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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2025 amounted to approximately HK\$2,424.6 million (2024: HK\$2,603.1 million), representing a decrease of approximately 6.9% as compared with the preceding year.
- Gross profit for the year ended 31 December 2025 was approximately HK\$230.6 million (2024: HK\$188.4 million), representing an increase of approximately 22.4% as compared with the preceding year.
- The Group's profit attributable to equity shareholders of the Company for the year ended 31 December 2025 was approximately HK\$97.3 million (2024: HK\$53.9 million), representing an increase of approximately 80.6% as compared with the preceding year.
- A final dividend of HK7.0 cents (2024: HK3.8 cents) per share, totalling HK\$29,050,000 (2024: HK\$15,770,000) was recommended by the Board for the year ended 31 December 2025.

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 announce the consolidated annual results of the Group for the year ended 31 December 2025 (“2025” or the “Year”).

MANAGEMENT DISCUSSION & ANALYSIS

MARKET REVIEW

Despite the impact of geopolitical volatility and trade barriers on the global economy in 2025, with some countries slowing down their carbon reduction commitments, the Government of the Hong Kong Special Administrative Region (the “Government”) has always adhered to environmental protection as its crucial policy. As the Waste Blueprint for Hong Kong 2035 enters a critical implementation phase, the Government has clearly put forward two major goals of “zero landfill” and “waste reduction and efficiency improvement” and takes the Northern Metropolis as a new engine to promote smart city and green development.

As a leader in integrated environmental services in Hong Kong, Baguio’s business covers cleaning, recycling, waste management, green technology, landscaping and pest management, which are considered a rigid demand. During the economic transition period in 2025, despite uncertainties in the external market, the Group’s services remained resilient to the economic environment and proactively promoted circular economy and made contributions to sustainable development and smart city construction of Hong Kong.

During the Year, the Government adopted a “multi-pronged” strategy on waste reduction and recycling, focusing on food waste recycling and the legislative framework to achieve the long-term goal of “Zero Landfill”. In addition to actively promoting waste reduction and recycling, the Government has achieved full coverage of smart food waste recycling bins in public housing estates and is striving toward the target of “one bin per block”, to vigorously expand the community recycling support network, which fully demonstrates the Government’s determination to advance waste reduction and recycling. Meanwhile, the Legislative Council passed “The Promotion of Recycling and Proper Disposal of Products (Miscellaneous Amendments) Bill 2025” in 2025, establishing a unified producer responsibility scheme framework for plastic beverage containers and beverage cartons. The legislation will not only help boost recycling rate but also foster the healthy development of the industry.

BUSINESS REVIEW

Revenue for the Year amounted to approximately HK\$2,424.6 million, representing a decrease of approximately 6.9% as compared to the same period last year. Profit for the Year amounted to approximately HK\$97.1 million, representing an increase of approximately 72.0% as compared to the same period last year. Revenue from cleaning services as the Group’s core business amounted to approximately HK\$1,896.5 million, accounting for approximately 78.2% of the Group’s total revenue.

The Group's cleaning services cover various scenarios, including for Government streets, markets, police stations, fire stations, leisure venues, hospitals and clinics. In addition, the Group provides cleaning services for numerous different places such as universities, large exhibition centers, Hong Kong International Airport, housing estates and private institutions.

During the Year, the Group 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 delivers 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 46 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.

Waste management and recycling business recorded revenue of approximately HK\$277.8 million, accounting for approximately 11.5% of the Group's total revenue. The gross profit margin of the waste management and recycling business increased from 11.6% for the same period last year to 15.0%, driving the gross profit of this business up by approximately 25.2% to approximately HK\$41.9 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.

The Group continued to provide 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 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 Year, the Group provided collection services for recycling bins in public places and schools. Baguio also provides collection services for Recycling Stations of “GREEN@COMMUNITY”, recycling stores and smart recycling machines, and other institutions in Hong Kong. In addition, Baguio 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. In addition, during the Year, the Group was successfully awarded two 35-month contracts from the EPD, with a total value of approximately HK\$43 million. During the Year, the Group was responsible for operating the “GREEN@Tai Wo” and “GREEN@Po Lam” recycling stores, and collaborated 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.

As a leading environmental services provider in Hong Kong, the Group provides integrated environmental management solutions including waste management, smart recycling and professional landscaping services to Kai Tak Sports Park, which hosts major sports events and concerts. With excellent environmental protection technologies and experience in operating large-scale international venues, the Group has fully demonstrated its strength in undertaking large-scale international programmes and delivering high-quality services. During the Year, the Group also provided waste recycling services for various Lunar New Year fairs across Hong Kong Island, Kowloon and the New Territories.

Regarding green technology business, the Group won a new contract in relation to the development and supply of a new generation of solar-powered compacting refuse bins to the Government. 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 points. This product is expected to be gradually launched into the market in 2026.

The Group seizes 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 converts 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, Hong Kong Housing Authority, Hospital Authority, Hong Kong Jockey Club, Hong Kong Science Park, the University of Hong Kong, Hong Kong University of Science and Technology, Hong Kong Wetland Park, as well as 33 sports turf venues under the Leisure and Cultural Services Department, etc. During the Year, the Group provided landscaping services for Kai Tak Sports Park, Hong Kong International Airport, Hong Kong-Shenzhen Innovation and Technology Park, Nano Parks, the Tung Chung New Town Extension (West), Hung Shui Kiu/Ha Tsuen New Development Area and the ventilation building at the eastern portal of the Tseung Kwan O – Lam Tin Tunnel.

For pest management business, the Group provided pest management services for venues in the Tsuen Wan District during the Year. In addition, the Group provided pest and rodent control services for hospitals, clinics and the headquarters of the Kowloon East, Kowloon Central and Kowloon West Clusters under the Hospital Authority. The Group also continued to provide termite control and monitoring services for 24 temples under the Chinese Temples Committee.

PROSPECTS

The Promotion of Recycling and Proper Disposal of Products (Miscellaneous Amendments) Bill 2025 submitted by the Government was passed by the Legislative Council during the Year. 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 2026. 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 Group, it will actively explore potential mergers and acquisitions, joint ventures or new business projects to accelerate future business growth and deliver substantial and long-term returns to shareholders.

CONTRACTS ON HAND

As of 31 December 2025, the Group had a total amount of approximately HK\$2,535.6 million worth of unexpired contracts on hand, of which, approximately HK\$1,560.1 million will be recognised by the end of 2026, approximately HK\$667.6 million will be recognised in 2027 and the rest of approximately HK\$307.9 million will be recognised in 2028 and beyond.

	Backlog contract value <i>HK\$'million</i>	Contract value to be recognised by 31 Dec 2026 <i>HK\$'million</i>	Contract value to be recognised by 31 Dec 2027 <i>HK\$'million</i>	Contract value to be recognised in 2028 and beyond <i>HK\$'million</i>
Cleaning services	1,806.6	1,180.9	427.7	198.0
Waste management and recycling services	405.1	204.1	134.2	66.8
Landscaping services	242.2	143.4	76.2	22.6
Pest management services	81.7	31.7	29.5	20.5
Total	<u>2,535.6</u>	<u>1,560.1</u>	<u>667.6</u>	<u>307.9</u>

Riding on our professional management, quality services and stringent control in safety precaution, the Group continued to maintain a high tender success rate at approximately 35.9% in 2025 (2024: 35.6%) in term of number of tender. We continuously strive to expand our services scope in order to enhance our competitiveness and broaden our service capabilities.

FINANCIAL REVIEW

Results

For the Year, the Group's revenue was approximately HK\$2,424.6 million, representing a decrease of approximately 6.9% (2024: HK\$2,603.1 million). Gross profit increased by approximately 22.4% to approximately HK\$230.6 million (2024: HK\$188.4 million) and gross profit margin increased by 2.3 percentage points ("p.p.") to approximately 9.5% (2024: 7.2%). Profit attributable to equity shareholders of the Company amounted to approximately HK\$97.3 million, representing in a year-on-year increase of approximately 80.6% (2024: HK\$53.9 million), with net profit margin increased by 1.8 p.p. to approximately 4.0% (2024: 2.2%). Earnings per share was HK23.4 cents (2024: HK13.0 cents).

Revenue

Revenue for the years ended 31 December 2025 and 2024 amounted to approximately HK\$2,424.6 million and HK\$2,603.1 million respectively, representing a decrease of approximately 6.9%.

Revenue breakdown of major business segments

	For the year ended				Change
	31 December 2025		31 December 2024		
	<i>Revenue</i>	<i>% of total</i>	<i>Revenue</i>	<i>% of total</i>	
	<i>(HK\$ million)</i>	<i>revenue</i>	<i>(HK\$ million)</i>	<i>revenue</i>	
Cleaning	1,896.5	78.2%	2,086.8	80.1%	-9.1%
Waste management and recycling	277.8	11.5%	285.8	11.0%	-2.8%
Landscaping	195.5	8.0%	160.2	6.2%	+22.0%
Pest management	54.8	2.3%	70.3	2.7%	-22.0%
	<u>2,424.6</u>	<u>100.0%</u>	<u>2,603.1</u>	<u>100.0%</u>	-6.9%

Due to intense competition within the cleaning industry, revenue from cleaning segment declined by approximately 9.1%, primarily due to the expiry of certain cleansing contracts. Revenue from waste management and recycling segment remained stable. Revenue from pest management segment also decreased by approximately 22.0%, which was attributable to the expiry of certain pest control services contracts during the Year. Revenue from landscaping segment increased by approximately 22.0% owing to the substantial completion of several major contracts.

Cost of Services

Cost of services for the years ended 31 December 2025 and 2024 amounted to approximately HK\$2,194.0 million and HK\$2,414.7 million respectively, representing approximately 90.5% and 92.8% of revenue for the corresponding years respectively. Cost of services primarily comprised direct wages, direct overhead expenses, material consumables and sub-contracting fees.

Gross Profit and Gross Profit Margin

Gross profit for the years ended 31 December 2025 and 2024 were approximately HK\$230.6 million and HK\$188.4 million respectively, representing an increase of approximately 22.4%, while gross profit margins for the years ended 31 December 2025 and 2024 were approximately 9.5% and 7.2% respectively.

Gross profit margin of major business segments

	For the year ended		Change
	31 December 2025	31 December 2024	
Cleaning	7.6%	6.1%	+1.5 p.p
Waste management and recycling	15.0%	11.6%	+3.4 p.p
Landscaping	19.0%	15.5%	+3.5 p.p
Pest management	12.5%	4.7%	+7.8 p.p

Notwithstanding the adverse impact on our revenue arising from chaotic market conditions, the Group successfully implemented stringent cost-control measures and prudent tender selection processes, which collectively enabled us to achieve an improvement in gross profit margins.

Our waste management and recycling segment continued to deliver strong operational efficiency, supported by the Government's ongoing efforts to promote recycling. This favourable operating environment contributed to a notable enhancement in profitability, with its gross profit margin rising moderately from approximately 11.6% to 15.0%.

Our strategy of focusing on landscaping projects with higher profit margins also proved successful. The substantial completion of several high-margin contracts contributed significantly to the increase in gross profit.

As a result, the Group's overall gross profit increased from approximately HK\$188.4 million to HK\$230.6 million, while the gross profit margin rose from approximately 7.2% to 9.5%.

Other Income, Gain and Losses

Other income, gain and losses for the years ended 31 December 2025 and 2024 were approximately HK\$23.7 million and HK\$9.6 million respectively, representing an increase of approximately 147.2%. The substantial increase was primarily due to a gain on disposal of property, plant, and equipment of approximately HK\$15.0 million recognised during the Year.

Selling and Marketing Expenses

Selling and marketing expenses for the years ended 31 December 2025 and 2024 were approximately HK\$2.5 million and HK\$2.2 million respectively, representing approximately 0.1% and 0.1% of total revenue respectively. These expenses were mainly for the promotional activities and channels to promote our waste management and recycling business and to enhance the public awareness of environmental protection and waste recycling.

Administrative Expenses

Administrative expenses for the years ended 31 December 2025 and 2024 were approximately HK\$132.4 million and HK\$119.3 million respectively, representing approximately 5.5% and 4.6% of total revenue respectively. The increase was primarily attributable to (i) an increase in wages and allowances as well as staff welfare; and (ii) an increase in costs for new business development. The Group continued to implement its budget cost control measures for administrative expenses during the Year.

Finance Costs

Finance costs for the years ended 31 December 2025 and 2024 amounted to approximately HK\$5.1 million and HK\$10.6 million respectively, representing approximately 0.2% and 0.4% of total revenue respectively. The decrease was mainly due to the decrease in the level of working capital loan and interest rate on bank borrowings during the Year.

Profit for the Year Attributable to Equity Shareholders of The Company

As a result of the factors described above, profit attributable to equity shareholders of the Company for the years ended 31 December 2025 and 2024 approximately HK\$97.3 million and HK\$53.9 million respectively, representing an increase of approximately 80.6%.

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 ("HK\$"). During the Year, the main foreign currency exposure arose from the fluctuation in US dollars ("USD") as the Group maintained USD fixed deposits to secure more favorable interest income. The Group's exposure to currency risk arising from USD against HK\$ is considered as insignificant since HK\$ is pegged to USD. In addition, the Group has limited foreign currency exposure arose from the fluctuation in Renminbi ("RMB") as the Group possessed RMB bank balances and a small portion of transactions were denominated in RMB for its operation in Chinese Mainland.

LIQUIDITY AND FINANCIAL RESOURCES

The Group derives cash flow from operating activities principally from rendering a comprehensive range of environmental services. For the Year, we had net cash generated from operating activities of approximately HK\$198.7 million (2024: HK\$262.4 million). As at 31 December 2025, the Group had available cash and bank balances amounting to approximately HK\$244.3 million (2024: HK\$128.1 million), representing an increase of approximately 90.8%.

As at 31 December 2025, the Group's total current assets and current liabilities were approximately HK\$740.6 million (2024: HK\$725.5 million) and HK\$457.2 million (2024: HK\$543.0 million) respectively, while the current ratio was approximately 1.6 times (2024: 1.3 times). The liquidity position of the Group is maintained at a healthy level.

As at 31 December 2025, the Group's bank borrowings amounted to approximately HK\$50.7 million (2024: HK\$80.8 million), representing a decrease of approximately 37.3%; the Group's lease liabilities were approximately HK\$35.3 million (2024: HK\$38.1 million), representing a decrease of approximately 7.4%, for recognised lease liabilities related to the lease contracts in respect of certain lands, office buildings and nurseries. During the Year, no financial instruments were used for hedging purposes (2024: Nil).

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

CAPITAL EXPENDITURES AND CAPITAL COMMITMENT

During the Year, capital expenditures, which mainly included additions in land and buildings, motor vehicles, vessels and equipment, amounted to approximately HK\$46.4 million (2024: HK\$30.3 million). Capital expenditures were funded by banks and funds generated from our operating activities.

As at 31 December 2025, the Group had capital commitment contracted for approximately HK\$5.7 million (2024: HK\$7.3 million).

CONTINGENT LIABILITIES

As at 31 December 2025, performance bonds of approximately HK\$360,097,000 (2024: HK\$454,992,000) were given by banks in favor of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance bonds have been given, such customers may demand the banks to pay them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work. At the end of the reporting period, the directors do not consider it is probable that such claim will be made against the Group.

Save as the above, the Group had no other contingent liabilities as at 31 December 2025.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2025, the amounts payable under lease liabilities within one year was approximately HK\$11.0 million (2024: HK\$12.0 million), that after one year but within five years was approximately HK\$11.1 million (2024: HK\$11.5 million), and that after five years was approximately HK\$13.2 million (2024: HK\$14.6 million).

In addition as at 31 December 2025, the Group had (i) pledged bank deposits of approximately HK\$7.4 million (2024: HK\$7.3 million); (ii) pledge of cash and cash equivalents of approximately HK\$31,000 (2024: HK\$2.4 million); (iii) mortgage of the land and buildings of approximately HK\$57.1 million (2024: HK\$59.8 million); and (iv) pledge of the trade receivables of approximately HK\$79.5 million (2024: HK\$132.9 million).

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

ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENT HELD

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

HUMAN RESOURCES

As at 31 December 2025, the Group employed 7,977 employees (2024: 10,329 employees), including both full time and part time employees. Remuneration packages are generally structured by reference to market terms together with individual qualifications and experience.

During the Year, 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 together with office support and management. In addition, employees were also encouraged, subsidised and sponsored to attend job-related seminars and courses organised by professional and/or educational institution to ensure the smooth and effective management of the Group's business.

The consolidated annual results of the Group for the year ended 31 December 2025 together with the comparative figures of 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

(Expressed in Hong Kong Dollars)

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Revenue	5	2,424,634	2,603,087
Cost of services		<u>(2,194,039)</u>	<u>(2,414,722)</u>
Gross profit		230,595	188,365
Other income, gains and losses	6	23,689	9,583
Selling and marketing expenses		(2,467)	(2,228)
Administrative expenses		<u>(132,445)</u>	<u>(119,323)</u>
Profit from operations		119,372	76,397
Finance costs	7	<u>(5,118)</u>	<u>(10,571)</u>
Profit before taxation	8	114,254	65,826
Income tax	9	<u>(17,150)</u>	<u>(9,367)</u>
Profit for the year		97,104	56,459
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		104	(55)
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		<u>(1,526)</u>	<u>1,687</u>
Other comprehensive income		<u>(1,422)</u>	<u>1,632</u>
Total comprehensive income for the year		<u>95,682</u>	<u>58,091</u>

	<i>Note</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit for the year attributable to:			
Equity shareholders of the Company		97,279	53,856
Non-controlling interests		<u>(175)</u>	<u>2,603</u>
		<u>97,104</u>	<u>56,459</u>
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		95,857	55,488
Non-controlling interests		<u>(175)</u>	<u>2,603</u>
		<u>95,682</u>	<u>58,091</u>
Earnings per share			
Basic and diluted (HK cents)	<i>11</i>	<u>23.44</u>	<u>12.98</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(Expressed in Hong Kong Dollars)

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment		173,133	198,575
Right-of-use assets		30,889	33,768
Intangible assets		8,200	8,200
Financial assets at fair value through profit or loss		16,259	15,181
Prepayments, deposits and other receivables		28,407	28,191
Deferred tax assets		1,964	2,098
		258,852	286,013
Current assets			
Inventories		2,250	2,347
Contract assets		9,593	7,765
Trade receivables	12	454,337	554,451
Prepayments, deposits and other receivables		22,658	24,791
Tax recoverable		–	795
Pledged bank deposits		7,449	7,338
Cash and cash equivalents		244,293	128,054
		740,580	725,541
Current liabilities			
Trade payables	13	43,312	42,279
Contract liabilities		2,138	4,002
Accruals, deposits received and other payables		342,515	401,150
Bank borrowings		50,699	80,810
Lease liabilities		10,959	11,950
Tax payable		7,594	2,853
		457,217	543,044
Net current assets		283,363	182,497
Total assets less current liabilities		542,215	468,510

	<i>Note</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current liabilities			
Other payables		–	324
Lease liabilities		24,320	26,138
Provision		12,321	11,852
Deferred tax liabilities		12,980	16,514
		<u>49,621</u>	<u>54,828</u>
Net assets		<u>492,594</u>	<u>413,682</u>
Capital and reserves			
Share capital	<i>14</i>	4,150	4,150
Reserves		487,506	407,419
Total equity attributable to equity shareholders of the Company		491,656	411,569
Non-controlling interests		938	2,113
Total equity		<u>492,594</u>	<u>413,682</u>

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 (“BVI”). 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 and goods.

2. BASIS FOR PREPARATION

The financial information set out in this announcement does not constitute the Group’s annual consolidated financial statements for the year ended 31 December 2025, but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the changes in accounting policies set out in note 3.

The measurement basis used in the preparation of the financial statements is the historical costs except for certain financial instruments that are measured at their fair values at the end of each reporting period. The financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

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 the financial statements for the current accounting period. The amendments do not have a material impact on the financial statements 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.

Segment revenue and results

Segment results represent the earnings from each segment before interest, taxation, selling and marketing expenses and administrative expenses 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
For the year ended 31 December 2025					
Disaggregated by timing of revenue recognition					
– over time	1,896,509	277,031	195,563	54,809	2,423,912
– point in time	–	722	–	–	722
Revenue from external customers	1,896,509	277,753	195,563	54,809	2,424,634
Inter-segment revenue	852	2,404	215	754	4,225
Reportable segment revenue	1,897,361	280,157	195,778	55,563	2,428,859
Segment results	144,508	41,927	37,215	6,945	230,595
Other income, gains and losses					23,689
Selling and marketing expenses					(2,467)
Administrative expenses					(132,445)
Finance costs					(5,118)
Profit before taxation					114,254

	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended					
31 December 2024					
Disaggregated by timing of revenue recognition					
– over time	2,086,742	282,924	160,240	70,289	2,600,195
– point in time	–	2,892	–	–	2,892
Revenue from external customers	2,086,742	285,816	160,240	70,289	2,603,087
Inter-segment revenue	617	2,628	428	813	4,486
Reportable segment revenue	2,087,359	288,444	160,668	71,102	2,607,573
Segment results	126,662	33,479	24,899	3,325	188,365
Other income, gains and losses					9,583
Selling and marketing expenses					(2,228)
Administrative expenses					(119,323)
Finance costs					(10,571)
Profit before taxation					<u>65,826</u>

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 <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2025					
Segment assets	683,731	171,966	90,457	41,941	988,095
Unallocated					11,337
Total assets					<u>999,432</u>
Segment liabilities	342,601	84,657	48,019	29,103	504,380
Unallocated					2,458
Total liabilities					<u>506,838</u>
	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2024					
Segment assets	725,880	158,915	79,772	34,001	998,568
Unallocated					12,986
Total assets					<u>1,011,554</u>
Segment liabilities	434,234	87,527	37,587	34,541	593,889
Unallocated					3,983
Total liabilities					<u>597,872</u>

Other segment information

	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended						
31 December 2025						
Depreciation	49,761	15,790	4,043	2,417	751	72,762
Additions to non-current assets	34,201	19,897	3,369	77	59	57,603
Gain on disposal of property, plant and equipment	(12,370)	(1,848)	(405)	(340)	-	(14,963)

	Cleaning services business <i>HK\$'000</i>	Waste management and recycling business <i>HK\$'000</i>	Landscaping services business <i>HK\$'000</i>	Pest management business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended						
31 December 2024						
Depreciation	59,388	20,664	3,783	2,503	816	87,154
Additions to non-current assets	26,236	20,024	4,727	320	1,481	52,788
(Gain)/loss on disposal of property, plant and equipment	(270)	1,150	5	(171)	8	722

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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	2,424,634	2,601,342
Southeast Asia	-	1,745
	2,424,634	2,603,087

All of the Group's non-current assets are either based in Hong Kong or related to the Group's operations in Hong Kong as at 31 December 2025 and 2024.

Information about major customers

For the year ended 31 December 2025, the Group's revenue of HK\$1,314,551,000 (2024: HK\$1,608,884,000) from various segments was derived from two customers (2024: two customers) each of whom has individually accounted for over 10% of the Group's total revenue, which is disclosed as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	1,061,195	1,307,145
Customer B	<u>253,356</u>	<u>301,739</u>

5. REVENUE

The principal activity of the Group is provision of environmental and related services and goods. Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cleaning services business	1,896,509	2,086,742
Waste management and recycling business	277,031	282,924
Landscaping services business	195,563	160,240
Pest management business	54,809	70,289
Sales of recycling materials	<u>722</u>	<u>2,892</u>
	<u>2,424,634</u>	<u>2,603,087</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and geographic information of revenue is disclosed in note 4.

6. OTHER INCOME, GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Change in fair value of investments in life insurance	1,078	138
Gain/(loss) on disposal of property, plant and equipment	14,963	(722)
Gain on disposal of right-of-use assets	–	2,491
Government grants*	960	1,545
Income relating to right-of-use assets	3,686	3,686
Interest income	2,789	1,878
Others	213	567
	<u>23,689</u>	<u>9,583</u>
Total	<u><u>23,689</u></u>	<u><u>9,583</u></u>

* During the year ended 31 December 2025, the Group recognised the government grants as follows:

- (i) Urban Forestry Support Fund of Development Bureau of the Government of HK\$375,000 (2024: HK\$241,000);
- (ii) subsidies for phasing out certain diesel commercial vehicles by the Group of HK\$275,000 (2024: HK\$530,000);
- (iii) Recycling Fund of the Government, which aims to support the sustainable development of the recycling industry, of HK\$196,000 (2024: HK\$554,000); and
- (iv) other subsidies of HK\$114,000 (2024: HK\$220,000)

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. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on:		
Bank borrowings and overdrafts	3,533	8,765
Lease liabilities	1,585	1,734
Others	–	72
	<u>5,118</u>	<u>10,571</u>
	<u><u>5,118</u></u>	<u><u>10,571</u></u>

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditors' remuneration:		
Audit services	1,703	1,680
Other services	390	–
Cost of consumable goods	64,668	69,638
Depreciation:		
Owned property, plant and equipment	59,440	74,431
Right-of-use assets	13,322	12,723
Recognition of credit losses on trade receivables	193	683
Recognition of credit losses on other receivables	197	198
	<u>1,767,360</u>	<u>1,945,564</u>
Staff costs (including directors' remuneration):		
Wages, salaries and other benefits	1,767,360	1,945,564
Defined benefit obligations	65,056	105,956
Provision for untaken paid leave	16,818	19,536
Contributions to defined contribution retirement scheme	50,484	55,756
	<u>1,899,718</u>	<u>2,126,812</u>
Short-term lease payments not included in the measurement of lease liabilities:		
Machinery, vessels and motor vehicles	73,663	66,186
Land and buildings	3,791	3,610
	<u>77,454</u>	<u>69,796</u>

9. INCOME TAX

Income tax charged to profit or loss represents:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	20,007	14,330
Under-provision in respect of prior years	543	74
	<u>20,550</u>	<u>14,404</u>
Current tax – Chinese Mainland		
Enterprise Income Tax		
Over-provision in respect of prior years	–	(4)
	<u>20,550</u>	<u>14,400</u>
Deferred tax		
Origination and reversal of temporary differences	(3,400)	(5,033)
	<u>17,150</u>	<u>9,367</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year, 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.

The provision for Hong Kong Profits Tax for 2025 has also taken into account a reduction granted by the Hong Kong SAR Government for the year of assessment 2024/25. The Group is eligible for the maximum reduction of HK\$1,500 (2024: a maximum reduction of HK\$3,000 was granted for the year of assessment 2023/24 and was taken into account in calculating the provision for 2024) for each of the Hong Kong subsidiaries of the Group.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

10. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of 7.0 cents (2024: HK3.8 cents) per ordinary share	<u>29,050</u>	<u>15,770</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, was approved and paid during the year, of HK3.8 cents (2024: HK3.4 cents) per ordinary share	<u>15,770</u>	<u>14,110</u>

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the year ended 31 December 2025 is based on the profit for the year attributable to ordinary equity shareholders of the Company of HK\$97,279,000 (2024: HK\$53,856,000) and the weighted average number of 415,000,000 (2024: 415,000,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2025 and 2024 are the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the years presented.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 60 days	336,770	427,502
Over 60 days but within 120 days	85,097	85,520
Over 120 days but within 365 days	32,375	40,973
Over 365 days	95	456
	<u>454,337</u>	<u>554,451</u>

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 follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 30 days	24,124	24,523
Over 30 days but within 60 days	6,182	4,495
Over 60 days but within 90 days	1,587	1,700
Over 90 days	11,419	11,561
	<u>43,312</u>	<u>42,279</u>

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

14. 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 31 December 2025	<u>1,000,000</u>	<u>10,000</u>
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 31 December 2025	<u>415,000</u>	<u>4,150</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for the Year at HK7.0 cents (2024: HK3.8 cents) per ordinary share, totalling HK\$29,050,000 (2024:HK\$15,770,000), subject to approval by the Shareholders at the forthcoming annual general meeting (the “AGM”) of the Company to be held on Friday, 29 May 2026. If so approved by the Shareholders, it is expected that the final dividend will be paid on or around Wednesday, 8 July 2026 to the Shareholders whose names appear on the register of members of the Company on Friday, 5 June 2026.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have material events after the reporting period.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM which shall be held on Friday, 29 May 2026, the register of members of the Company will be closed tentatively from Friday, 22 May 2026 to Friday, 29 May 2026, both days inclusive, during which no transfer of Shares will be registered. The record date for determining the entitlement of the shareholders to attend and vote at the AGM will be Friday, 29 May 2026. All transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 May 2026.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed tentatively from Friday, 5 June 2026 to Tuesday, 9 June 2026, both days inclusive, during which no transfer of Shares will be registered. All transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 4 June 2026.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the 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 Appendix C1 to the Listing Rules throughout the Year. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Information on the corporate governance practices adopted by the Company will be set out in the Corporate Governance Report in the Group’s 2025 annual report to be published in due course.

AUDIT COMMITTEE

The audit committee of the Company has reviewed and discussed with the management of the Company the consolidated financial statements of the Group for the Year, and reviewed and discussed the effectiveness of the risk management and internal control system of the Company with the management of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 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 confirmed that he/she has complied with the Model Code throughout the Year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no assurance conclusion has been expressed by KPMG on the announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.baguio.com.hk). The annual report of the Company for the Year will be despatched to the Shareholders as well as published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By order of the Board of
Baguio Green Group Limited
Ng Wing Hong
Chairman

Hong Kong, 24 March 2026

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, Professor Cheng Edwin Tai Chiu and Mr. Chan Kin Kan as independent non-executive directors of the Company.