21,741          | +18.5% |
| Basic and diluted earnings per share (HK cents) | <b>5.85</b>                      | 5.26            | +11.2% |

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (1H2023: 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 report of the Group for the six months ended 30 June 2024 (the “Period”).

## MARKET REVIEW

The HKSAR Government (the “Government”) demonstrates a strong commitment to environmental agenda. The Group’s core businesses, including cleaning, waste management, recycling, green technology, landscaping, and pest management, are closely related to the livelihood of the general public. 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. The Group’s services are considered a rigid demand 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.

Although the Government postponed the implementation of the Waste Charging policy, the original intention of reducing waste remains unchanged. Waste Charging is only one of the ways adopted by the Government to promote waste reduction and recycling, which is an important policy to achieve the goal of “Zero Landfill” under the Waste Blueprint for Hong Kong 2035 and is expected to be implemented in an orderly way in the future. During the Period, the Government accelerated the strengthening of recycling facilities. For example, in respect of food waste recycling, the Government has installed additional smart food waste recycling machines in public housing estates and large private housing estates in Hong Kong, with the aim of doubling the number within one year. In addition, the Government will set up 100 mobile food waste recycling spots and establish food waste recycling points at about 100 Refuse Collection Points in the coming year. Furthermore, regarding other types of recyclables, the Government plans to set up 50 small-scale recycling stores in public housing estates to provide citizens with a convenient recycling experience.

In terms of private housing estates and industrial and commercial buildings, the Environmental Protection Department (“EPD”) has launched the Programme on Source Separation to provide free waste separation bins to more than 2,000 housing estates or residential blocks and 1,200 industrial and commercial buildings, with a view to gradually improving the community recycling network.

After the Government postponed the implementation of Waste Charging, it 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.

## **BUSINESS REVIEW**

Revenue for the Period amounted to approximately HK\$1,291.1 million, representing an increase of approximately 16.6% as compared to the same period last year. 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.

The Group's core business, cleaning services, recorded growth in 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 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 (the "FEHD") cover seven districts in Hong Kong. In addition, the Group's Government market related cleaning services and leisure venues cleaning services cover several districts in Hong Kong. The Group's other cleaning sites cover hospitals, Government clinics, Hong Kong 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.

In terms of waste management, the Group provided Government-related waste collection services to five districts, serving a population of approximately 1.6 million. In terms of recycling, the Group is contracted by the EPD of the Government to provide collection services for thousands of recycling spots (including plastic, 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 continued to provide plastic collection services for several districts under the EPD Plastic Recycling Pilot Scheme contract. Baguio also provides collection services for Recycling Stations of “GREEN@COMMUNITY”, introduced by 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, and is one of the market leaders.

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. 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. 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.

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”.

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.

### Interim Dividend

The Directors do not recommend the payment of an interim dividend for the Period (1H2023: Nil).

### Revenue Breakdown of Major Business Segments

|                                   | For the six months ended 30 June |                       |                           |                       | Change |
|-----------------------------------|----------------------------------|-----------------------|---------------------------|-----------------------|--------|
|                                   | 2024                             |                       | 2023                      |                       |        |
|                                   | Revenue<br>(HK\$ million)        | % of total<br>revenue | Revenue<br>(HK\$ million) | % of total<br>revenue |        |
| Cleaning                          | 1,034.9                          | 80.2%                 | 861.5                     | 77.8%                 | +20.1% |
| Waste management<br>and recycling | 147.3                            | 11.4%                 | 137.2                     | 12.4%                 | +7.4%  |
| Landscaping                       | 71.1                             | 5.5%                  | 61.4                      | 5.6%                  | +15.8% |
| Pest management                   | 37.8                             | 2.9%                  | 46.8                      | 4.2%                  | -19.2% |
| Total                             | 1,291.1                          | 100.0%                | 1,106.9                   | 100.0%                | +16.6% |

### Gross Profit Margin of Major Business Segments

|                                | For the six months<br>ended 30 June |       | Change    |
|--------------------------------|-------------------------------------|-------|-----------|
|                                | 2024                                | 2023  |           |
| Cleaning                       | 6.4%                                | 7.2%  | -0.8 p.p. |
| Waste management and recycling | 12.9%                               | 8.7%  | +4.2 p.p. |
| Landscaping                    | 13.3%                               | 18.0% | -4.7 p.p. |
| Pest management                | 5.1%                                | 3.3%  | +1.8 p.p. |
| Overall                        | 7.5%                                | 7.8%  | -0.3 p.p. |

During the Period, the Group's robust performance was contributed by an increase in revenue of approximately 20.1% from the cleaning segment. This result was attributable to the Group's enormous effort in securing new contracts with the Government. Along with the award of waste collecting contracts and the maturity of "Plastic Recycling Pilot Scheme", waste management and recycling segment also made remarkable contribution to the Group's profitability. Meanwhile, pest management segment continued to strive for effective cost control to maintain its profit margin. Also, the high level service demand and keen market competition slightly affected the profitability in the landscaping segment.

The overall gross profit margin of the Group slightly decreased approximately from 7.8% to 7.5%, but with an increase in revenue, the overall gross profit of the Group were improved approximately from HK\$86.4 million to HK\$97.1 million.

### Contracts on Hand

As of 30 June 2024, the Group had a total of approximately HK\$4,598.6 million worth of unexpired contracts on hand, among which, approximately HK\$1,301.5 million would be recognised by the end of 2024; approximately HK\$2,021.6 million would be recognised in 2025 and the rest of approximately HK\$1,275.5 million would be recognised in 2026 and beyond.

|                                         | <b>Backlog<br/>contract<br/>value<br/>(HK\$ million)</b> | <b>Contract<br/>value to be<br/>recognised by<br/>31 December<br/>2024<br/>(HK\$ million)</b> | <b>Contract<br/>value to be<br/>recognised by<br/>31 December<br/>2025<br/>(HK\$ million)</b> | <b>Contract<br/>value to be<br/>recognised in<br/>2026 and<br/>beyond<br/>(HK\$ million)</b> |
|-----------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| Cleaning services                       | 3,767.6                                                  | 1,080.9                                                                                       | 1,701.2                                                                                       | 985.5                                                                                        |
| Waste management and recycling services | 488.6                                                    | 101.5                                                                                         | 182.7                                                                                         | 204.4                                                                                        |
| Landscaping services                    | 260.6                                                    | 84.8                                                                                          | 90.5                                                                                          | 85.3                                                                                         |
| Pest management services                | 81.8                                                     | 34.3                                                                                          | 47.2                                                                                          | 0.3                                                                                          |
| Total                                   | <u>4,598.6</u>                                           | <u>1,301.5</u>                                                                                | <u>2,021.6</u>                                                                                | <u>1,275.5</u>                                                                               |

## 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.

According to the Monitoring of Solid Waste in Hong Kong 2022, Hong Kong produces approximately 11,128 tonnes of municipal solid waste each day, of which around 3,330 tonnes (30%), was food waste. The Government's current food waste treatment capacity is only approximately 600 tonnes per day, which is still insufficient to meet the demand. The Group expects that the future food waste market has huge potential. As a leader in the waste recycling market in Hong Kong, Baguio is determined to help Hong Kong achieve its vision of "Zero Landfill" by 2035 by providing recycling services including food waste collection.

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.

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. 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.

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.



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.

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's revenue for the six-month period ended 30 June 2024 and 2023 amounted to approximately HK\$1,291.1 million and HK\$1,106.9 million respectively, representing an increase of approximately 16.6%. The increase was mainly due to the increase in revenue in the cleaning segment together with the waste management and recycling segment, with the award of new contracts with the Government during the Period.

### **Cost of Services**

For the six-month period ended 30 June 2024 and 2023, the cost of services amounted to approximately HK\$1,194.1 million and HK\$1,020.5 million respectively, representing approximately 92.5% and approximately 92.2% 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\$97.1 million, representing an increase of approximately 12.4% from approximately HK\$86.4 million for the corresponding period in 2023.



## **Gross Profit Margin**

The gross profit margins of the Group for the six-month period ended 30 June 2024 and 2023 were approximately 7.5% and approximately 7.8% respectively. As mentioned above, the slight decline in gross profit margin was impacted by rising labour costs in cleaning segment partially offset by strong performance in waste management and recycling segment.

## **Other Income, Gains and Losses**

The other income, gains and losses of the Group for the six-month period ended 30 June 2024 and 2023 were approximately HK\$2.5 million and HK\$3.2 million respectively, representing a decrease of approximately 20.9%. The significant decrease was primarily due to a loss of HK\$1.2 million from the disposal of property, plant, and equipment during the Period, compared to a gain of HK\$0.2 million recorded in the corresponding period in 2023.

## **Selling and Marketing Expenses**

The selling and marketing expenses of the Group for the six-month period ended 30 June 2024 and 2023 were approximately HK\$0.9 million and HK\$1.2 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**

The administrative expenses of the Group for the six-month period ended 30 June 2024 and 2023 were approximately HK\$61.5 million and HK\$56.5 million respectively, representing an increase of approximately 8.8%, and approximately 4.8% and approximately 5.1% of the respective period's total revenue. The increase was mainly due to the increase in wages and allowances for staff and the office overhead to support business development. The Group continued to implement its budget cost control measures for administrative expenses during the Period.

## **Finance Costs**

The finance costs of the Group for the six-month period ended 30 June 2024 and 2023 were approximately HK\$5.7 million and HK\$5.3 million respectively, representing approximately 0.4% and approximately 0.5% of the Group's total revenue respectively. The increase was mainly due to the increase in the interest rate on bank borrowings during the Period.

## **Profit for the Period Attributable to Equity Shareholders of the Company**

The Group's net profit attributable to equity shareholders of the Company for the six-month period ended 30 June 2024 and 2023 amounted to approximately HK\$24.3 million and HK\$21.8 million respectively, representing an increase of approximately 11.2%. The increase was mainly due to the factors described above.

## **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\$145.8 million (1H2023: HK\$111.0 million). As at 30 June 2024, the Group had available cash and bank balances amounting to approximately HK\$76.3 million (31 December 2023: HK\$41.4 million), representing an increase of approximately 84.3% from 31 December 2023.

As at 30 June 2024, the Group's total current assets and current liabilities were approximately HK\$668.8 million (31 December 2023: HK\$684.0 million) and HK\$534.3 million (31 December 2023: HK\$576.0 million) respectively, while the current ratio was approximately 1.3 times (31 December 2023: 1.2 times). The liquidity position of the Group is maintained at a healthy level.

As at 30 June 2024, the Group's bank borrowings amounted to approximately HK\$96.0 million (31 December 2023: HK\$182.7 million), representing a decrease of approximately 47.5%; the Group's lease liabilities were approximately HK\$44.4 million (31 December 2023: HK\$36.6 million), representing an increase of approximately 21.3%, 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 2024, the gearing ratio of the Group was approximately 0.4 times (31 December 2023: 0.6 times), which was calculated based on the total interest-bearing bank borrowings, lease liabilities and other loan over the total equity of the Group.

As at 30 June 2024, the Group had unutilised banking facilities of approximately HK\$373.8 million (31 December 2023: HK\$342.2 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 2024, the Group had capital commitment contracted for of approximately HK\$18.9 million (31 December 2023: HK\$0.2 million).

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2024, the amounts payable under lease liabilities within one year were approximately HK\$12.9 million (31 December 2023: HK\$8.3 million), that after one year but with five years were approximately HK\$16.3 million (31 December 2023: HK\$12.4 million), and that after five years were approximately HK\$15.2 million (31 December 2023: HK\$15.9 million).

In addition as at 30 June 2024, the Group had (i) pledged bank deposits of approximately HK\$7.2 million (31 December 2023: HK\$7.2 million); (ii) pledge of cash and cash equivalents of approximately HK\$12,000 (31 December 2023: HK\$51,000); (iii) mortgage of the land and buildings of approximately HK\$61.1 million (31 December 2023: HK\$62.4 million); and (iv) pledge of the trade receivables of approximately HK\$143.1 million (31 December 2023: HK\$160.2 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 2024, 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 2024, the Group employed 10,380 employees (31 December 2023: 10,229 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 2024 were approximately HK\$1,057.3 million (six-month period ended 30 June 2023: HK\$899.0 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 2024 together with the comparative figures of 2023 are as follows:

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2024 — UNAUDITED*

(EXPRESSED IN HONG KONG DOLLARS)

|                                                                                                |             | <b>For the six months<br/>ended 30 June</b> |                    |
|------------------------------------------------------------------------------------------------|-------------|---------------------------------------------|--------------------|
|                                                                                                |             | <b>2024</b>                                 | <b>2023</b>        |
|                                                                                                | <i>Note</i> | <i>HK\$'000</i>                             | <i>HK\$'000</i>    |
| <b>Revenue</b>                                                                                 | <b>4</b>    | <b>1,291,140</b>                            | 1,106,855          |
| Cost of services                                                                               |             | <u>(1,194,067)</u>                          | <u>(1,020,465)</u> |
| <b>Gross profit</b>                                                                            |             | <b>97,073</b>                               | 86,390             |
| Other income, gains and losses                                                                 |             | <b>2,511</b>                                | 3,173              |
| Selling and marketing expenses                                                                 |             | <b>(921)</b>                                | (1,210)            |
| Administrative expenses                                                                        |             | <u><b>(61,462)</b></u>                      | <u>(56,505)</u>    |
| <b>Profit from operations</b>                                                                  |             | <b>37,201</b>                               | 31,848             |
| Finance costs                                                                                  | <b>5</b>    | <u><b>(5,735)</b></u>                       | <u>(5,341)</u>     |
| <b>Profit before taxation</b>                                                                  | <b>6</b>    | <b>31,466</b>                               | 26,507             |
| Income tax                                                                                     | <b>7</b>    | <u><b>(5,701)</b></u>                       | <u>(4,766)</u>     |
| <b>Profit for the period</b>                                                                   |             | <b>25,765</b>                               | 21,741             |
| <b>Other comprehensive income:</b>                                                             |             |                                             |                    |
| <b>Items that may be reclassified subsequently to<br/>profit or loss:</b>                      |             |                                             |                    |
| Exchange differences on translation of financial<br>statements of subsidiaries, net of nil tax |             | <b>(47)</b>                                 | (113)              |
| <b>Items that will not be reclassified to<br/>profit or loss:</b>                              |             |                                             |                    |
| Remeasurement of defined benefit obligations                                                   |             | <u><b>(3,984)</b></u>                       | <u>—</u>           |
| <b>Other comprehensive income</b>                                                              |             | <u><b>(4,031)</b></u>                       | <u>(113)</u>       |
| <b>Total comprehensive income for the period</b>                                               |             | <u><b>21,734</b></u>                        | <u>21,628</u>      |

|                                                                       |      | For the six months<br>ended 30 June |                      |
|-----------------------------------------------------------------------|------|-------------------------------------|----------------------|
|                                                                       |      | 2024                                | 2023                 |
|                                                                       | Note | HK\$'000                            | HK\$'000             |
| <b>Profit for the period attributable to:</b>                         |      |                                     |                      |
| Equity shareholders of the Company                                    |      | 24,271                              | 21,834               |
| Non-controlling interests                                             |      | <u>1,494</u>                        | <u>(93)</u>          |
|                                                                       |      | <u><b>25,765</b></u>                | <u><b>21,741</b></u> |
| <b>Total comprehensive income for the period<br/>attributable to:</b> |      |                                     |                      |
| Equity shareholders of the Company                                    |      | 20,240                              | 21,721               |
| Non-controlling interests                                             |      | <u>1,494</u>                        | <u>(93)</u>          |
|                                                                       |      | <u><b>21,734</b></u>                | <u><b>21,628</b></u> |
| <b>Earnings per share</b>                                             |      |                                     |                      |
| Basic and diluted (HK cents)                                          | 9    | <u><b>5.85</b></u>                  | <u><b>5.26</b></u>   |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024 – UNAUDITED

(EXPRESSED IN HONG KONG DOLLARS)

|                                                       |             | At<br>30 June<br>2024<br><i>HK\$'000</i> | At<br>31 December<br>2023<br><i>HK\$'000</i> |
|-------------------------------------------------------|-------------|------------------------------------------|----------------------------------------------|
|                                                       | <i>Note</i> |                                          |                                              |
| <b>Non-current assets</b>                             |             |                                          |                                              |
| Property, plant and equipment                         |             | 217,392                                  | 244,677                                      |
| Right-of-use assets                                   |             | 40,275                                   | 32,640                                       |
| Intangible assets                                     |             | 8,200                                    | 8,200                                        |
| Financial assets at fair value through profit or loss |             | 15,071                                   | 15,043                                       |
| Prepayments, deposits and other receivables           |             | 25,391                                   | 24,388                                       |
| Deferred tax assets                                   |             | 2,243                                    | 2,457                                        |
|                                                       |             | <u>308,572</u>                           | <u>327,405</u>                               |
| <b>Current assets</b>                                 |             |                                          |                                              |
| Inventories                                           |             | 2,496                                    | 2,753                                        |
| Contract assets                                       |             | 7,908                                    | 8,734                                        |
| Trade receivables                                     | 10          | 545,213                                  | 599,616                                      |
| Prepayments, deposits and other receivables           |             | 28,904                                   | 22,560                                       |
| Tax recoverable                                       |             | 483                                      | 1,430                                        |
| Biological assets                                     |             | 259                                      | 259                                          |
| Pledged bank deposits                                 |             | 7,236                                    | 7,211                                        |
| Cash and cash equivalents                             |             | 76,301                                   | 41,425                                       |
|                                                       |             | <u>668,800</u>                           | <u>683,988</u>                               |
| <b>Current liabilities</b>                            |             |                                          |                                              |
| Trade payables                                        | 11          | 42,520                                   | 48,120                                       |
| Contract liabilities                                  |             | 3,840                                    | 3,629                                        |
| Accruals, deposits received and other payables        |             | 360,590                                  | 322,063                                      |
| Bank borrowings                                       |             | 96,028                                   | 182,664                                      |
| Lease liabilities                                     |             | 12,924                                   | 8,343                                        |
| Tax payable                                           |             | 18,361                                   | 11,131                                       |
|                                                       |             | <u>534,263</u>                           | <u>575,950</u>                               |
| <b>Net current assets</b>                             |             | <u>134,537</u>                           | <u>108,038</u>                               |
| <b>Total assets less current liabilities</b>          |             | <u>443,109</u>                           | <u>435,443</u>                               |



|                                                                            |             | At<br>30 June<br>2024<br><i>HK\$'000</i> | At<br>31 December<br>2023<br><i>HK\$'000</i> |
|----------------------------------------------------------------------------|-------------|------------------------------------------|----------------------------------------------|
|                                                                            | <i>Note</i> |                                          |                                              |
| <b>Non-current liabilities</b>                                             |             |                                          |                                              |
| Other payables                                                             |             | 540                                      | 756                                          |
| Lease liabilities                                                          |             | 31,479                                   | 28,278                                       |
| Provision                                                                  |             | 15,036                                   | 14,802                                       |
| Deferred tax liabilities                                                   |             | 18,729                                   | 21,906                                       |
|                                                                            |             | <u>65,784</u>                            | <u>65,742</u>                                |
| <b>Net assets</b>                                                          |             | <u><u>377,325</u></u>                    | <u><u>369,701</u></u>                        |
| <b>Capital and reserves</b>                                                |             |                                          |                                              |
| Share capital                                                              | 12          | 4,150                                    | 4,150                                        |
| Reserves                                                                   |             | <u>372,171</u>                           | <u>366,041</u>                               |
| <b>Total equity attributable to equity shareholders<br/>of the Company</b> |             | <b>376,321</b>                           | 370,191                                      |
| <b>Non-controlling interests</b>                                           |             | <u>1,004</u>                             | <u>(490)</u>                                 |
| <b>Total equity</b>                                                        |             | <u><u>377,325</u></u>                    | <u><u>369,701</u></u>                        |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024 – 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 2023                                           | 4,150                                              | 100,850       | 18,330        | 1,493                | (202)               | 212,997           | 337,618  | (1,507)                   | 336,111      |
| Profit for the period                                       | –                                                  | –             | –             | –                    | –                   | 21,834            | 21,834   | (93)                      | 21,741       |
| Other comprehensive income for the period                   | –                                                  | –             | –             | –                    | (113)               | –                 | (113)    | –                         | (113)        |
| Total comprehensive income for the period                   | –                                                  | –             | –             | –                    | (113)               | 21,834            | 21,721   | (93)                      | 21,628       |
| Dividends approved in respect of the previous year (note 8) | –                                                  | –             | –             | –                    | –                   | (15,770)          | (15,770) | –                         | (15,770)     |
| Share options lapsed                                        | –                                                  | –             | –             | (328)                | –                   | 328               | –        | –                         | –            |
| At 30 June 2023                                             | 4,150                                              | 100,850       | 18,330        | 1,165                | (315)               | 219,389           | 343,569  | (1,600)                   | 341,969      |
| 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      |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024 – UNAUDITED**  
**(EXPRESSED IN HONG KONG DOLLARS)**

|                                                                 | <b>For the six months<br/>ended 30 June</b> |                             |
|-----------------------------------------------------------------|---------------------------------------------|-----------------------------|
|                                                                 | <b>2024</b>                                 | <b>2023</b>                 |
|                                                                 | <b><i>HK\$'000</i></b>                      | <b><i>HK\$'000</i></b>      |
| <b>Net cash generated from operating activities</b>             | <b><u>145,815</u></b>                       | <b><u>111,016</u></b>       |
| <b>Investing activities</b>                                     |                                             |                             |
| Payment for the purchase of property, plant and equipment       | <b>(9,365)</b>                              | <b>(29,107)</b>             |
| Other cash flows arising from/(used in) investing activities    | <b><u>1,202</u></b>                         | <b><u>(7,830)</u></b>       |
| <b>Net cash used in investing activities</b>                    | <b><u>(8,163)</u></b>                       | <b><u>(36,937)</u></b>      |
| <b>Financing activities</b>                                     |                                             |                             |
| Proceeds from new bank borrowings                               | <b>844,936</b>                              | <b>863,332</b>              |
| Repayment of bank borrowings                                    | <b>(931,572)</b>                            | <b>(893,650)</b>            |
| Other cash flows used in financing activities                   | <b><u>(16,097)</u></b>                      | <b><u>(9,292)</u></b>       |
| <b>Net cash used in financing activities</b>                    | <b><u>(102,733)</u></b>                     | <b><u>(39,610)</u></b>      |
| <b>Net increase in cash and cash equivalents</b>                | <b><u>34,919</u></b>                        | <b><u>34,469</u></b>        |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b><u>41,425</u></b>                        | <b><u>28,982</u></b>        |
| <b>Effect of foreign exchange rates changes</b>                 | <b><u>(43)</u></b>                          | <b><u>(274)</u></b>         |
| <b>Cash and cash equivalents at the end of the period</b>       | <b><u><u>76,301</u></u></b>                 | <b><u><u>63,177</u></u></b> |

# 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 2024, 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 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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 Hong Kong Financial Reporting Standards ("HKFRSs").

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 2023 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 following new and amended HKFRSs issued by the HKICPA to the interim financial report for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (“2020 amendments”)
- Amendments to HKAS 1, Presentation of financial statements: Non-current liabilities with covenants (“2022 amendments”)
- Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

None of the above amendments have had a significant financial effect to the Group. 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<br>services<br>business<br><i>HK\$'000</i> | Waste<br>management<br>and recycling<br>business<br><i>HK\$'000</i> | Landscaping<br>services<br>business<br><i>HK\$'000</i> | Pest<br>management<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|--------------------------|
| <b>Six months ended 30 June 2024</b>              |                                                     |                                                                     |                                                        |                                                   |                          |
| Disaggregated by timing of<br>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                   |
| <b>Six months ended 30 June 2023</b>              |                                                     |                                                                     |                                                        |                                                   |                          |
| Disaggregated by timing of<br>revenue recognition |                                                     |                                                                     |                                                        |                                                   |                          |
| – over time                                       | 861,471                                             | 135,272                                                             | 61,433                                                 | 46,771                                            | 1,104,947                |
| – point in time                                   | –                                                   | 1,908                                                               | –                                                      | –                                                 | 1,908                    |
| Revenue from external customers                   | 861,471                                             | 137,180                                                             | 61,433                                                 | 46,771                                            | 1,106,855                |
| Inter-segment revenue                             | 207                                                 | 369                                                                 | 129                                                    | 264                                               | 969                      |
| Reportable segment revenue                        | 861,678                                             | 137,549                                                             | 61,562                                                 | 47,035                                            | 1,107,824                |
| Segment results                                   | 61,770                                              | 11,947                                                              | 11,108                                                 | 1,565                                             | 86,390                   |
| Other income, gains and losses                    |                                                     |                                                                     |                                                        |                                                   | 3,173                    |
| Selling and marketing expenses                    |                                                     |                                                                     |                                                        |                                                   | (1,210)                  |
| Administrative expenses                           |                                                     |                                                                     |                                                        |                                                   | (56,505)                 |
| Finance costs                                     |                                                     |                                                                     |                                                        |                                                   | (5,341)                  |
| Profit before taxation                            |                                                     |                                                                     |                                                        |                                                   | 26,507                   |

## 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<br>services<br>business<br><i>HK\$'000</i> | Waste<br>management<br>and recycling<br>business<br><i>HK\$'000</i> | Landscaping<br>services<br>business<br><i>HK\$'000</i> | Pest<br>management<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|-------------------------------|-----------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|--------------------------|
| <b>As at 30 June 2024</b>     |                                                     |                                                                     |                                                        |                                                   |                          |
| Segment assets                | 701,489                                             | 157,029                                                             | 68,984                                                 | 36,375                                            | 963,877                  |
| Unallocated                   |                                                     |                                                                     |                                                        |                                                   | <u>13,495</u>            |
| Total assets                  |                                                     |                                                                     |                                                        |                                                   | <u><u>977,372</u></u>    |
| Segment liabilities           | 416,120                                             | 99,436                                                              | 33,457                                                 | 33,046                                            | 582,059                  |
| Unallocated                   |                                                     |                                                                     |                                                        |                                                   | <u>17,988</u>            |
| Total liabilities             |                                                     |                                                                     |                                                        |                                                   | <u><u>600,047</u></u>    |
|                               |                                                     |                                                                     |                                                        |                                                   |                          |
|                               | Cleaning<br>services<br>business<br><i>HK\$'000</i> | Waste<br>management<br>and recycling<br>business<br><i>HK\$'000</i> | Landscaping<br>services<br>business<br><i>HK\$'000</i> | Pest<br>management<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| <b>As at 31 December 2023</b> |                                                     |                                                                     |                                                        |                                                   |                          |
| Segment assets                | 726,168                                             | 168,860                                                             | 60,471                                                 | 42,966                                            | 998,465                  |
| Unallocated                   |                                                     |                                                                     |                                                        |                                                   | <u>12,928</u>            |
| Total assets                  |                                                     |                                                                     |                                                        |                                                   | <u><u>1,011,393</u></u>  |
| Segment liabilities           | 487,039                                             | 86,851                                                              | 29,891                                                 | 35,411                                            | 639,192                  |
| Unallocated                   |                                                     |                                                                     |                                                        |                                                   | <u>2,500</u>             |
| Total liabilities             |                                                     |                                                                     |                                                        |                                                   | <u><u>641,692</u></u>    |

## 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<br>ended 30 June |                  |
|----------------|-------------------------------------|------------------|
|                | 2024                                | 2023             |
|                | <i>HK\$'000</i>                     | <i>HK\$'000</i>  |
| Hong Kong      | 1,290,250                           | 1,106,301        |
| Southeast Asia | 890                                 | 554              |
|                | <u>1,291,140</u>                    | <u>1,106,855</u> |

## 5. FINANCE COSTS

|                   | For the six months<br>ended 30 June |                 |
|-------------------|-------------------------------------|-----------------|
|                   | 2024                                | 2023            |
|                   | <i>HK\$'000</i>                     | <i>HK\$'000</i> |
| Interest on:      |                                     |                 |
| Bank borrowings   | 4,960                               | 4,551           |
| Bank overdrafts   | 3                                   | 5               |
| Lease liabilities | 701                                 | 575             |
| Others            | 71                                  | 210             |
|                   | <u>5,735</u>                        | <u>5,341</u>    |



## 6. PROFIT BEFORE TAXATION

|                                                                                    | For the six months<br>ended 30 June |                 |
|------------------------------------------------------------------------------------|-------------------------------------|-----------------|
|                                                                                    | 2024                                | 2023            |
|                                                                                    | <i>HK\$'000</i>                     | <i>HK\$'000</i> |
| Profit before taxation is arrived at after charging/(crediting):                   |                                     |                 |
| Cost of consumable goods                                                           | 32,850                              | 30,403          |
| Depreciation:                                                                      |                                     |                 |
| Owned property, plant and equipment                                                | 33,839                              | 37,062          |
| Right-of-use assets                                                                | 5,814                               | 6,929           |
| Loss/(gain) on disposal of property, plant and equipment                           | 1,194                               | (165)           |
| Government grants*                                                                 | (698)                               | (567)           |
| Recognition/(reversal) of credit losses on trade receivables                       | 442                                 | (96)            |
|                                                                                    | <u>32,850</u>                       | <u>30,403</u>   |
| Staff costs (including directors' remuneration):                                   |                                     |                 |
| Wages, salaries and other benefits                                                 | 970,578                             | 823,720         |
| Defined benefit plan obligation                                                    | 48,901                              | 43,193          |
| Provision for untaken paid leave                                                   | 9,842                               | 6,703           |
| Contributions to defined contribution retirement scheme                            | 28,003                              | 25,416          |
|                                                                                    | <u>1,057,324</u>                    | <u>899,032</u>  |
| Short-term lease payments not included in the measurement<br>of lease liabilities: |                                     |                 |
| Machinery and motor vehicles                                                       | 31,649                              | 27,395          |
| Land and buildings                                                                 | 1,526                               | 2,026           |
|                                                                                    | <u>33,175</u>                       | <u>29,421</u>   |

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

- (i) subsidies for phasing out certain diesel commercial vehicles by the Group of HK\$257,000 (six months ended 30 June 2023: nil);
- (ii) Recycling Fund of the Government, which aims to support the sustainable development of the recycling industry, of HK\$163,000 (six months ended 30 June 2023: nil);
- (iii) subsidies from the Green Employment Scheme of the Environment and Ecology Bureau of HK\$62,000 (six months ended 30 June 2023: HK\$386,000); and
- (iv) other subsidies of HK\$216,000 (six months ended 30 June 2023: HK\$181,000).

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

|                                     | <b>For the six months<br/>ended 30 June</b> |                     |
|-------------------------------------|---------------------------------------------|---------------------|
|                                     | <b>2024</b>                                 | <b>2023</b>         |
|                                     | <b>HK\$'000</b>                             | <b>HK\$'000</b>     |
| Current tax – Hong Kong Profits Tax | <b>8,664</b>                                | 4,640               |
| Deferred tax                        | <b>(2,963)</b>                              | 126                 |
|                                     | <b><u>5,701</u></b>                         | <b><u>4,766</u></b> |

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2023: 16.5%) of the estimated assessable profits for the six months ended 30 June 2024, 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 2023.

## 8. DIVIDENDS

| For the six months<br>ended 30 June |                 |
|-------------------------------------|-----------------|
| 2024                                | 2023            |
| <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 HK3.4 cents (six months ended  
30 June 2023: HK3.8 cents) per ordinary share

|               |               |
|---------------|---------------|
| <b>14,110</b> | <b>15,770</b> |
|---------------|---------------|

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024 attributable to ordinary equity shareholders of the Company of HK\$24,271,000 (six months ended 30 June 2023: HK\$21,834,000) and the weighted average number of 415,000,000 (six months ended 30 June 2023: 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 2024 and 2023 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<br>30 June<br>2024<br><i>HK\$'000</i> | At<br>31 December<br>2023<br><i>HK\$'000</i> |
|-----------------------------------|------------------------------------------|----------------------------------------------|
| Within 60 days                    | 459,978                                  | 422,677                                      |
| Over 60 days but within 120 days  | 68,824                                   | 132,978                                      |
| Over 120 days but within 365 days | 15,985                                   | 40,676                                       |
| Over 365 days                     | 426                                      | 3,285                                        |
|                                   | <b>545,213</b>                           | <b>599,616</b>                               |

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<br>30 June<br>2024<br>HK\$'000 | At<br>31 December<br>2023<br>HK\$'000 |
|---------------------------------|-----------------------------------|---------------------------------------|
| Within 30 days                  | 25,263                            | 26,406                                |
| Over 30 days but within 60 days | 6,462                             | 10,476                                |
| Over 60 days but within 90 days | 1,643                             | 909                                   |
| Over 90 days                    | 9,152                             | 10,329                                |
|                                 | <u>42,520</u>                     | <u>48,120</u>                         |

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

## 12. SHARE CAPITAL

|                                                                            | Number<br>of shares<br>'000 | Nominal<br>value<br>HK\$'000 |
|----------------------------------------------------------------------------|-----------------------------|------------------------------|
| <b>Authorised:</b>                                                         |                             |                              |
| <i>Ordinary shares of HK\$0.01 each</i>                                    |                             |                              |
| As at 1 January 2023, 31 December 2023,<br>1 January 2024 and 30 June 2024 | <u>1,000,000</u>            | <u>10,000</u>                |
| <b>Issued and fully paid:</b>                                              |                             |                              |
| <i>Ordinary shares of HK\$0.01 each</i>                                    |                             |                              |
| As at 1 January 2023, 31 December 2023,<br>1 January 2024 and 30 June 2024 | <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 Appendix C1 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 three 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](http://www.hkex.com.hk)) and the Company ([www.baguio.com.hk](http://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, 29 August 2024

*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 and Professor Cheng Edwin Tai Chiu as independent non-executive Directors of the Company.*