



碧 瑤 BAGUIO

For a Greener Tomorrow

碧瑤綠色集團有限公司
Baguio Green Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : 1397



Interim Report
中期報告
2025



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Ng Wing Hong
Ms. Ng Yuk Kwan Phyllis
Ms. Leung Shuk Ping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Ho Chiu
Mr. Lau Chi Yin Thomas
Professor Cheng Edwin Tai Chiu
Mr. Chan Kin Kan (appointed with effect
from 30 May 2025)

AUTHORIZED REPRESENTATIVES

Mr. Ng Wing Hong
Mr. Chan Pak Hang

AUDIT COMMITTEE

Mr. Lau Chi Yin Thomas (*Chairman*)
Mr. Sin Ho Chiu
Professor Cheng Edwin Tai Chiu
Mr. Chan Kin Kan (appointed with effect
from 30 May 2025)

REMUNERATION COMMITTEE

Mr. Sin Ho Chiu (*Chairman*)
Mr. Lau Chi Yin Thomas
Professor Cheng Edwin Tai Chiu
Mr. Chan Kin Kan (appointed with effect
from 30 May 2025)
Mr. Ng Wing Hong

NOMINATION COMMITTEE

Professor Cheng Edwin Tai Chiu (*Chairman*)
Mr. Sin Ho Chiu
Mr. Lau Chi Yin Thomas
Mr. Chan Kin Kan (appointed with effect
from 30 May 2025)
Ms. Ng Yuk Kwan Phyllis

COMPANY SECRETARY

Mr. Chan Pak Hang

LEGAL AND COMPLIANCE ADVISER

Robertsons
(*Hong Kong law*)

AUDITOR

KPMG
(*Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council
Ordinance*)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 4/F, Dragon Industrial Building
No. 93 King Lam Street, Lai Chi Kok
Kowloon, Hong Kong

PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Room 201, Building A, Qianwan 1st Road
Qianhai Shenzhen-Hong Kong Cooperation Zone
Nanshan District, Shenzhen, Guangdong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation
Limited

COMPANY WEBSITE ADDRESS

<http://www.baguio.com.hk>

STOCK CODE

01397

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Percentage change
	2025 HK\$'000	2024 HK\$'000	
Revenue			
Cleaning	1,076,520	1,034,933	+4.0%
Waste management and recycling	145,252	147,279	-1.4%
Landscaping	100,224	71,106	+41.0%
Pest management	31,487	37,822	-16.7%
	1,353,483	1,291,140	+4.8%
Cost of services	(1,220,464)	(1,194,067)	+2.2%
Gross profit	133,019	97,073	+37.0%
Profit from operations	71,396	37,201	+91.9%
Profit attributable to equity shareholders of the Company	58,944	24,271	+142.9%
Basic earnings per share (HK cents)	14.20	5.85	

MANAGEMENT DISCUSSION AND ANALYSIS

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 2025 (the “Period”).

MARKET REVIEW

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

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

BUSINESS REVIEW

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

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

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

In terms of recycling, the Group is contracted by the Environmental Protection Department (“EPD”) of the Government to provide collection services for thousands of recycling spots (including plastics, glass bottles, metals, waste paper and food waste) across Hong Kong. During the Period, the Group provided collection services for recycling bins in public places and schools. Baguio also provides collection services for Recycling Stations of “GREEN@COMMUNITY”, introduced by the EPD, recycling stores 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

As for the landscaping business, the Group provides landscaping services for a wide range of clients, including large private residences, Government premises, schools, shopping malls, hotels, airports, Hong Kong Housing Authority, Hong Kong Jockey Club, Hong Kong Science Park, the University of Hong Kong, Hong Kong University of Science and Technology and Lingnan University, etc. During the Period, the Group provided landscaping services for Kai Tak Sports Park, Hong Kong International Airport, Hong Kong-Shenzhen Innovation and Technology Park, Nano Parks, and the Tung Chung New Town Extension (West).

For pest management business, the Group continued to provide pest management services in Wong Tai Sin and Tai Po districts during the Period. In addition, the Group provided termite control and monitoring services to 29 monuments under the Antiquities and Monuments Office and 24 temples under the Chinese Temples Committee respectively.

Interim Dividend

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

Revenue Breakdown of Major Business Segments

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit Margin of Major Business Segments

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

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

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

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

Contracts on Hand

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

AWARDS

During the Period, the Group has been recognised by many renowned institutes and the following awards have been granted:

Date	Issuer of Award	Award
Jan 2025	Green Council	Green Carnival 2025 – Certificate of Appreciation
Jan 2025	Hong Kong Green Organisation	Hong Kong Green Organisation Certification
	Certification	– Wastewi\$e Certificate – Excellent Level
Feb 2025	Green Council	Green Run 2025 – Certificate of Appreciation
Feb 2025	Greeners Action	Sponsorship of the Lai See Recycle Program 2025
		– Certificate of Appreciation
Feb 2025	The Green Earth	Night Walk 2025 – Certificate of Appreciation
Mar 2025	Hong Kong Metropolitan University	Career Fair 2025 – Certificate of Appreciation
Mar 2025	iRecycle Charity Foundation	iRecycle ESG Award Ceremony 2025 Season 1 Sponsorship
		– Certificate of Appreciation
Mar 2025	iRecycle Charity Foundation	SDG Certificate – Baguio Cleaning Services Company Limited
Mar 2025	iRecycle Charity Foundation	SDG Certificate – Baguio Green Technology Limited
Mar 2025	iRecycle Charity Foundation	SDG Certificate – Baguio Landscaping Services Limited
Mar 2025	iRecycle Charity Foundation	SDG Certificate – Baguio Pest Management Limited
Mar 2025	iRecycle Charity Foundation	SDG Certificate – Baguio Waste Management & Recycling Limited
Mar 2025	iRecycle Charity Foundation	SDG Certificate – Tak Tai Enviroscape Limited
Mar 2025	Lingnan University	Career Expo 2025 – Certificate of Appreciation
Mar 2025	World Institute of Sustainable Development Planners	2025 Hong Kong Sustainable Development Innovation and Technology Awards – Resource Recycling Innovation & Technology – Outstanding Award
Apr 2025	Hong Kong Shue Yan University	2025 Internship Programme – Certificate of Appreciation
Jun 2025	Bank of China & The Federation of Hong Kong Industries	Corporate Environmental Leadership Awards 2024
		– EcoPartner – Baguio Green Group Limited
Jun 2025	God's Glory Ministry	Truth Light Recycle – Certificate of Appreciation
Jun 2025	Green Council	Green Day 2025 – Green Sponsor – Certificate of Appreciation
Jun 2025	Green Council	Green Day 2025 Indoor Smart Bike Relay Sprint
		– Certificate of Appreciation
Jun 2025	Hong Kong Red Cross Blood Transfusion Service	Blood Donation Activity – Certificate of Appreciation

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

In addition to focusing on its professional services to improve the living standard of Hong Kong citizens, the Group strived to contribute to the society together with our employees. The following sets out some of the activities participated or organised by the Group during the Period.

Date	Organiser of Activity	Activity
Jan 2025	iRecycle Charity Foundation	ESG 3-on-3 Basketball Corporate Invitational Tournament
Jan 2025	Green Council	Green Carnival 2025
Jan 2025	Society Of Boy's Centres Chak Yan Centre School	Baguio's Recycling Facilities Visit
Feb 2025	Greeners Action	Lai See Reuse and Recycle Program 2025
Feb 2025	The Green Earth	Night Walk 2025
Feb 2025	Green Council	Green Run 2025
Mar 2025	World Institute of Sustainable Development Planners	2025 Hong Kong Sustainable Development Innovation and Technology Awards – Sharing Session
Mar 2025	World Institute of Sustainable Development Planners	2025 Hong Kong Sustainable Development Innovation and Technology Awards – Exhibition
Mar 2025	Homeless Link	Food Donation in Annual Dinner 2025
Mar 2025	Macau Expo Group Limited	2025 Macao International Environmental Co-operation Forum & Exhibition (MIECF)
Apr 2025	Lingnan University	Trends, challenges and innovation of recycling industry in HK – Seminar
Apr 2025	Lingnan University X Business Allied Mission (Hong Kong) Co. Limited	Baguio's Recycling Facilities Visit
Apr 2025	CorporateTreasurer	12th CTWeek Hong Kong
Apr 2025	St. Paul's Co-Educational College	Baguio's Recycling Facilities Visit
Apr 2025	China Association of Environmental Protection Industry	China International Environmental Protection Exhibition & Conference 2025
Apr 2025	Adsale Exhibition Services Ltd., Beijing Yazhan Exhibition Services Ltd., Adsale Exhibition Services (Shanghai) Ltd., Adsale Exhibition Services (Shenzhen) Ltd.	CHINAPLAS 2025
Apr 2025	Hong Kong Institute of Vocational Education (IVE Shatin)	Baguio's Recycling Facilities Visit
May 2025	Evangelical Lutheran Church of Hong Kong, Login Club	Baguio's Recycling Facilities Visit
May 2025	Environmental Protection Department	Biochar Promotion Conference 2025
Jun 2025	Green Council	Green Day 2025 Kick Off Ceremony
Jun 2025	Hong Kong Red Cross Blood Transfusion Service	Blood Donation Activity 2025
Jun 2025	Chinese YMCA of Hong Kong	Baguio's Recycling Facilities Visit
Jun 2025	Green Council	Hong Kong Green Awards 2025 Information Dissemination and Experience Sharing
Jun 2025	Green Council	Green Sport Day 2025 – Indoor Smart Bike Relay Sprint

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

Cost of Services

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

Gross Profit

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

Gross Profit Margin

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

Other Income, Gains and Losses

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

Selling and Marketing Expenses

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

Administrative Expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

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

Profit for the Period Attributable to Equity Shareholders of the Company

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

CAPITAL STRUCTURE

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

FOREIGN CURRENCY EXPOSURE

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

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

CHARGES ON THE GROUP'S ASSETS

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in the announcement dated 18 July 2025, the Group did not have any other plans for material investments and capital assets as at 30 June 2025.

CONTINGENT LIABILITIES

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

ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

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

HUMAN RESOURCES AND REMUNERATION POLICIES

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025 — UNAUDITED
(EXPRESSED IN HONG KONG DOLLARS)

		For the six months ended 30 June	
		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	4	1,353,483	1,291,140
Cost of services		(1,220,464)	(1,194,067)
Gross profit		133,019	97,073
Other income, gains and losses		6,191	2,511
Selling and marketing expenses		(788)	(921)
Administrative expenses		(67,026)	(61,462)
Profit from operations		71,396	37,201
Finance costs	5	(3,168)	(5,735)
Profit before taxation	6	68,228	31,466
Income tax	7	(9,461)	(5,701)
Profit for the period		58,767	25,765
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries, net of nil tax		72	(47)
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		(2,275)	(3,984)
Other comprehensive income		(2,203)	(4,031)
Total comprehensive income for the period		56,564	21,734
Profit for the period attributable to:			
Equity shareholders of the Company		58,944	24,271
Non-controlling interests		(177)	1,494
		58,767	25,765
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		56,741	20,240
Non-controlling interests		(177)	1,494
		56,564	21,734
Earnings per share			
Basic and diluted (HK cents)	9	14.20	5.85

The notes on pages 17 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025 – UNAUDITED
(EXPRESSED IN HONG KONG DOLLARS)

		At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	10	179,210	198,575
Right-of-use assets	11	28,777	33,768
Intangible assets		8,200	8,200
Financial assets at fair value through profit or loss		15,189	15,181
Prepayments, deposits and other receivables		29,666	28,191
Deferred tax assets		1,988	2,098
		263,030	286,013
Current assets			
Inventories		2,544	2,347
Contract assets		7,479	7,765
Trade receivables	12	503,711	554,451
Prepayments, deposits and other receivables		24,564	24,791
Tax recoverable		–	795
Pledged bank deposits		7,418	7,338
Cash and cash equivalents		290,759	128,054
		836,475	725,541
Current liabilities			
Trade payables	13	43,514	42,279
Contract liabilities		2,299	4,002
Accruals, deposits received and other payables		462,998	401,150
Bank borrowings	14	65,108	80,810
Lease liabilities	15	11,709	11,950
Tax payable		11,006	2,853
		596,634	543,044
Net current assets		239,841	182,497
Total assets less current liabilities		502,871	468,510
Non-current liabilities			
Other payables		108	324
Lease liabilities	15	21,461	26,138
Provision		12,321	11,852
Deferred tax liabilities		14,505	16,514
		48,395	54,828
Net assets		454,476	413,682
Capital and reserves			
Share capital	16	4,150	4,150
Reserves		448,390	407,419
Total equity attributable to equity shareholders of the Company		452,540	411,569
Non-controlling interests		1,936	2,113
Total equity		454,476	413,682

The notes on pages 17 to 29 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED
(EXPRESSED IN HONG KONG DOLLARS)

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

The notes on pages 17 to 29 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED
(EXPRESSED IN HONG KONG DOLLARS)

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

The notes on pages 17 to 29 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

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

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

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

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

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

This 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. KPMG's independent review report to the Board of Directors is included on page 30.

The financial information relating to the financial year ended 31 December 2024 that is included in this 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

3. CHANGES IN ACCOUNTING POLICIES

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

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

4. SEGMENT INFORMATION

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

4. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	Cleaning services business HK\$'000	Waste management and recycling business HK\$'000	Landscaping services business HK\$'000	Pest management business HK\$'000	Total HK\$'000
As at 30 June 2025					
Segment assets	826,231	147,205	78,602	35,410	1,087,448
Unallocated					12,057
Total assets					1,099,505
Segment liabilities	467,786	86,260	38,545	33,837	626,428
Unallocated					18,601
Total liabilities					645,029

	Cleaning services business HK\$'000	Waste management and recycling business HK\$'000	Landscaping services business HK\$'000	Pest management business HK\$'000	Total HK\$'000
As at 31 December 2024					
Segment assets	725,880	158,915	79,772	34,001	998,568
Unallocated					12,986
Total assets					1,011,554
Segment liabilities	434,234	87,527	37,587	34,541	593,889
Unallocated					3,983
Total liabilities					597,872

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

4. SEGMENT INFORMATION *(Continued)*

Geographical information

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

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

5. FINANCE COSTS

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

6. PROFIT BEFORE TAXATION

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

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

7. INCOME TAX

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

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

8. DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, was approved and recognised during the interim period, of HK3.8 cents (six months ended 30 June 2024: HK3.4 cents) per ordinary share	15,770	14,110

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

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with aggregate cost of HK\$13,655,000 (six months ended 30 June 2024: HK\$8,208,000), and disposed items of property, plant and equipment with aggregate carrying value of HK\$30,000 (six months ended 30 June 2024: HK\$1,650,000). Additions of property, plant and equipment were net of government grants of HK\$1,050,000 (six months ended 30 June 2024: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

11. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for use of land and properties, and therefore recognised the additions to right-of-use assets of HK\$1,363,000 (six months ended 30 June 2024: HK\$17,086,000).

12. TRADE RECEIVABLES

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

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

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

13. TRADE PAYABLES

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

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

14. BANK BORROWINGS

The analysis of the carrying amount of the bank borrowings at the end of the reporting period is as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Current liabilities		
Current portion of term loans from banks	29,043	29,982
Non-current portion of term loans from banks repayable on demand	36,065	50,828
	65,108	80,810

As at 30 June 2025 and 31 December 2024, all bank borrowings were secured.

The secured bank loans of the Group as at 30 June 2025 were secured by:

- (i) pledged bank deposits of HK\$7,418,000 (31 December 2024: HK\$7,338,000);
- (ii) pledge of cash and cash equivalents of HK\$42,767,000 (31 December 2024: HK\$2,393,000);
- (iii) mortgage of the land and buildings of HK\$58,419,000 (31 December 2024: HK\$59,750,000); and
- (iv) pledge of the trade receivables of HK\$122,758,000 (31 December 2024: HK\$132,923,000).

As at 30 June 2025, the bank borrowings of the Group of HK\$65,108,000 (31 December 2024: HK\$80,810,000) bear interest ranging from 1.52% to 3.23% (31 December 2024: 2.75% to 7.09%) per annum and are denominated in Hong Kong Dollar.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

15. LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Minimum lease payments		
– within one year	12,859	13,385
– after one year but within five years	10,225	14,399
– after five years	16,209	17,174
	26,434	31,573
Less: Future interest expenses	39,293 (6,123)	44,958 (6,870)
Present value of lease liabilities	33,170	38,088
Present value of minimum lease payments		
– within one year	11,709	11,950
– after one year but within five years	7,588	11,575
– after five years	13,873	14,563
	21,461	26,138
	33,170	38,088

16. SHARE CAPITAL

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

The Group's finance team assesses the valuations for the investments in life insurance which is categorised into Level 3 of the fair value hierarchy. Consultation with the insurance company is carried out when appropriate in respect of the valuation assessment. The Group prepares analysis of changes in fair value measurement at each interim and annual reporting date, which is reviewed and approved by the Board of Directors. Discussion of the valuation process and results with the Board of Directors is held twice a year, to coincide with the reporting dates.

	At 30 June 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
Investments in life insurance	–	–	15,189	15,189

	At 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
Investments in life insurance	–	–	15,181	15,181

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

Reconciliation of Level 3 fair value measurements

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Investments in life insurance		
Opening balance	15,181	15,043
Gains recognised in profit or loss	8	28
Closing balance	15,189	15,071

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2025 and 31 December 2024.

18. LEASE COMMITMENT

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable leases payable not included in the lease liabilities as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Within one year	952	1,399

19. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000
Capital expenditure in respect of the additions of property, plant and equipment		
– Contracted for within one year	22,883	7,290

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(EXPRESSED IN HONG KONG DOLLARS UNLESS OTHERWISE INDICATED)

20. RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions and balances during the interim period:

(a) Compensation paid to key management personnel who were directors of the Company was as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Short term employee benefits	6,015	5,294
Retirement scheme contributions	226	222
	6,241	5,516

(b) Transactions with an associate

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Income relating to right-of-use assets	1,843	1,843
Interest income	98	98
Sourcing, collection and sorting waste plastics services income	309	535

(c) Balance with an associate

	At 30 June 2025	At 31 December 2024
	HK'000	HK'000
Trade receivables	5	185
Other receivables	20,947	20,799
	20,952	20,984

(d) Transactions with related parties

Nature of related party relationship	Nature of transaction	Interested director	For the six months ended 30 June	
			2025	2024
			HK\$'000	HK\$'000
Common director and shareholder	Information technology service fee	Mr. Ng Wing Hong	1,943	3,017
Common director and shareholder	IT maintenance and other services	Mr. Ng Wing Hong	1,004	–
The company owned by close member of director and shareholder	Purchase of cleaning equipment and materials	Mr. Ng Wing Hong	1,054	527
The company owned by close member of director and shareholder	Consultancy and other services fee	Mr. Ng Wing Hong	182	179
	Sale of materials		412	–

INDEPENDENT REVIEW REPORT



REVIEW REPORT TO THE BOARD OF DIRECTORS OF BAGUIO GREEN GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 13 to 29 which comprises the consolidated statement of financial position of Baguio Green Group Limited as of 30 June 2025 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 August 2025

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2025, as far as is known to the Directors or chief executives of the Company, the following persons or corporations were deemed or taken to have an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the Securities and Futures Ordinance (Cap. 571) ("SFO") or as otherwise notified to the Company:

Name	Capacity/ Nature of interest	Number of issued shares held	Approximate percentage holding (%)
Ng Wing Hong	Interest of controlled corporation/ Beneficial owner <i>(Note 1)</i>	279,256,000	67.29
Chan Shuk Kuen	Family interest <i>(Note 2)</i>	279,256,000	67.29
Ng Yuk Kwan Phyllis	Beneficial owner <i>(Note 3)</i>	26,736,000	6.44
Mak Che Fai Lawrence	Family interest <i>(Note 4)</i>	26,736,000	6.44
Baguio Green (Holding) Limited	Beneficial owner <i>(Note 1)</i>	275,000,000	66.27
David Michael Webb	Interest of controlled corporation <i>(Note 5 and 6)</i>	28,668,000	6.91
Karen Anne Webb	Interest of controlled corporation <i>(Note 5 and 6)</i>	28,668,000	6.91
Preferable Situation Assets Limited ("PSA")	Beneficial owner <i>(Note 5)</i>	16,642,800	4.01
Member One Limited ("MO")	Beneficial owner <i>(Note 6)</i>	12,025,200	2.90

Notes:

- (1) The entire issued share capital of Baguio Green (Holding) Limited is beneficially owned by Mr. Ng Wing Hong. Therefore, Mr. Ng Wing Hong is deemed to be interested in all the 275,000,000 Shares of the Company ("Shares") held by Baguio Green (Holding) Limited. Mr. Ng Wing Hong is a controlling shareholder (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) and an executive Director. In addition, Mr. Ng Wing Hong also directly held 4,256,000 Shares.
- (2) Ms. Chan Shuk Kuen is the spouse of Mr. Ng Wing Hong and is therefore deemed to be interested in all the Shares held/owned by Mr. Ng Wing Hong (by himself or through Baguio Green (Holding) Limited) by virtue of the SFO.
- (3) Ms. Ng Yuk Kwan Phyllis directly held 26,736,000 Shares. Ms. Ng Yuk Kwan Phyllis is an executive Director.
- (4) Mr. Mak Che Fai Lawrence is the spouse of Ms. Ng Yuk Kwan Phyllis and is therefore deemed to be interested in all the Shares held by Ms. Ng Yuk Kwan Phyllis.
- (5) The entire issued share capital of PSA is jointly owned by Mr. David Michael Webb and Ms. Karen Anne Webb. Therefore, Mr. David Michael Webb and Ms. Karen Anne Webb are deemed to be interested in all the 16,642,800 Shares held by PSA.
- (6) The entire issued share capital of MO is jointly owned by Mr. David Michael Webb and Ms. Karen Anne Webb. Therefore, Mr. David Michael Webb and Ms. Karen Anne Webb are deemed to be interested in all the 12,025,200 Shares held by MO.

Save as disclosed above, as at 30 June 2025, the Company had not been notified of any other persons having any interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION

DIRECTOR'S INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2025, the shareholding interests of Mr. Ng Wing Hong and Ms. Ng Yuk Kwan Phyllis are set out in the section "Substantial Shareholders' Interests" above. Apart from the foregoing, none of the Directors and chief executive of the Company or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or, as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules.

SHARE AWARD PLAN

The Company adopted a share award plan (the "Share Award Plan") on 12 December 2017. Details of which were disclosed in the announcements dated 12 December 2017 and 15 January 2018. The purposes of the plan is to recognise and reward the contribution of certain eligible participants, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

A summary of the Share Award Plan of the Company is as follows:

Eligible participants

Eligible participants include any individual, being an employee, director, officer, consultant or adviser of any member of the Group or any other person whom the Board of the Company or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group.

Total number of shares available for issue

The total number of shares which may be awarded for each financial year under the Share Award Plan and any other share option scheme(s) of the Company shall not exceed 10% of the total number of shares of the Company in issue at the beginning of such financial year.

As at the date of this report, the total number of share available for issue under the Share Award Plan is 41,500,000, representing 10% of the total number of issued shares (excluding treasury shares).

Maximum entitlement of each participant

The total number of shares issued and to be issued under the Share Award Plan and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each participant in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares of the Company in issue as at the date of grant.

Any further grant in excess of this 1% limit must be separately approved by shareholders with such grantee and his associates abstaining from voting. The Company shall send a circular to the shareholders which contains the information required by the Listing Rules.

Vesting period of awarded shares

The Board may from time to time while the Share Award Plan is in force and subject to all applicable laws, determine such vesting criteria and conditions or period for the award to be vested.

Subject to the terms and conditions of the Share Award Plan and the fulfilment of all vesting conditions to the vesting of the awarded shares of the Company on such selected participant, the respective awarded shares of the Company shall vest in such selected participant.

OTHER INFORMATION

Payment on acceptance of award

None.

Basis of determining the purchase price of shares awarded

Not applicable as there is no purchase price under the Share Award Plan.

Remaining life of the Share Award Plan

Subject to any early termination determined by the Board in accordance with the rules of the Share Award Plan, the Share Award Plan is valid and effective for a term of 10 years commencing on its adoption date (i.e. 12 December 2017 to 11 December 2027).

The Company has not granted any share awards under the Share Award Plan since its adoption date.

RIGHTS TO ACQUIRE COMPANY'S SECURITIES

Save as otherwise disclosed in this report, at no time during the Period, there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in both Part 1 and Part 2 of Appendix C1 to 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.

CHANGE IN INFORMATION OF DIRECTORS

During the Period, the change in information of Directors of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Details of changes
Mr. Chan Kin Kan	Appointed as an independent non-executive Director, a member of the audit committee, remuneration committee and nomination committee of the Company with effect from 30 May 2025

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Subsequent to the Period and as at the date of this interim report, there was no non-financial event that may cause material effects on the results of the Company.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code throughout the Period.

AUDIT COMMITTEE

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

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

DISCLOSURE OF INFORMATION ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This interim report (in both English and Chinese versions) is available to any shareholder in printed form and on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.baguio.com.hk>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this interim report.

This document is published in English version and Chinese translation version. In case of any inconsistency of meanings of the words or terms between the English version and the Chinese translation version, the English version shall prevail.

碧瑤綠色集團有限公司
Baguio Green Group Limited