

**BAGUIO GREEN GROUP LTD:
SCANNING THE GLOBAL OFFERING PROSPECTUS
THROWS UP MORE QUESTIONS THAN ANSWERS**

Of the six Executive Directors of Baguio Green Group Ltd () (Code: 1397, Main Board, The Stock Exchange of Hongkong Ltd), only two are not members of the family of Mr Ng Wing Hong (), Mr Ng Wing Hong, being the Controlling Shareholder of this Company.

In essence, therefore, Baguio Green is an Ng Wing Hong-Family company and it appears to be destined to be such for some time to come.

Baguio Green is one of the three latest companies to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Initial Public Offering (IPO)

The Company is making a Global Offering of 100 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 80 cents to a high of \$HK1.20.

Of the 100 million Shares on Offer, 20 million Shares are being sold by the Ng Family paterfamilias, Mr Ng Wing Hong, via this gentleman's private company, to wit, Baguio Green (Holding) Ltd.

At the midpoint of the Indicative Offer Price Per Share, being \$HK1.00, Management estimates that it will net about \$HK59 million, after all expenses.

This relatively small amount of money (for a company, pitching an IPO, that is) is to be utilised for the following purposes:

1. Approximately, \$HK16.60 million, representing about 28.20 percent of the Net Proceeds, to be used in the expansion of the Company's services;
2. Approximately, \$HK11.70 million, representing about 19.90 percent of the Net Proceeds, to be applied toward *'the development and expansion of our waste management and recycling services to include handling specific types of waste or materials for recycling, destruction or other treatment, including glass bottles, plastic, food waste and horticultural waste, confidential documents and other sensitive materials'*;
3. Approximately, \$HK7.70 million, representing about 13.00 percent of the Net Proceeds, to enhance the Company's *'operational efficiency and quality of service by investment in ERP'* (Enterprise Resources Planning System);
4. Approximately, \$HK5.70 million, representing about 9.70 percent of the Net Proceeds, to be used for promotional and marketing activities;
5. Approximately, \$HK11.50 million, representing about 19.50 percent of the Net Proceeds, to retire a very small portion of the Company's indebtedness to banks; and,
6. Approximately, \$HK5.80 million, representing about 9.70 percent of the Net Proceeds, to be tipped into the Company's Working Capital Account.

With regard to the Point Number Five, this is a bit of a giggle, actually, because, according to Page 211 of

the Global Offering Prospectus, as at March 31, 2014, bank borrowings, alone, stood at about \$HK85 million, classified as being ‘*Secured Term Loans from Banks*’, repayable during the next five years, with about \$HK52.17 million of that sum of money, due within less than one year.

In terms of this Company’s total indebtedness, including obligations under finance leases and all bank borrowings, Baguio Green owed, as at March 31, 2014, about \$HK157.92 million.

So, how far can \$HK11.50 million take this Company in retiring debts to its bankers?

The History and Business

The history of Baguio Green can be traced back to 1980 when Mr Ng Wing Hong and his brother, Mr Ng Wing Sun () ‘*formed a partnership under the name of Baguio Cleaning Services Company* (, eventually incorporated as Baguio Cleaning Services Company Ltd [] which is, today, a wholly owned subsidiary of Baguio Green) *which started off as a cleaning service provider in Hong Kong ...*’. (Page 71 of the Global Offering Prospectus)

(In 2010, Mr Ng Wing Sun said goodbye to his brother and went his own way, one is told.)

From, originally, concentrating on being a service provider, Baguio Green expanded over the following 14 years until, today, it employs about 6,732 workers ... [CLICK TO ORDER FULL ARTICLE](#)

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