



碧 瑤  
BAGUIO



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

2022

INTERIM REPORT 中期報告



Integrated  
Environmental  
Services



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Integrated  
Environmental  
Services



# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. Ng Wing Hong  
Ms. Ng Yuk Kwan Phyllis  
Mr. Ng Wing Chuen  
Ms. Leung Shuk Ping  
Ms. Cheung Siu Chun

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Ho Chiu  
Dr. Law Ka Hung  
Mr. Lau Chi Yin Thomas

## AUTHORIZED REPRESENTATIVES

Mr. Ng Wing Hong  
Ms. Cheung Siu Chun

## AUDIT COMMITTEE

Mr. Lau Chi Yin Thomas (*Chairman*)  
Mr. Sin Ho Chiu  
Dr. Law Ka Hung

## REMUNERATION COMMITTEE

Mr. Sin Ho Chiu (*Chairman*)  
Mr. Lau Chi Yin Thomas  
Dr. Law Ka Hung  
Mr. Ng Wing Hong

## NOMINATION COMMITTEE

Dr. Law Ka Hung (*Chairman*)  
Mr. Sin Ho Chiu  
Mr. Lau Chi Yin Thomas  
Ms. Ng Yuk Kwan Phyllis

## COMPANY SECRETARY

Ms. Cheung Siu Chun

## LEGAL AND COMPLIANCE ADVISERS

Robertsons  
(*Hong Kong law*)  
Conyers Dill & Pearman (Cayman) Limited  
(*Cayman Islands law*)

## AUDITORS

KPMG  
(*Public Interest Entity Auditor registered in accordance with the 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 BANKER

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
	2022	2021	
	HK\$'000	HK\$'000	
Revenue			
Cleaning	<b>498,607</b>	351,821	+41.7%
Waste management and recycling	<b>111,825</b>	117,595	-4.9%
Landscaping	<b>56,848</b>	62,591	-9.2%
Pest management	<b>46,842</b>	55,147	-15.1%
	<b>714,122</b>	587,154	+21.6%
Cost of services	<b>(656,442)</b>	(538,121)	+22.0%
Gross profit	<b>57,680</b>	49,033	+17.6%
Profit from operations	<b>27,517</b>	21,195	+29.8%
Profit attributable to equity shareholders of the Company	<b>17,796</b>	12,247	+45.3%
Basic earnings per share (HK cents)	<b>4.29</b>	2.95	

# 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 2022 (the “Period”).

## MARKET REVIEW

The Waste Blueprint for Hong Kong 2035 and The Hong Kong Climate Action Plan 2050 announced by the HKSAR Government in 2021 clearly outlined the strategies and measures to reduce Hong Kong’s carbon emissions by 50% before 2035, compared to 2005 level, with the ultimate goal of achieving the vision of carbon neutrality by 2050. Climate change has led to a surge in demand for integrated environmental services in Hong Kong, which creates significant opportunities for the Group.

In the first half of 2022, the COVID-19 pandemic continued to affect every sector of society. Stringent pandemic control measures and supply chain disruptions together with the rising energy and raw material prices posed significant challenges to resources allocation and cost control. Although the operating environment was challenging, the increasing awareness of public health by Hong Kong people and the significant growth in business demand boosted the Group’s development in cleaning and disinfection services. Regarding waste management and recycling, the recycling rate dropped as restaurants and bars were ordered to be closed for a long period of time during the pandemic. However, extensive rodent infestations hitting hygiene blackspots throughout the city created sizeable opportunities for our pest management business. To combat the infestations, the Food and Environmental Hygiene Department (“FEHD”) commissioned new tenders, including the use of artificial intelligence systems with thermal cameras to precisely identify and target rodent-infested areas. As for the landscaping business, demand for our services declined as companies tightened their cost controls under the uncertain economic outlook.

## BUSINESS REVIEW

The Group’s core business, cleaning services, recorded a considerable growth in the first half of 2022. Revenue of cleaning services increased by 42% to approximately HK\$498.6 million, accounting for 70% of the Group’s overall revenue during the Period. Total revenue was approximately HK\$714.1 million, representing an increase of 22% as compared to the same period in 2021.

With regard to our cleaning business, the Group secured a number of new service contracts from the HKSAR Government worth approximately HK\$1.6 billion. To make Hong Kong cleaner, greener and more sustainable, Baguio has introduced various innovative green technologies including electric vehicles, high-tech disinfection facilities, intelligent cleaning, and Internet of Things (IoT) technology. Demand for cleaning services increased due to the pandemic. Specifically, high profit margin cleaning services, such as disinfection and cleaning services for quarantine hotels, greatly contributed to the overall growth in our cleaning business and an increase in gross profit margin to 9.7% from 7.4% in the same period in 2021. The gross profit margin has already reflected the additional costs brought by high oil prices and inflation. If there were no such inflationary factors, the gross profit margin of our cleaning services would be even higher.

With regard to the waste management and recycling business, the Group secured two new contracts with FEHD for the provision of waste collection services during the Period, worth approximately HK\$140 million. The Group is contracted by the Environmental Protection Department (“EPD”) to handle over 5,000 recycling spots (including plastic, glass bottles, metals and waste paper) across Hong Kong. We currently operate various sorting facilities to support our recycling business. Baguio runs Hong Kong’s most comprehensive plastic collection networks. It is the operator contracted by the EPD to manage three-colour recycling bins in the Hong Kong Island, Kowloon and New Territories. In January 2022, it won a new 33-month EPD Plastic Recycling Pilot Scheme contract to provide plastic collection services for three districts (Eastern, Kwun Tong and Central & Western). Baguio also provides plastic collection services for Recycling Stations of “GREEN@COMMUNITY” and Reverse Vending Machines (“RVMs”), which were introduced by EPD and other institutions in Hong Kong. In addition, the Group also provides collection and management services of glass bottles for the Hong Kong Island (including Islands District) and the New Territories.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the gross profit margin of our waste management and recycling segment declined due to various factors including increasing energy prices and inflation combined with a decline in the recycling rate during the pandemic. However, the overall decline was mainly due to the impact of our plastic recycling services. Under the EPD's Plastic Recycling Pilot Scheme, the contractor needed to invest substantial resources and costs to initiate and establish the collection network in the first half of the year. Revenue generated in the short run may not be proportional to expenditure. It is expected that after the contract has commenced for a certain period of time, this short-term disproportionate issue will be improved.

With the exception of the plastic recycling services, other waste management and recycling businesses including waste collection services, glass bottle collection services, food waste collection services, etc., recorded gross profit margins at the similar level as last year, if the increasing oil prices and inflation factors were excluded.

In the landscaping services, projects continued to experience delays with increased logistics costs due to the ongoing pandemic. Additionally, intense market competition affected the gross profit margin and the overall performance of our landscaping business. For the pest management business, since the outbreak of COVID-19 pandemic, the entry of newcomers has led to keen competition affecting our gross profit margin and performance. The Group seeks to enhance its competitive edge with the introduction of artificial intelligence system to precisely and effectively tackle a growing number of rodent infestations throughout the city.

## Interim Dividend

The Directors do not recommend the payment of an interim dividend for the Period (1H2021: Nil).

## Revenue Breakdown of Major Business Segments

	For the six months ended 30 June		2021		Change
	2022		2021		
	Revenue (HK\$ million)	% of total revenue	Revenue (HK\$ million)	% of total revenue	
Cleaning	498.6	69.8%	351.8	59.9%	+41.7%
Waste management and recycling	111.8	15.7%	117.6	20.0%	-4.9%
Landscaping	56.9	8.0%	62.6	10.7%	-9.2%
Pest management	46.8	6.5%	55.2	9.4%	-15.1%
Total	714.1	100.0%	587.2	100.0%	+21.6%

## Gross Profit Margin of Major Business Segments

	For the six months ended 30 June		Change
	2022	2021	
Cleaning	9.7%	7.4%	+2.3 p.p.
Waste management and recycling	3.0%	11.4%	-8.4 p.p.
Landscaping	6.7%	7.4%	-0.7 p.p.
Pest management	4.6%	8.9%	-4.3 p.p.
Overall	8.1%	8.4%	-0.3 p.p.

# MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group was driven by the strong performance with the increase in revenue of approximately 41.7% from cleaning segment. This encouraging result was attributable to the Group's enormous effort in securing new contracts with the FEHD and the Leisure and Cultural Services Department for the provision of cleaning services.

The overall gross profit margin dropped from 8.4% to 8.1% mainly due to the initial operation costs in our new projects in waste and recycling segment. Relevant income in short run may not proportional to expenditure. In additions, the progress delay of landscaping projects and high service level demand in pest management services market with keen competition, together with the high energy price also affected the gross profit margin.

## Contracts on Hand

As of 30 June 2022, the Group had a total amount of approximately HK\$3,406 million worth of unexpired contracts on hand, among which, approximately HK\$900 million would be recognised by the end of 2022; approximately HK\$1,328 million would be recognised in 2023 and the rest of approximately HK\$1,178 million would be recognised in 2024 and beyond.

	Backlog contract value (HK\$ million)	Contract value to be recognised by 31 December 2022 (HK\$ million)	Contract value to be recognised by 31 December 2023 (HK\$ million)	Contract value to be recognised in 2024 and beyond (HK\$ million)
Cleaning services	2,624	702	1,039	883
Waste management and recycling services	561	111	193	257
Landscaping services	135	48	64	23
Pest management services	86	39	32	15
<b>Total</b>	<b>3,406</b>	<b>900</b>	<b>1,328</b>	<b>1,178</b>

## 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
Feb 2022	Hong Kong Council of Social Service	10 years+ Caring Company 2021/22 — Baguio Cleaning Services Company Limited
Feb 2022	Hong Kong Council of Social Service	10 years+ Caring Company 2021/22 — Baguio Landscaping Services Limited
Feb 2022	Hong Kong Council of Social Service	5 years+ Caring Company 2021/22 — Baguio Green Group Limited
Feb 2022	Hong Kong Council of Social Service	5 years+ Caring Company 2021/22 — Baguio Waste Management & Recycling Limited
Feb 2022	Hong Kong Council of Social Service	5 years+ Caring Company 2021/22 — Tak Tai Enviroscape Limited
Feb 2022	Hong Kong Council of Social Service	5 years+ Caring Company 2021/22 — Baguio Pest Management Limited
Mar 2022	Green Road	Green Road — Recycling Booth cum Environmental Education Workshop — Certificate of Appreciation
Mar 2022	Greeners Action	Charter of the Lai See Reuse and Recycle Program 2022
Jun 2022	Green Council	Hong Kong Green Day 2022 — Certificate of Appreciation Bronze Sponsor
Jun 2022	Green Council	Hong Kong Green Awards 2022 Experience Sharing Seminar — Certificate
Jun 2022	Oriental Media Corporation	Elite Listed Enterprise Award (Innovative Recycling)

# 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 2022	The Hong Kong Polytechnic University	Baguio Glass Bottle Recycling Plant Visit
Jan 2022	The Green Earth	Green Hero Challenge 2022
Feb 2022	Greeners Action	Red Packet Reuse & Recycle Programme
Mar 2022	Tin Shui Wai Methodist College	Webinar — Baguio's Recycling Services
Mar 2022	The University of Hong Kong, Master of Science in Environmental Management	Webinar — Baguio's Recycling Services
Mar 2022	The Green Earth	Green Hero Challenge 2022
Mar 2022	Hong Kong Organic Resource Centre	Webinar — Baguio's Recycling Services
Mar 2022	Hong Kong Organic Resource Centre	Webinar — Baguio's Recycling Services
Apr 2022	Chinese YMCA of Hong Kong Hin Keng Centre	Webinar — Baguio's Recycling Services
Apr 2022	Purtato	Webinar — Sustainable Development
Apr 2022	Hong Kong Organic Resource Centre	Webinar — Baguio's Recycling Services
Apr 2022	Tai Po Baptist Church Social Service	Webinar — Pest Control Tips Sharing
May 2022	Caritas Fanling Chan Chun Ha Secondary School	Webinar — Baguio's Recycling Services
May 2022	Methodist Centre — Wan Chai DHC Express	Medical Checkup Activity
May 2022	TWGHs Kap Yan Directors' College	Webinar — Baguio's Recycling Services
Jun 2022	Rotaract Club of Hong Kong City North	Webinar — Sustainable Development
Jun 2022	JCI Sha Tin	Webinar — Baguio's Recycling Services
Jun 2022	Green Council	Hong Kong Green Awards Winner Sharing Session
Jun 2022	SocietyNext Foundation	Webinar — Sustainable Development
Jun 2022	Rotaract Club of Hong Kong City North	Baguio Glass Bottle Recycling Plant Visit

## PROSPECTS

In the first half of 2022, new contracts awarded to the Group amounted to a total of HK\$1.95 billion. As a result, the Group recorded a historical high for its contracts on hand of approximately HK\$3.4 billion (as of 30 June 2022), representing an increase of approximately 59% from approximately HK\$2.1 billion as of 31 December 2021. This signifies not only Baguio's strong execution capabilities but also wide market recognition, providing a strong revenue growth in the second half of 2022 and the subsequent years.

During the Period, our cleaning business secured a number of cleaning service contracts which will provide revenue contribution in the second half of 2022. The Group has been awarded seven 3-year service contracts (the "FEHD Contracts") worth approximately HK\$1.6 billion in total by the FEHD of the HKSAR Government for street cleaning services in Sha Tin, Yuen Long and Western districts commencing from 1 July 2022, and Tai Po district commencing from 1 August 2022. Winning these FEHD contracts confirms that Baguio is a leading player in the Hong Kong cleaning market and currently covers a total of seven Hong Kong districts, serving more than 2.5 million people (or a third of the city's population).

In the waste management services, the Group won two FEHD 5-year service contracts worth approximately HK\$140 million in total. The contracts are to provide waste collection services in Mong Kok and Wan Chai districts commencing from 1 June 2022 and from 1 July 2022, respectively. With these two FEHD contracts, Baguio's waste collection services network now covers a total of five districts in Hong Kong and serves approximately 1.5 million people, placing Baguio one of the key waste management leaders in Hong Kong.

# MANAGEMENT DISCUSSION AND ANALYSIS

In the recycling business services, Baguio's 33-month service contract under EPD's Plastic Recycling Pilot Scheme for plastic collection services in the Eastern, Kwun Tong and Central & Western districts commenced in the first half of 2022. The plastic collection networks were successfully established after six months, giving Baguio a comprehensive coverage of the three districts serving the entire community. The collection volume is expected to rise in the second half of 2022 and thereby accelerates our revenue growth.

With the Municipal Solid Waste (MSW) Charging Scheme scheduled to be launched in the second half of 2023, it is expected to further motivate the public to recycle and to increase the recycling volume. With the implementation of the Producer Responsibility Scheme on Plastic Beverage Containers enshrining the principle of "polluter pays" and the vision of "eco-responsibility", the recycling rate of plastic beverage containers is expected to have a significant increase. The two schemes are expected to directly drive the growth of Baguio's recycling business and create solid returns from our investment in recycling facilities which creates a strong entry barrier to the competition.

To support the expected growth in the volume of the plastic recycling business, a new high-speed and fully-automated plastic-sorting facility was introduced to one of the Group's recycling plants in July 2022. Enhanced by Near-Infrared ("NIR") technology, the new plant facilitates rapid separation of all plastic types and colours. It not only increases the processing volume, but also strengthens Baguio's plastic-sorting capability to precisely and effectively separate the collected plastic recyclables into different types for quality conversion. This new technology will drive the Group's plastic recycling business future growth. When fully operational, the plant's plastic processing capacity per year could exceed 10,000 tonnes, equivalent to 400 million plastic bottles.

In line with the Hong Kong's sustainable development, we continue to enhance our collection and recycling capabilities. Our joint venture with Swire Beverages Holdings Limited and another investor to set up Hong Kong's first food-grade ready PET plastic factory at the EcoPark in Tuen Mun has commenced operation. Collected plastics are turning into recycled plastic flakes, which can then be re-manufactured as new products. The production volume is gradually increasing.

To capture the enormous opportunities, the Group launched the "ESG+" solution to support listed company clients to implement and promote "Environmental, Social and Governance" (ESG) policies. By providing professional sustainability services such as low-carbon waste management, waste audit, recycling, iRecycle sustainability services and providing green products as well as green/ESG data, Baguio assists listed company clients to improve their ESG performance, thereby increasing their chances of securing green financing and becoming an ESG index constituent.

Regarding our green technology business, we were awarded EPD's first service contract last year for using bioconversion technology (Black Soldier Flies) to help solve Hong Kong's chicken manure problem. Located at the EcoPark in Tuen Mun, the facility is currently undergoing commissioning tests and is scheduled to become fully operational by the end of 2022, opening a new chapter for the Baguio's green technology business.

We strive to inject new momentum into our business with biotechnology. In partnership with Jardine Engineering Corporation Limited, the Group formed a Pilot Biochar Production Plant at the EcoPark in Tuen Mun which will enter testing phase within this year. By converting wood waste into high-quality biochar with pyrolysis technology, the production plant effectively turns waste into useful resources.

# MANAGEMENT DISCUSSION AND ANALYSIS

In the landscaping services, given our solid experience in landscape services, the Group was honored to have the opportunity to provide greening services in public open space at Kai Tak Sports Park, demonstrating the Group's landscaping services is widely recognised. Additionally, according to the Northern Metropolis Development Strategy announced in October 2021, the Government will further implement proactive conservation measures with the creation of wetland conservation parks with a total area of approximately 2,000 hectares. This creates a new opportunity for the Group to grow its landscaping business. At the same time, the new initiative explicitly mentions that there will be an expansion of housing supply and innovative and technology, which is believed to bring opportunities for the Group's various core businesses.

With the new government's high emphasis on environmental hygiene, a three-month citywide clean-up campaign was launched in August 2022 with a District Matters Co-ordination Task Force set up to address and tackle district-based issues such as hygiene blackspots, street obstruction blackspots, environmental problems and cityscape improvement. As one of Hong Kong's largest integrated environmental services groups, Baguio has the capacity to provide the highest environmental health standards for the HKSAR Government to create a sustainable environment. Baguio will continue to work closely with the Government and provide a full spectrum of professional services from professional cleaning, waste collection & recycling, waste management, green technology, and organic fertilizer & animal feed production to horticulture & landscaping, and pest control with an aim to support the city in realising visions for a green future.

Looking ahead, Baguio will continue to contribute to global environment protection by integrating its existing business, consolidating its in-depth knowledge and experiences, staying on top of industry trends, and constantly exploring projects with strong growth potential and green technology. The Group will also continue to proactively pursue potential strategic partnerships or investment opportunities to further achieve synergy effects among businesses and deliver solid returns to shareholders.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six-month periods ended 30 June 2022 and 2021 amounted to approximately HK\$714.1 million and HK\$587.2 million respectively, representing an increase of approximately 21.6%. The increase was mainly due to the increase in revenue in our cleaning segment with increase in number of contracts and orders during the Period.

### Cost of Services

For the six-month periods ended 30 June 2022 and 2021, the cost of services amounted to approximately HK\$656.4 million and HK\$538.1 million respectively, representing approximately 91.9% and approximately 91.6% of the Group's revenue for the corresponding periods respectively. The cost of services primarily comprised of direct wages, direct overhead expenses, material consumables and sub-contracting fees.

### Gross Profit

The Group's gross profit for the Period was approximately HK\$57.7 million, representing an increase of approximately 17.6% from approximately HK\$49.0 million for the corresponding period in 2021.

### Gross Profit Margin

The gross profit margins of the Group for the six-month periods ended 30 June 2022 and 2021 were approximately 8.1% and approximately 8.4% respectively. As mentioned above, though there was a strong performance in cleaning segment which were partially offset by the initial operation costs from new projects in waste and recycling segment. In additions, profit margin was also affected by increased cost with the progress delay of landscaping projects and high service level demand in pest management services market with keen competition, together with high energy price.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Income, Gains and Losses

The other income, gains and losses of the Group for the six-month periods ended 30 June 2022 and 2021 were approximately HK\$20.9 million and HK\$16.2 million respectively, representing an increase of approximately 29.3%. The substantial increase was mainly related to the subsidies under the Anti-epidemic Fund set up by the Hong Kong Government was recognised during the Period.

## Change in Fair Value Less Costs to Sell of Biological Assets

The Group's biological assets consist of trees, plants and flowers located at the Group's nurseries in the PRC and Hong Kong. The change in fair value of biological assets represented by the loss of approximately HK\$2.2 million and HK\$3.0 million for the six-month periods ended 30 June 2022 and 2021 respectively. The decrease in fair value was mainly due to the decrease in demand in new landscaping contracts and sales market continued to be affected by the COVID-19 pandemic.

## Selling and Marketing Expenses

The selling and marketing expenses of the Group for the six-month periods ended 30 June 2022 and 2021 were approximately HK\$0.8 million and HK\$0.6 million respectively. These expenses are mainly for the promotional activities and channels to promote our recycling business and to enhance the public awareness of environmental protection and waste recycling.

## Administrative Expenses

The administrative expenses of the Group for the six-month periods ended 30 June 2022 and 2021 were approximately HK\$48.2 million and HK\$40.4 million respectively, representing an increase of approximately 19.3%, and approximately 6.7% and approximately 6.9% of the respective period's total revenue. The increase was mainly due to the increase in wages and allowances for staff and the office overhead to support new business development, and to strengthen and expand ERP system enhancing the competitiveness. The Group continued to implement its budget cost control measures for administrative expenses during the Period.

## Finance Costs

The finance costs amounted to approximately HK\$2.7 million and HK\$2.0 million for the six-month periods ended 30 June 2022 and 2021 respectively, representing approximately 0.4% and approximately 0.3% of the Group's total revenue respectively. The increase was mainly due to the increase in the level of working capital loan and interest rate on bank borrowings during the Period.

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

The Group's net profit attributable to equity shareholders of the Company for the six-month periods ended 30 June 2022 and 2021 amounted to approximately HK\$17.8 million and HK\$12.2 million respectively, representing an increase of approximately 45.3%. The increase was mainly due to the factors described above.

## CAPITAL STRUCTURE

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

The Directors review the capital structure regularly, taking into consideration of the cost of capital and the risks associated with the capital. 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 gearing ratio.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

The Group derives cash flows from operating activities principally from rendering comprehensive range of environmental services. For the Period, we had net cash generated from operating activities of approximately HK\$50.1 million (1H2021: HK\$51.4 million). As at 30 June 2022, the Group had available cash and bank balances amounting to approximately HK\$43.4 million (31 December 2021: HK\$32.3 million), representing an increase of approximately 34.7% from 31 December 2021.

As at 30 June 2022, the Group's total current assets and current liabilities were approximately HK\$430.3 million (31 December 2021: HK\$381.8 million) and HK\$401.0 million (31 December 2021: HK\$318.8 million) respectively, while the current ratio was approximately 1.1 times (31 December 2021: 1.2 times). The liquidity position of the Group is maintained at a healthy level.

As at 30 June 2022, the Group's bank borrowings amounted to approximately HK\$158.9 million (31 December 2021: HK\$123.6 million), representing an increase of approximately 28.5%; the Group's lease liabilities were approximately HK\$46.3 million (31 December 2021: HK\$37.7 million), representing an increase of approximately 22.7%, for financing the acquisition of motor vehicles for operational usage and recognising lease liabilities related to the lease contracts in respect of certain lands, office buildings and nurseries; the Group's other loan from a non-controlling shareholder of a subsidiary amounted to approximately HK\$5.6 million (31 December 2021: Nil) for financing the acquisition of property, plant and equipment for operational usage. During the Period, no financial instruments were used for hedging purposes.

As at 30 June 2022, the gearing ratio of the Group was approximately 0.7 times (31 December 2021: 0.6 times), which was calculated based on the total interest-bearing bank borrowings, lease liabilities and other loan over total equity of the Group.

As at 30 June 2022, the Group had unutilised banking facilities of approximately HK\$272.0 million (31 December 2021: HK\$244.0 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 Renminbi ("RMB"). Due to the Group's PRC operation, the Group possessed RMB bank balances and a small portion of transactions were denominated in RMB.

## CAPITAL COMMITMENT

As at 30 June 2022, the Group had capital commitment contracted for of approximately HK\$19.1 million (31 December 2021: HK\$4.4 million).

## CHARGES ON THE GROUP'S ASSETS

As at 30 June 2022, the amounts payable under lease liabilities within one year was approximately HK\$11.4 million (31 December 2021: HK\$9.3 million), that after one year but with five years was approximately HK\$17.6 million (31 December 2021: HK\$9.9 million), and that after five years was approximately HK\$17.3 million (31 December 2021: HK\$18.5 million).

As at 30 June 2022, the lease liabilities of the Group of approximately HK\$0.2 million (31 December 2021: HK\$0.9 million) were guaranteed by the Company and a subsidiary of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

In addition as at 30 June 2022, the Group had (i) pledged bank deposits of approximately HK\$7.2 million (31 December 2021: HK\$7.2 million); (ii) pledge of cash and cash equivalents of approximately HK\$45,000 (31 December 2021: HK\$0.7 million); (iii) mortgage of the land and buildings of approximately HK\$66.4 million (31 December 2021: HK\$67.7 million); (iv) pledge of the financial assets at fair value through profit or loss of approximately HK\$2.5 million (31 December 2021: HK\$2.5 million); (v) pledge of the trade receivables of approximately HK\$76.8 million (31 December 2021: HK\$75.6 million); and (vi) pledge of the contract assets of approximately HK\$4.7 million (31 December 2021: HK\$4.1 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 lease or hire purchase.

## CONTINGENT LIABILITIES

As at 30 June 2022, 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.

## INTELLECTUAL PROPERTIES

During the Period, the Group registered the trademark  in Hong Kong for a period of 10 years.

## HUMAN RESOURCES

As at 30 June 2022, the Group employed 6,234 employees (31 December 2021: 5,621 employees), including both full time and part time. Remuneration packages were generally structured by reference to market terms and individual qualifications and experience.

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 2022 — UNAUDITED  
(EXPRESSED IN HONG KONG DOLLARS)

	Note	For the six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	4	<b>714,122</b>	587,154
Cost of services		<b>(656,442)</b>	(538,121)
<b>Gross profit</b>		<b>57,680</b>	49,033
Other income, gains and losses		<b>20,937</b>	16,190
Change in fair value less costs to sell of biological assets		<b>(2,161)</b>	(3,015)
Selling and marketing expenses		<b>(769)</b>	(638)
Administrative expenses		<b>(48,170)</b>	(40,375)
<b>Profit from operations</b>		<b>27,517</b>	21,195
Finance costs	5	<b>(2,723)</b>	(1,958)
Share of losses of a joint venture		<b>(1,747)</b>	(1,729)
<b>Profit before taxation</b>	6	<b>23,047</b>	17,508
Income tax expense	7	<b>(5,929)</b>	(5,261)
<b>Profit for the period</b>		<b>17,118</b>	12,247
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of financial statements of subsidiaries, net of nil tax		<b>(104)</b>	24
Cash flow hedge: share of net movement in the hedging reserve of a joint venture		–	(414)
<b>Other comprehensive income</b>		<b>(104)</b>	(390)
<b>Total comprehensive income for the period</b>		<b>17,014</b>	11,857
<b>Profit for the period attributable to:</b>			
Equity shareholders of the Company		<b>17,796</b>	12,247
Non-controlling interests		<b>(678)</b>	–
		<b>17,118</b>	12,247
<b>Total comprehensive income for the period attributable to:</b>			
Equity shareholders of the Company		<b>17,692</b>	11,857
Non-controlling interests		<b>(678)</b>	–
		<b>17,014</b>	11,857
<b>Earnings per share</b>			
Basic and diluted (HK cents)	9	<b>4.29</b>	2.95

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022 — UNAUDITED  
(EXPRESSED IN HONG KONG DOLLARS)

	Note	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	233,545	190,023
Right-of-use assets	11	46,780	38,442
Interest in a joint venture		–	1,747
Financial assets at fair value through profit or loss		14,728	14,669
Prepayments, deposits and other receivables		40,787	31,628
Deferred tax assets		2,569	2,643
		<b>338,409</b>	279,152
<b>Current assets</b>			
Inventories		3,867	3,531
Contract assets		12,014	10,418
Trade receivables	12	322,061	297,146
Prepayments, deposits and other receivables		32,722	18,062
Tax recoverable		124	7
Biological assets		8,938	13,209
Pledged bank deposits		7,166	7,164
Cash and cash equivalents		43,433	32,254
		<b>430,325</b>	381,791
<b>Current liabilities</b>			
Trade payables	13	35,087	32,269
Contract liabilities		356	756
Accruals, deposits received and other payables		194,304	152,428
Bank borrowings	14	158,855	123,605
Lease liabilities	15	11,400	9,282
Tax payable		990	426
		<b>400,992</b>	318,766
<b>Net current assets</b>		<b>29,333</b>	63,025
<b>Total assets less current liabilities</b>		<b>367,742</b>	342,177
<b>Non-current liabilities</b>			
Other payables		1,404	1,620
Lease liabilities	15	34,887	28,439
Provision		10,969	10,969
Deferred tax liabilities		19,541	14,568
		<b>66,801</b>	55,596
<b>Net assets</b>		<b>300,941</b>	286,581
<b>Capital and reserves</b>			
Share capital	16	4,150	4,150
Reserves		296,672	282,434
<b>Total equity attributable to equity shareholders of the Company</b>		<b>300,822</b>	286,584
<b>Non-controlling interests</b>		<b>119</b>	(3)
<b>Total equity</b>		<b>300,941</b>	286,581

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 2022 — UNAUDITED  
(EXPRESSED IN HONG KONG DOLLARS)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Other reserve	Share option reserve	Translation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	4,150	100,850	18,330	1,656	(52)	414	163,684	289,032	–	289,032
Profit for the period	–	–	–	–	–	–	12,247	12,247	–	12,247
Other comprehensive income for the period	–	–	–	–	24	(414)	–	(390)	–	(390)
Total comprehensive income for the period	–	–	–	–	24	(414)	12,247	11,857	–	11,857
Dividends approved in respect of the previous year (note 8)	–	–	–	–	–	–	(14,940)	(14,940)	–	(14,940)
Share options lapsed	–	–	–	(84)	–	–	84	–	–	–
<b>At 30 June 2021</b>	<b>4,150</b>	<b>100,850</b>	<b>18,330</b>	<b>1,572</b>	<b>(28)</b>	<b>–</b>	<b>161,075</b>	<b>285,949</b>	<b>–</b>	<b>285,949</b>
At 1 January 2022	4,150	100,850	18,330	1,572	7	–	161,675	286,584	(3)	286,581
Profit for the period	–	–	–	–	–	–	17,796	17,796	(678)	17,118
Other comprehensive income for the period	–	–	–	–	(104)	–	–	(104)	–	(104)
Total comprehensive income for the period	–	–	–	–	(104)	–	17,796	17,692	(678)	17,014
Capital contributions received by non-wholly owned subsidiary from a non-controlling shareholder	–	–	–	–	–	–	–	–	800	800
Dividends approved in respect of the previous year (note 8)	–	–	–	–	–	–	(3,735)	(3,735)	–	(3,735)
Equity-settled share-based payments	–	–	–	281	–	–	–	281	–	281
Share options lapsed	–	–	–	(49)	–	–	49	–	–	–
<b>At 30 June 2022</b>	<b>4,150</b>	<b>100,850</b>	<b>18,330</b>	<b>1,804</b>	<b>(97)</b>	<b>–</b>	<b>175,785</b>	<b>300,822</b>	<b>119</b>	<b>300,941</b>

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 2022 — UNAUDITED  
(EXPRESSED IN HONG KONG DOLLARS)

	For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
<b>Net cash generated from operating activities</b>	<b>50,090</b>	51,371
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment	(72,844)	(44,322)
Other cash flows arising from investing activities	2,359	7,853
<b>Net cash used in investing activities</b>	<b>(70,485)</b>	(36,469)
<b>Financing activities</b>		
Proceeds from new bank borrowings	647,075	390,478
Repayment of bank borrowings	(611,825)	(367,797)
Other cash flows used in financing activities	(3,358)	(9,205)
<b>Net cash generated from financing activities</b>	<b>31,892</b>	13,476
<b>Net increase in cash and cash equivalents</b>	<b>11,497</b>	28,378
<b>Cash and cash equivalents at the beginning of the period</b>	<b>32,254</b>	28,522
<b>Effect of foreign exchange rates changes</b>	<b>(318)</b>	68
<b>Cash and cash equivalents at the end of the period</b>	<b>43,433</b>	56,968

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 30 August 2022.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 2021 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

# 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 following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKFRS 3, *Reference to the conceptual framework*
- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*
- Annual improvements to HKFRSs 2018–2020 cycle

None of the above amendments have had a significant financial effect to the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4. SEGMENT INFORMATION

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

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

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

# 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 and administrative expenses including directors' emoluments and exclude other income, gains and losses, change in fair value less costs to sell of biological assets and share of losses of a joint venture. 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
<b>Six months ended 30 June 2022</b>					
Revenue from external customers					
– recognised over time	498,607	93,765	56,848	46,842	696,062
– recognised at point in time	–	18,060	–	–	18,060
	<b>498,607</b>	<b>111,825</b>	<b>56,848</b>	<b>46,842</b>	<b>714,122</b>
Segment results	<b>47,702</b>	<b>3,251</b>	<b>3,797</b>	<b>2,161</b>	<b>56,911</b>
Other income, gains and losses					20,937
Change in fair value less costs to sell of biological assets					(2,161)
Administrative expenses					(48,170)
Finance costs					(2,723)
Share of losses of a joint venture					(1,747)
Profit before taxation					<b>23,047</b>

	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
<b>Six months ended 30 June 2021</b>					
Revenue from external customers and reportable segment revenue recognised over time	351,821	117,595	62,591	55,147	587,154
Segment results	25,666	13,197	4,650	4,882	48,395
Other income, gains and losses					16,190
Change in fair value less costs to sell of biological assets					(3,015)
Administrative expenses					(40,375)
Finance costs					(1,958)
Share of losses of a joint venture					(1,729)
Profit before taxation					<b>17,508</b>

# 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
<b>As at 30 June 2022</b>					
Segment assets	436,198	210,098	78,296	40,219	764,811
Unallocated					3,923
Total assets					768,734
Segment liabilities	304,120	98,301	21,486	36,960	460,867
Unallocated					6,926
Total liabilities					467,793

	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
<b>As at 31 December 2021</b>					
Segment assets	363,973	171,922	83,035	38,888	657,818
Unallocated					3,125
Total assets					660,943
Segment liabilities	244,669	81,281	23,798	23,015	372,763
Unallocated					1,599
Total liabilities					374,362

# 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	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	702,110	587,154
Mainland China	6,458	–
Southeast Asia	5,554	–
	<b>714,122</b>	587,154

## 5. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings	1,931	1,194
Bank overdrafts	1	–
Lease liabilities	679	764
Others	112	–
	<b>2,723</b>	1,958

# 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	
	2022 HK\$'000	2021 HK\$'000
Profit before taxation is arrived at after charging/(crediting):		
Cost of inventories	<b>37,104</b>	41,915
Depreciation:		
Owned property, plant and equipment	<b>20,699</b>	15,597
Right-of-use assets	<b>7,475</b>	7,489
Compensation income from services contracts	–	(8,900)
COVID-19-related rent concessions received	<b>(973)</b>	(973)
Gain on disposal of property, plant and equipment	<b>(1,387)</b>	(2,068)
Gain on disposal of right-of-use assets	–	(198)
Government grants*	<b>(13,345)</b>	(675)
Reversal of credit losses on trade receivables	<b>(1,820)</b>	(29)
Staff costs (including directors' remuneration):		
Wages, salaries and other benefits	<b>520,516</b>	411,042
Provision for long service and severance payments	<b>11,254</b>	12,026
Provision for untaken paid leave	<b>6,702</b>	4,265
Contributions to defined contribution retirement scheme	<b>16,397</b>	14,042
Equity-settled share-based payments	<b>281</b>	–
	<b>555,150</b>	441,375
Short-term lease payments not included in the measurement of lease liabilities:		
Machinery and motor vehicles	<b>22,814</b>	17,638
Land and buildings	<b>3,140</b>	2,289
	<b>25,954</b>	19,927

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

- (i) Employment Support Scheme, which aims to retain employment and combat COVID-19, under the Anti-epidemic Fund of the Government of HK\$7,696,000 (six months ended 30 June 2021: Nil). The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees;
- (ii) subsidies from the Green Employment Scheme of the Environment Bureau of HK\$567,000 (six months ended 30 June 2021: HK\$650,000);
- (iii) subsidies for phasing out certain diesel commercial vehicles by the Group of HK\$5,017,000 (six months ended 30 June 2021: Nil); and
- (iv) other subsidies of HK\$65,000 (six months ended 30 June 2021: HK\$25,000).

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 EXPENSE

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	882	890
Deferred tax	5,047	4,371
	<b>5,929</b>	5,261

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2021: 16.5%) to the six months ended 30 June 2022, 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 2021.

## 8. DIVIDENDS

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, was approved and recognised during the interim period, of HK0.9 cents (six months ended 30 June 2021: HK3.6 cents) per ordinary share	3,735	14,940

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022 attributable to ordinary equity shareholders of the Company of HK\$17,796,000 (six months ended 30 June 2021: HK\$12,247,000) and the weighted average number of 415,000,000 (six months ended 30 June 2021: 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 2022 and 2021 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 2022, the Group acquired items of property, plant and equipment with aggregate cost of HK\$64,103,000 (six months ended 30 June 2021: HK\$35,787,000), and disposed items of property, plant and equipment with aggregate carrying value of HK\$969,000 (six months ended 30 June 2021: HK\$4,383,000).

# 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 2022, the right-of-use assets were transferred to property, plant and equipment with aggregate carrying value of HK\$1,098,000 (six months ended 30 June 2021: HK\$4,970,000). The Group also 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\$16,911,000 (six months ended 30 June 2021: HK\$4,868,000). In addition, the Group disposed items of right-of-use assets with aggregate carrying value of nil (six months ended 30 June 2021: HK\$1,202,000).

During the six months ended 30 June 2022, the Group received rent concessions for its leased properties amounting to HK\$973,000 (six months ended 30 June 2021: HK\$973,000) in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

## 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 2022 HK\$'000	At 31 December 2021 HK\$'000
Within 60 days	237,036	221,198
Over 60 days but within 120 days	45,258	48,304
Over 120 days but within 365 days	31,491	23,430
Over 365 days	8,276	4,214
	<b>322,061</b>	297,146

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 2022 HK\$'000	At 31 December 2021 HK\$'000
Within 30 days	22,657	17,284
Over 30 days but within 60 days	3,359	6,957
Over 60 days but within 90 days	717	884
Over 90 days	8,354	7,144
	<b>35,087</b>	32,269

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 2022 HK\$'000	At 31 December 2021 HK\$'000
<b>Current liabilities</b>		
Current portion of term loans from banks	<b>81,717</b>	57,248
Non-current portion of term loans from banks repayable on demand	<b>77,138</b>	66,357
	<b>158,855</b>	123,605

At the end of the reporting period, the bank borrowings were secured as follows:

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Secured	<b>149,014</b>	116,431
Unsecured	<b>9,841</b>	7,174
	<b>158,855</b>	123,605

The secured bank loans of the Group as at 30 June 2022 were secured by:

- (i) pledged bank deposits of HK\$7,166,000 (31 December 2021: HK\$7,164,000);
- (ii) pledge of cash and cash equivalents of HK\$45,000 (31 December 2021: HK\$742,000);
- (iii) mortgage of the land and buildings of HK\$66,406,000 (31 December 2021: HK\$67,736,000);
- (iv) pledge of the financial assets at fair value through profit or loss of HK\$2,530,000 (31 December 2021: HK\$2,508,000);
- (v) pledge of the trade receivables of HK\$76,831,000 (31 December 2021: HK\$75,588,000); and
- (vi) pledge of the contract assets of HK\$4,655,000 (31 December 2021: HK\$4,070,000).

As at 30 June 2022, the bank borrowings of the Group of HK\$158,855,000 (31 December 2021: HK\$123,605,000) bear interest ranging from 1.69% to 3.10% (31 December 2021: 1.66% to 3.10%) per annum.

# 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 2022 HK\$'000	At 31 December 2021 HK\$'000
Minimum lease payments		
— within one year	13,096	10,439
— after one year but within five years	20,481	13,280
— after five years	21,191	22,801
	41,672	36,081
Less: Future interest expenses	(8,481)	(8,799)
Present value of lease liabilities	46,287	37,721
Present value of minimum lease payments		
— within one year	11,400	9,282
— after one year but within five years	17,615	9,899
— after five years	17,272	18,540
	34,887	28,439
	46,287	37,721

## 16. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	1,000,000	10,000
<b>Issued and fully paid:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
As at 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	415,000	4,150

On 26 January 2022, the Company granted a total of 11,120,000 share options to certain directors and an employee for nil consideration under the Company's share option scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. The exercise price for each option is HK\$0.53. These options will be exercisable over the period from 1 January 2023 to 31 December 2024, subject to the conditions attached to the share options. No options were exercised during the six months ended 30 June 2022.

# 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 2022			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at fair value through profit or loss</b>				
Investments in life insurance	–	–	14,728	14,728

	As at 31 December 2021			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at fair value through profit or loss</b>				
Investments in life insurance	–	–	14,669	14,669

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2021: 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	
	2022	2021
	HK\$'000	HK\$'000
<b>Investments in life insurance</b>		
Opening balance	14,669	14,348
Gains recognised in profit or loss	59	71
Closing balance	14,728	14,419

### (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 2022 and 31 December 2021.

## 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	At
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Within one year	900	1,575

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

	At	At
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Capital expenditure in respect of the additions of property, plant and equipment		
— Contracted for within one year	19,138	4,400

# 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	
	2022	2021
	HK\$'000	HK\$'000
Short term employee benefits	5,172	4,526
Retirement scheme contributions	286	289
Equity-settled share-based payments	202	–
	<b>5,660</b>	<b>4,815</b>

(b) Transactions with a joint venture

	For the six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Income relating to right-of-use assets	2,070	2,021
Interest income	98	98
Sourcing, collection and sorting waste plastics services income	2,500	12,999
Other services income	38	103

(c) Balances with a joint venture

	At	At
	30 June 2022	31 December 2021
	HK\$'000	HK\$'000
Trade receivables	25,500	23,000
Other receivables:		
Loan to a joint venture	3,300	3,300
Interest receivable from a joint venture	520	422
Receivable from a joint venture	20,043	18,672
	<b>49,363</b>	<b>45,394</b>

(d)

Nature of related party relationship	Nature of transaction	Interested director	For the six months ended 30 June	
			2022	2021
			HK\$'000	HK\$'000
Common director and shareholder	Information technology service fee	Mr. Ng Wing Hong	2,258	1,312
The company owned by close member of director and shareholder	Information technology service fee	Mr. Ng Wing Hong	659	–
The company owned by close member of director and shareholder	Purchase of cleaning equipment and materials	Mr. Ng Wing Hong	312	494
The company owned by close member of director and shareholder	Rental expenses and other services fee	Mr. Ng Wing Hong	436	–

# 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 2022 and the related consolidated statement of profit or loss and other comprehensive income and 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*, 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 form a conclusion, based on our review, on the 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*, 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 2022 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

30 August 2022

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2022, 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 <sup>(Note 1)</sup>	279,256,000	67.29
Chan Shuk Kuen	Family interest <sup>(Note 2)</sup>	279,256,000	67.29
Ng Yuk Kwan Phyllis	Beneficial owner <sup>(Note 3)</sup>	26,736,000	6.44
Mak Che Fai Lawrence	Family interest <sup>(Note 4)</sup>	26,736,000	6.44
Baguio Green (Holding) Limited	Beneficial owner <sup>(Note 1)</sup>	275,000,000	66.27
David Michael Webb	Interest of controlled corporation/Beneficial owner <sup>(Note 5)</sup>	20,812,000	5.01
Preferable Situation Assets Limited ("PSA")	Beneficial owner <sup>(Note 5)</sup>	11,566,800	2.79

Notes:

- (1) The entire issued share capital of Baguio Green (Holding) Limited is wholly 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 wholly owned by Mr. David Michael Webb. Therefore, Mr. David Michael Webb is deemed to be interested in all the 11,566,800 Shares held by PSA. In addition, Mr. David Michael Webb also directly held 9,245,200 Shares.

Save as disclosed above, as at 30 June 2022, 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.

### DIRECTOR'S INTERESTS DISCLOSEABLE UNDER THE SFO

As at 30 June 2022, the shareholding interests of Mr. Ng Wing Hong and Ms. Ng Yuk Kwan Phyllis are set out in the section "Substantial Shareholders' Interest" above and the share option interests of all Directors are presented on pages 32 to 35 in the section "Share Option Scheme" below. In addition, as at 30 June 2022, Ms. Cheung Siu Chun, an executive Director and the company secretary of the Company, held 800,000 Shares. 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") under the Listing Rules.

## OTHER INFORMATION

### SHARE OPTION SCHEME

On 24 April 2014, the Company adopted a share option scheme (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Directors confirm that the Share Option Scheme is in compliance with Chapter 17 of the Listing Rules.

A summary of the Share Option Scheme of the Company is as follows:

**Purpose:** To enable the Board to grant options to selected Eligible Persons (an “Eligible Person” means any employee or proposed employee (whether full time or part time employee, including any director) of any member of the Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technical support, any shareholders or any participants who contribute to the development and growth of the Group or any invested entity) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber Eligible Persons and to attract human resources that are valuable to the Group.

**Eligible Participants:**

- (i) the Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at the Exercise Price (as defined in the paragraph “Exercise Price” of this section) for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme;
- (ii) the basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

**Total number of securities available for issue under the Share Option Scheme:** The maximum number of Shares which may be issued upon exercise of options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue on the date of the listing of the shares of the Company, i.e. 40,000,000 Shares (the “Scheme Limit”).

Options lapsed in accordance with the Share Option Scheme will not be counted for the purpose of the Scheme Limit.

The Scheme Limit may be refreshed at any time by obtaining approval of the shareholders of the Company (“Shareholders”) in general meeting provided that the refreshed limit must not exceed 10% of the Shares in issue at the date of the Shareholders’ approval of such limit. Options previously granted under the Share Option Scheme or any other share option scheme of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or those exercised) will not be counted for the purpose of calculating the refreshed limit.

The Company may also, by obtaining separate approval of the Shareholders in general meeting, grant options beyond the Scheme Limit provided the options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by the Company before such approval is sought. The Company shall send a circular to the Shareholders which contains the information required by the Listing Rules.

## OTHER INFORMATION

The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

Price for Subscription of Shares:

The Exercise Price is to be determined by the Board provided always that it shall be at least the higher of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer for the grant of the option (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Person), which must be a trading day; and
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant, provided that the Exercise Price shall in no event be less than the nominal amount of one Share.

Amount payable on acceptance of the option and the period within which such payment must be made:

An offer for grant of options must be accepted within twenty one days inclusive of the day on which such offer was made. The amount payable to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

Maximum entitlement of each eligible participant:

The maximum number of Shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme and any other share option schemes of the Company to any Eligible Person (including cancelled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue from time to time (the "Participant Limit"). Any further grant of options in excess of such limit must be separately approved by Shareholders with such Eligible Person and his associates abstaining from voting. The Company shall send a circular to the Shareholders which contains the information required by the Listing Rules.

Exercise price:

The Board is entitled to determine the price per Share payable on the exercise of an option according to the terms of the Share Option Scheme.

Minimum holding period:

The Board is entitled to determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the Share Option Scheme is exercised.

Period within which the securities must be taken up under an option:

In respect of any option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the date of the grant of the option and in the absence of such determination, the period commencing from the acceptance date of the option and ending (i) in accordance with the Share Option Scheme; or (ii) on the day immediately preceding the tenth anniversary of the date of grant.

The remaining life of the Share Option Scheme:

The Share Option Scheme remains in force for a period of 10 years commencing on 24 April 2014 unless terminated earlier by Shareholders in general meeting.

On 26 January 2022, the Company granted share options to certain Directors and an employee to subscribe for an aggregate of 11,120,000 ordinary shares of HK\$0.01 each in the Capital of the Company, represented approximately 2.68% of all the Shares in issue as at the date of this report, while 128,000 share options were lapsed during the Period due to the resignation of an employee who had been granted share options.

## OTHER INFORMATION

The movement of the share options granted during the Period is as follows:

Name or category of participants	Date of grant (Notes)	Number of underlying shares comprised in share options				Outstanding as at 30 June 2022	Exercise period	Exercise price per share (HK\$)
		Outstanding as at 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period			
<b>Directors</b>								
Ms. Ng Yuk Kwan Phyllis	16/10/2015	292,000	-	-	-	292,000	16/10/2017– 23/04/2024	1.00
	26/1/2022	-	1,390,000	-	-	1,390,000	1/1/2023– 31/12/2024	0.53
	26/1/2022	-	1,390,000	-	-	1,390,000	1/1/2024– 31/12/2024	0.53
						Sub-total	3,072,000	
Mr. Ng Wing Chuen	16/10/2015	240,000	-	-	-	240,000	16/10/2017– 23/04/2024	1.00
Ms. Leung Shuk Ping	16/10/2015	216,000	-	-	-	216,000	16/10/2017– 23/04/2024	1.00
	26/1/2022	-	1,390,000	-	-	1,390,000	1/1/2023– 31/12/2024	0.53
	26/1/2022	-	1,390,000	-	-	1,390,000	1/1/2024– 31/12/2024	0.53
						Sub-total	2,996,000	
Ms. Cheung Siu Chun	16/10/2015	240,000	-	-	-	240,000	16/10/2017– 23/04/2024	1.00
	26/1/2022	-	1,390,000	-	-	1,390,000	1/1/2023– 31/12/2024	0.53
	26/1/2022	-	1,390,000	-	-	1,390,000	1/1/2024– 31/12/2024	0.53
						Sub-total	3,020,000	
Mr. Sin Ho Chiu	16/10/2015	140,000	-	-	-	140,000	16/10/2017– 23/04/2024	1.00
Dr. Law Ka Hung	16/10/2015	140,000	-	-	-	140,000	16/10/2017– 23/04/2024	1.00
Mr. Lau Chi Yin Thomas	16/10/2015	140,000	-	-	-	140,000	16/10/2017– 23/04/2024	1.00
<b>Sub-total</b>		1,408,000	8,340,000	-	-	9,748,000		
<b>Other Eligible Participants (in aggregate)</b>								
Other employees	16/10/2015	2,656,000	-	-	(128,000)	2,528,000	16/10/2017– 23/04/2024	1.00
	26/1/2022	-	2,780,000	-	-	2,780,000	1/1/2023– 31/12/2024	0.53
<b>Sub-total</b>		2,656,000	2,780,000	-	(128,000)	5,308,000		
<b>Total</b>		4,064,000	11,120,000	-	(128,000)	15,056,000		

## OTHER INFORMATION

Notes:

- (1) The share options, those granted on 16 October 2015, vested on 16 October 2017.
- (2) The share options, those granted on 26 January 2022, will vest on 1 January 2023 or 1 January 2024, subject to the conditions mentioned in the announcement as at 26 January 2022.
- (3) The closing prices of the shares of the Company quoted on the Stock Exchange immediately before the date of grant of share options on 16 October 2015 and 26 January 2022 were HK\$0.94 and HK\$0.53, respectively.
- (4) The estimated fair value of the options granted on the 26 January 2022, the date of grant, was HK\$1,269,000. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the monte carlo simulation model, taking into account the terms and conditions upon which the options were granted.

### SHARE AWARD PLAN

On 12 December 2017, the Company adopted a share award plan (“Share Award Plan”). The purpose of the plan is to recognise and reward the contributions of certain eligible participants to the growth and development of the Group and to give incentives 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.

No share was granted under the Share Award Plan during the Period.

### DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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 Appendix 14 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, there was no change in information of the directors of the Company which is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

## **OTHER INFORMATION**

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2022.

### **AUDIT COMMITTEE**

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

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

### **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