IWS

Integrated Waste Solutions Group Holdings Limited
綜合環保集團有限公司*

(Incorporated in the Cayman Islands with limited liability, stock code: 923)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2015

Annual Results

- Revenue decreased by 7.7% to HK$443.5 million
- Gross profit decreased by 40.4% to HK$24.3 million
- Loss attributable to equity shareholders of the Company was HK$149.6 million (2014: HK$484.9 million)
- Loss from continuing operations was HK$113.0 million (2014: HK$53.3 million)
- Loss per share was HK4.2 cents (2014: HK20.1 cents)

The Board does not recommend the payment of any dividend for the year ended 31 March 2015.

Auditor's Qualified Opinion

The Auditor has informed the Company that they will issue a qualified opinion in the Auditor's report to the Shareholders. The full text of the basis for the qualified opinion is set out in this announcement.

Shareholders should read the Auditor's report which will be included in the 2015 Annual Report.

The board (the "Board") of directors (the "Directors") of Integrated Waste Solutions Group Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015. The audit committee of the Company (the "Audit Committee") has reviewed the results and the consolidated financial statements of the Group for the year ended 31 March 2015 prior to recommending them to the Board for approval.

I. AUDITOR'S QUALIFIED OPINION

The Auditor has informed the Company that they will issue a qualified opinion in the Auditor's report to the shareholders of the Company (the Shareholders"). The basis of the Auditor's qualified opinion is extracted below:

BASIS FOR QUALIFIED OPINION

As disclosed in note 2(a) to the consolidated financial statements, in November 2011, the directors of the Company were made aware of evidence indicating the existence of potential irregularities with respect to certain accounting records and transactions recorded in the books of 惠州福和紙業有限公司 ("Huizhou Fook Woo"), a wholly owned subsidiary of the Group. As a result, in December 2011 the Board of Directors established an independent special committee (the "Special Committee") to investigate these potential irregularities. Based on the Special Committee's investigation, the directors concluded that, among other things, a substantial portion of the accounting books and records of Huizhou Fook Woo for the year ended 31 March 2012 and prior periods were missing.

These events led, among other things, to the decision by the directors of the Company that Wealthy Peaceful Company Limited ("Wealthy Peaceful"), the intermediate holding company of Huizhou Fook Woo and itself a wholly owned subsidiary of the Group incorporated in the British Virgin Islands, would commence voluntary liquidation by a resolution of members on 31 January 2013, and the voluntary liquidators were appointed on the same date.

In April 2014, the Company was informed by the liquidators of Wealthy Peaceful, that a sale and purchase agreement was entered into between Wealthy Peaceful and an independent third party (the "Purchaser"), pursuant to which Wealthy Peaceful agreed to dispose of its entire equity interests in Golddoor Company Limited ("Golddoor") (the "Sale Transaction"). Golddoor holds the entire registered capital of Huizhou Fook Woo.

On 27 June 2014, the liquidators of Wealthy Peaceful informed the Company that the Purchaser had remitted the consideration and the Sale Transaction was completed in July 2014.

Given these circumstances, in preparing the consolidated financial statements for the years ended 31 March 2014 and 31 March 2015, the directors of the Company have excluded Wealthy Peaceful, together with its wholly owned subsidiaries Golddoor and Huizhou Fook Woo (collectively referred to as "the De-consolidated Subsidiaries") from the Group's consolidated financial position, consolidated financial results and consolidated cash flows as from the earliest periods presented.

These events and actions taken by the directors of the Company, further details of which are set out in note 2(a) to the consolidated financial statements, have given rise to the following matters which form the basis for our qualified opinion:

(a) Departure from International Financial Reporting Standard 10, Consolidated financial statements

Given the circumstances as described in note 2(a) to the consolidated financial statements, the Group presented the amounts due from De-consolidated Subsidiaries as "assets and liabilities of disposal group" classified as held for sale which were measured at the lower of the carrying amounts and the estimated recoverable amount from the disposal of Golddoor at 31 March 2014. The Group recognised an impairment loss of the amounts due from De-consolidated Subsidiaries amounting to HK$431,638,000 for the year ended 31 March 2014 following the assessment of the recoverable amount of amounts due from De-consolidated Subsidiaries.

The exclusion of results and cash flows of the De-consolidated Subsidiaries from the consolidated financial statements is a departure from the requirements of International Financial Reporting Standard 10 "*Consolidated financial statements*" ("IFRS 10") and International Financial Reporting Standard 5 "*Non-current Assets Held for Sale and Discontinued Operations*" ("IFRS 5"). In our auditors' report dated 30 June 2014 on the consolidated financial statements of the Group for the year ended 31 March 2014, we reported the same matter which resulted in qualified opinion. Had the financial results of the De-consolidated Subsidiaries been consolidated as required by IFRS 10 and IFRS 5, the Group would have consolidated and presented the financial results of the De-consolidated Subsidiaries as "Discontinued operations" for the year ended 31 March 2014 and from 1 April 2014 until the date of disposal in July 2014 and the net cash flows attributable to operating, investing and financing activities of the discontinued operations would have been presented separately in the consolidated statement of cash flows. Given the loss of certain accounting books and records of Huizhou Fook Woo mentioned above, we are unable to ascertain the financial impact of the non-consolidation of the De-consolidated Subsidiaries on the consolidated financial statements.

(b) Insufficient audit evidence in respect of balances and transactions with the De-consolidated Subsidiaries in respect of prior years

Because of the loss of certain accounting books and records of Huizhou Fook Woo and the de-consolidation of the De-consolidated Subsidiaries and details as set out in note 2(a) to the consolidated financial statements, in our auditor's report dated 23 August 2013 on the consolidated financial statements of the Group for the year ended 31 March 2013 we reported that we were unable to obtain sufficient appropriate audit evidence to determine whether the balances with the De-consolidated Subsidiaries as at 31 March 2012 and 31 March 2013 and transactions with the De-consolidated Subsidiaries for the years then ended were free from material misstatement. In addition, we were not able to obtain sufficient appropriate audit evidence to determine whether the impairment losses of the amounts due from De-consolidated Subsidiaries and the loss on de-consolidation for the year ended 31 March 2012 were free from material misstatement. In our auditor's report dated 30 June 2014 on the consolidated financial statements of the Group for the year ended 31 March 2014, we reported that this matter remained unresolved and therefore our audit for that year was subject to the same limitation of scope.

Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Qualified opinion

In our opinion, except for the effect on the consolidated financial statements of the matters described in part (a) of the "Basis for qualified opinion" paragraph and except for the possible effects on the corresponding figures of the matters described in part (b) of the "Basis for qualified opinion" paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Shareholders should read the Auditor's report which will be included in the 2015 Annual Report.

II. ANNUAL RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	**2015**	2014
		$'000	*$'000*
Revenue	3	**443,542**	480,587
Cost of sales		**(419,207)**	(439,729)
Gross profit		**24,335**	40,858
Other revenue	4	**9,129**	27,507
Other net (loss)/gain	5	**(4,403)**	2,283
Selling and distribution expenses		**(58,650)**	(52,800)
Administrative and other operating expenses		**(100,794)**	(79,232)
Operating loss		**(130,383)**	(61,384)
Finance income	6(b)	**3,119**	10,202
Share of loss of an associate		**–**	(844)
Loss before taxation	6	**(127,264)**	(52,026)
Income tax	7	**1,113**	(1,224)
Indemnity receipt of tax in respect of prior years	7(b)	**13,071**	–
Loss from continuing operations		**(113,080)**	(53,250)
Discontinued operations			
Impairment loss on amounts due from De-consolidated Subsidiaries		**(36,572)**	(431,638)
Loss and total comprehensive income for the year		**(149,652)**	(484,888)

	Note	**2015** **$'000**	2014 *$'000*
Attributable to:			
Equity shareholders of the Company		**(149,607)**	(484,888)
Non-controlling interests		**(45)**	–
		(149,652)	(484,888)
Attributable to equity shareholders of the Company			
Continuing operations		**(113,035)**	(53,250)
Discontinued operations		**(36,572)**	(431,638)
		(149,607)	(484,888)
Basic and diluted loss per share	9		
Continuing operations		**(3.2) cents**	(2.2) cents
Discontinued operations		**(1.0) cents**	(17.9) cents
		(4.2) cents	(20.1) cents

Details of dividends payable to equity shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015
(Expressed in Hong Kong dollars)

	Note	2015	2014
		$'000	$'000
Non-current assets			
Property, plant and equipment		**682,027**	405,770
Land use rights		**27,478**	28,330
Prepayments and other receivables		**25,552**	9,818
		735,057	443,918
Current assets			
Inventories		**6,086**	5,345
Trade and bills receivables	10	**77,436**	77,453
Other receivables, deposits and prepayments		**53,000**	47,180
Amounts due from related companies		**12**	594
Bank deposits and cash		**455,869**	276,326
Restricted and pledged bank deposits		**2,225**	2,400
Taxation recoverable		**3,249**	–
		597,877	409,298
Assets and liabilities of disposal group classified as held for sale		**–**	208,900
		597,877	618,198
Current liabilities			
Trade payables	11	**20,223**	12,058
Other payables and accruals	11	**54,397**	117,115
Amounts due to related companies		**10**	10
Taxation payable		**–**	3,035
		74,630	132,218

	Note	2015 $'000	2014 $'000
Net current assets		**523,247**	485,980
Total assets less current liabilities		**1,258,304**	929,898
Non-current liabilities			
Deferred tax liabilities		**–**	1,116
NET ASSETS		**1,258,304**	928,782
CAPITAL AND RESERVES			
Share capital	12	**482,234**	241,117
Reserves		**774,115**	687,665
Total equity attributable to equity shareholders of the Company		**1,256,349**	928,782
Non-controlling interests		**1,955**	–
TOTAL EQUITY		**1,258,304**	928,782

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015
(Expressed in Hong Kong dollars)

	Note	Share capital $'000	Share premium $'000	Capital reserve $'000	Share-based capital reserve $'000	Accumulated losses $'000	Attributable to equity shareholders of the Company $'000	Non-controlling interests $'000	Total $'000
At 1 April 2013		241,117	2,862,358	(964,044)	–	(725,761)	1,413,670	–	1,413,670
Changes in equity for 2014:									
Loss and total comprehensive income for the year		–	–	–	–	(484,888)	(484,888)	–	(484,888)
At 31 March 2014 and at 1 April 2014		241,117	2,862,358	(964,044)	–	(1,210,649)	928,782	–	928,782
Changes in equity for 2015:									
Loss and total comprehensive income for the year		–	–	–	–	(149,607)	(149,607)	(45)	(149,652)
Capital injection by non-controlling interest shareholders upon incorporation of a newly set up subsidiary		–	–	–	–	–	–	2,000	2,000
Shares issued under the open offer	12(b)	241,117	230,523	–	–	–	471,640	–	471,640
Equity settled share-based transactions	12(c)	–	–	–	5,534	–	5,534	–	5,534
At 31 March 2015		482,234	3,092,881	(964,044)	5,534	(1,360,256)	1,256,349	1,955	1,258,304

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 General information

Integrated Waste Solutions Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 11 November 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is an investment holding company and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered address of the Company is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1 1108, Cayman Islands.

The Company and its subsidiaries are collectively referred to as the "Group". The subsidiaries of the Group are principally engaged in the trading of recovered paper and materials, trading of tissue paper products, provision of confidential materials destruction services and provision of logistics services.

These consolidated financial statements are presented in Hong Kong dollars (HK$).

2 Summary of significant accounting policies

(a) Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

In the course of preparing its interim financial report for the six months ended 30 September 2011, the Board of Directors of the Company (the "Board") were made aware of evidence indicating the potential existence of irregularities with respect to a deposit of RMB100,000,000 (approximately HK$120,000,000) recorded in the books of 惠州福和紙業有限公司 ("Huizhou Fook Woo"), a wholly owned subsidiary of the Group (the "Incident"). Accordingly, in the interest of the Company and its shareholders, on 28 November 2011, the Company applied for suspension of trading in the Company's shares on the Stock Exchange.

On 29 November 2011, the Company received a cash deposit of HK$120,000,000 (approximately RMB100,000,000) (the "Deposit"). The Board represented that the Deposit was placed by a former director of the Company. The Deposit was recorded as amount due to Huizhou Fook Woo in the consolidated statement of financial position and the Company's statement of financial position as at 31 March 2012. On 2 December 2011, the Board established an independent special committee (the "Special Committee") to conduct an investigation into the Incident and the Deposit and to review the internal control system of the Company with the assistance of an independent accounting firm. On 27 April 2012, the Special Committee engaged another accounting firm to conduct a forensic review into the Incident and the Deposit (the "Forensic Review") following the preliminary investigation results of the previous independent accounting firm.

Based on the results of the Forensic Review, the Board concluded that the payment related to the Incident was not in fact made and the amount was not transferred out of the accounts of Huizhou Fook Woo and a number of documents related to the Incident were fabricated. In addition, the Forensic Review revealed, among other things, certain irregular transactions entered into by Huizhou Fook Woo. Based on the results of the Forensic Review, the Board further concluded that, among other things, a substantial portion of the accounting books and records of Huizhou Fook Woo for the year ended 31 March 2012 and prior periods were missing.

Given the loss of a substantial portion of books and records and the fact that most of the key accounting personnel and previous management left the Group and are now not contactable, the Board believes that, as at the date of this annual report, it is almost impossible, and not practical, to ascertain the transactions and balances of Huizhou Fook Woo for inclusion in the consolidation financial statements of the Group.

On 31 January 2013, Wealthy Peaceful Company Limited ("Wealthy Peaceful"), a wholly owned subsidiary of the Group, commenced voluntary liquidation by a resolution of the members and the voluntary liquidators were appointed on the same date. Wealthy Peaceful, and its wholly owned subsidiaries, namely Golddoor Company Limited ("Golddoor") and Huizhou Fook Woo, are collectively referred to as the "De-consolidated Subsidiaries".

Given these circumstances, the directors have not consolidated the financial statements of the De-consolidated Subsidiaries in the Group's consolidated financial statements since 1 April 2011. A resulting loss on de-consolidation of approximately HK$415,549,000, which was determined based on the net asset value of the De-consolidated Subsidiaries as at 1 April 2011, was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2012.

As at 31 March 2012, the total amounts due from De-consolidated Subsidiaries to the Group and the Company, as recorded in the books and records before any impairment provision, amounted to approximately HK$2,262,677,000 and HK$1,157,845,000 respectively. The directors assessed the recoverability of these balances based on the valuation of the plant and machinery, properties and land use rights of Huizhou Fook Woo performed by independent valuers as at 30 September 2012 which was assessed to be HK$532,172,000, as the Directors considered this to be the earliest practicable date for such a valuation given the aforementioned circumstances. Accordingly, impairment losses on balances due from the De-consolidated Subsidiaries of approximately HK$1,730,505,000 and HK$625,673,000 were recognised in the consolidated statement of profit or loss and other comprehensive income and the Company's financial statements for the year ended 31 March 2012 respectively. During the year ended 31 March 2013, the Group waived amounts due from De-consolidated Subsidiaries of HK$2,500,000 and accordingly, this amount was written off and charged to the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2013.

On 24 April 2014, the Company was informed by the liquidators of Wealthy Peaceful, that a sale and purchase agreement was entered into between Wealthy Peaceful and an independent third party pursuant to which Wealthy Peaceful agreed to dispose of the entire issued share capital of Golddoor at a consideration of HK$200,000,000 (the "Sale Transaction"). Golddoor was interested in the entire registered capital of Huizhou Fook Woo. Given these circumstances, the Group presented the amounts due from De-consolidated Subsidiaries as "assets and liabilities of disposal group classified as held for sale" which were measured at the lower of the carrying amounts and the fair value less costs to sell at 31 March 2014. The Group recognised an impairment loss of the amounts due from De-consolidated Subsidiaries amounting to HK$431,638,000 for the year ended 31 March 2014 following the assessment of the recoverable amount of amounts due from De-consolidated Subsidiaries.

On 27 June 2014, the liquidators of Wealthy Peaceful informed the Company that the Purchaser had remitted the consideration and the Sale Transaction was completed in July 2014.

The exclusion of the results and cash flows of the De-consolidated Subsidiaries from the consolidated financial statements is a departure from the requirements of International Financial Reporting Standard 10 "*Consolidated financial statements*" ("IFRS 10") and International Financial Reporting Standard 5 "*Non-current Assets Held for Sale and Discontinued Operations*" ("IFRS 5"). Given the loss of certain accounting books and records of Huizhou Fook Woo mentioned above, the Directors are unable to ascertain the financial impact of the non-consolidation of the De-consolidated Subsidiaries on the consolidated financial statements.

Except for the matters referred to above, including the non-consolidation of the De-consolidated Subsidiaries, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), promulgated by the International Accounting Standards Board ("IASB"), IFRSs include International Accounting Standards ("IAS") and related Interpretations. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Rules Governing the list of the Listing of Securities on The Stock Exchange of Hong Kong Limited, continue to be those of the predecessor Companies Ordinance (Cap. 32). These 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.

The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements.

Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The Group early adopted the amendments in the annual financial statements for the year ended 31 March 2015.

3 Segment information

The Board of Directors of the Company, which is the chief operating decision maker of the Group, reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments:

– Recovered paper and materials: sales of recovered papers and materials

– Tissue paper products: sales of tissue paper products

– Confidential materials destruction service ("CMDS"): provision of confidential materials destruction services

– Logistics services: provision of logistics services

Although the Group's products and services are sold/rendered to Hong Kong, the PRC and overseas markets, the chief operating decision maker of the Group regularly reviews the financial information by business segments to assess performance and make resources allocation decisions. It assesses the performance of the operating segments based on a measure of segment gross profits. The Group's revenue consists of the following:

	2015	2014
	$'000	*$'000*
Sales of recovered paper and materials	**257,110**	264,431
Sales of tissue paper products	**173,241**	211,264
Provision of CMDS	**11,689**	4,892
Provision of logistics services	**1,502**	–
	443,542	480,587

The analysis of the Group's revenue from external customers attributed to the locations in which the sales originated during the year consists of the following:

	2015	2014
	$'000	*$'000*
Hong Kong	**443,542**	480,587

For the year ended 31 March 2015, revenues of approximately HK$53,261,000 and HK$52,704,000 are derived from two external customers which accounted for greater than 10% of the Group's total revenue.

For the year ended 31 March 2014, revenues of approximately HK$76,368,000 and HK$56,977,000 are derived from an external customer and Golddoor which accounted for greater than 10% of the Group's total revenue.

The geographical location of non-current assets other than deferred tax assets are determined based on the countries of domicile of the subsidiaries, which were all located in Hong Kong as at 31 March 2014 and 2015.

The segment results and other segment items included in the loss for the year ended 31 March 2015 are as follows:

	Recovered paper and materials	Tissue paper products	CMDS	Logistics services	Group
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Continuing operations					
Segment revenue:					
Sales of external customers	257,110	173,241	11,689	1,502	443,542
Inter-segment sales	–	–	–	34,381	34,381
Reportable segment revenue	257,110	173,241	11,689	35,883	477,923
Elimination of inter-segment revenue	–	–	–	(34,381)	(34,381)
	257,110	173,241	11,689	1,502	443,542
Segment results:					
Reportable segment profit	22,829	14,511	(3,691)	12,350	45,999
Elimination of inter-segment profits					(21,664)
Reportable segment profit derived from group's external customers					24,335
Unallocated operating costs					(154,718)
Finance income, net					3,119
Loss before taxation					(127,264)
Income tax					1,113
Indemnity receipt of tax in respect of prior years					13,071
Loss from continuing operations					(113,080)
Discontinued operations					
Impairment loss on amounts due from De-consolidated Subsidiaries					(36,572)
Loss for the year					**(149,652)**

The segment results and other segment items included in the loss for the year ended 31 March 2014 are as follows:

	Recovered paper and materials	Tissue paper products	CMDS	Group
	$'000	*$'000*	*$'000*	*$'000*
Continuing operations				
Segment revenue:				
Sales of external customers	264,431	211,264	4,892	480,587
Segment results:				
Reportable segment profit	2,492	40,805	(2,439)	40,858
Unallocated operating costs				(102,242)
Share of loss of an associate				(844)
Finance income, net				10,202
Loss before taxation				(52,026)
Income tax				(1,224)
Loss from continuing operations				(53,250)
Discontinued operations				
Impairment loss on amounts due from De-consolidated Subsidiaries				(431,638)
Loss for the year				(484,888)

4 Other revenue

	2015 $'000	2014 $'000
Recovered/forfeited deposits *(note)*	**1,576**	18,000
Service income	**1,304**	5,132
Franchise income	**1,604**	1,643
Subsidy income	**1,930**	–
Sales of shredded electronic materials	**–**	1,727
Sales of scrapped materials	**–**	309
Management fee receivable from an associate	**1,305**	–
Others	**1,410**	696
	9,129	27,507

Note: During the year ended 31 March 2014, the Group granted an independent third party the right to use "Fook Woo" name to operate its recycling operation facilities in northern China for 5 years and received a non-refundable fee of HK$18,000,000. In January 2014, the third party decided not to continue the recycling operation in northern China and signed a termination agreement with the Group. Accordingly, the Group recorded the full amount of the non-refundable fee as "other revenue" to the consolidated profit or loss and other comprehensive income for the year ended 31 March 2014.

5 Other net (loss)/gain

	2015 $'000	2014 $'000
Foreign exchange (losses)/gains, net	**(593)**	1,982
Gain on disposals of property, plant and equipment, net	**1,069**	448
Write off of property, plant and equipment	**(4,879)**	(147)
	(4,403)	2,283

6 Loss before taxation

Loss before taxation is stated after charging/(crediting) of the following:

	2015	2014
	$'000	*$'000*
(a) Staff costs (excluding directors' emoluments)		
Salaries, wages and other benefits	**80,912**	68,295
Contributions to defined contribution retirement plan	**3,114**	2,516
Equity-settled share-based payment expenses	**1,485**	–
	85,511	70,811
(b) Other items		
Amortisation of land use rights	**852**	833
Depreciation of property, plant and equipment	**21,840**	14,380
Impairment losses:		
– trade receivables (note 10)	**(56)**	388
– loan to and amount due from an associate (note (i))	**5,613**	–
Operating lease charges in respect of land and buildings	**32,926**	38,371
Provision for loss on onerous contracts in respect of land and buildings (note (ii))	**–**	8,236
Cost of inventories sold	**333,050**	344,262
Auditor's remuneration		
– Audit services	**2,650**	3,060
– Other services	**1,234**	1,114
Interest income from bank deposits	**(3,119)**	(10,202)

Note:

(i) In January 2015, an associate of the Group announced to commence a voluntary liquidation. The Directors of the Group determined that the likehood of recovering the loan to and amounts due from the associate of HK$5,613,000 was remote following the assessment of the recoverable amount of the loan to and amounts due from the associate. Accordingly, a full provision for impairment loss of HK$5,613,000 was made and charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015.

In June 2015, the board of associate resolved that the associate will enter into a voluntary liquidation.

(ii) In January 2014, the Group terminated certain operating lease arrangements in respect of properties having considered the utilisation rate on these properties. Accordingly, the Group made a provision for onerous contracts in the amounts of $8,236,000 to the profit or loss which was estimated based on rental payments over the non-cancellable period, in accordance with International Accounting Standard 37, *Provision, contingent liabilities and contingent assets.*

7 Income tax

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015	2014
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**–**	3,026
Under/(over) provision in respect of prior years		
– Current income tax	**3**	(1,260)
– Penalty surcharge and interest	**–**	259
	3	2,025
Deferred tax		
– Origination and reversal of temporary differences	**(1,116)**	(801)
Income tax (credit)/expense	**(1,113)**	1,224

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2015 (2014: 16.5%).

(b) Indemnity receipt of tax in respect of prior years

Mr. Leung Kai Kuen, the former director and one of the substantial shareholders of the Company and Ms. Tam Ming Luen, the then substantial shareholder of the Company, have entered into a deed of indemnity with the Group under which they have agreed to indemnify on a joint and several basis each member of the Group in respect of the cash payment for any additional tax assessment for the year of assessment 2002/2003 and any other notices of additional assessment that may be received by any member of the Group for and including the 2003/2004, 2004/2005 and 2005/2006 tax years through the year of assessment 2009/2010.

Given the circumstances as disclosed in note 2(a) to the consolidated financial statements and the uncertainties about the likelihood of recovering such payments from Mr. Leung Kai Kuen and Ms. Tam Ming Luen, the incremental tax liability was recorded as the Group's income tax liabilities as at 31 March 2012 and 31 March 2013 and charged to the consolidated statement of profit or loss and other comprehensive income of the Group in the prior years despite the above mentioned indemnity arrangement.

On 15 April 2014, a total sum of HK$13,070,705 was received by the Group from Ms. Tam Ming Luen for full and final settlement of the above matter arrangement (the "Indemnity Receipt"). The Indemnity Receipt was recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015.

(c) Reconciliation between tax expense and loss before taxation at applicable tax rates:

	2015	2014
	$'000	*$'000*
Loss before taxation	**(127,264)**	(52,026)
Tax calculated at tax rates of 16.5% (2014: 16.5%)	**(20,998)**	(8,584)
Tax effects of non-taxable income	**(1,192)**	(2,092)
Tax effect of non-deductible expenses	**4,237**	4,916
Tax losses of tax losses not recognised	**16,043**	8,947
Tax effect of tax unrecognised tax losses utilised	**–**	(1,392)
Penalty surcharge and interest	**–**	259
Under/(over)-provision in respect of prior years	**3**	(1,260)
Others	**794**	430
Income tax (credit)/expense	**(1,113)**	1,224

8 Dividends

No dividends had been paid or declared by the Company for the year ended 31 March 2015 (2014: Nil).

9 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
	$'000	*$'000*
Loss attributable to the equity Shareholders of the Company		
– Continuing operations	**(113,035)**	(53,250)
– Discontinued operations	**(36,572)**	(431,638)
	(149,607)	(484,888)
Weighted average number of ordinary shares ('000):		
Issued ordinary shares at 1 April	**2,411,167**	2,411,167
Effect of shares issued under the open offer *(note 12(b))*	**1,105,118**	–
Weighted average number of ordinary shares at 31 March	**3,516,285**	2,411,167
Basic loss per share (in cents)		
– Continuing operations	**(3.2) cents**	(2.2) cents
– Discontinued operations	**(1.0) cents**	(17.9) cents
	(4.2) cents	(20.1) cents

The calculation of the basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company from continuing and discontinued operations of approximately HK$113,035,000 and HK$36,572,000 respectively (2014: HK$53,250,000 and HK$431,638,000 respectively) and on the weighted average number of 3,516,285,000 (2014: 2,411,167,000) ordinary shares in issue during both years.

Diluted loss per share

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares for the year ended 31 March 2015 and the effect of loss per share is anti-dilutive.

10 Trade and bills receivables

	2015	2014
	$'000	*$'000*
Trade and bills receivables	**82,750**	82,823
Less: Provision for impairment	**(5,314)**	(5,370)
Trade and bills receivables – net	**77,436**	77,453

Payment terms granted to customers are mainly cash on delivery or on credit. The average credit period ranges from 10 days to 90 days. The ageing analysis of trade and bills receivables based on transaction date is as follows:

	2015	2014
	$'000	*$'000*
0 – 30 days	**23,064**	33,906
31 – 60 days	**19,331**	18,058
61 – 90 days	**15,762**	12,184
91 – 120 days	**6,112**	5,299
Over 120 days	**18,481**	13,376
	82,750	82,823
Less: Provision for impairment	**(5,314)**	(5,370)
	77,436	77,453

As at 31 March 2015, trade receivables of approximately HK$46,072,000 (2014: HK$36,085,000) were past due but not impaired. These relate to a number of independent customers with no history of credit default. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered as fully recoverable. The ageing analysis of these trade receivables based on due date is as follows:

	2015	2014
	$'000	*$'000*
1 – 30 days	**15,620**	14,711
31 – 60 days	**6,269**	6,673
61 – 90 days	**4,786**	8,012
91 – 120 days	**4,470**	3,188
Over 120 days	**14,927**	3,501
	46,072	36,085

As at 31 March 2015, trade receivables of approximately HK$5,314,000 (2014: HK$5,370,000) were impaired and fully provided for. The individually impaired receivables mainly related to smaller customers which were aged over 120 days and considered to be irrecoverable. The ageing analysis of these non-recoverable receivables based on due date is as follows:

	2015	2014
	$'000	*$'000*
Over 120 days	**5,314**	5,370

The movement of provision for impaired receivables have been included in "administrative and other operating expenses" in the consolidated statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Movements on the provision for impairment of trade receivables are as follows:

	2015	2014
	$'000	*$'000*
At 1 April	**5,370**	4,992
(Reversal of)/provision for impairment loss recognised	**(56)**	388
Exchange difference	**–**	(10)
At 31 March	**5,314**	5,370

The carrying amounts of trade and bills receivables are denominated in the following currencies:

	2015	2014
	$'000	*$'000*
HK$	**55,340**	51,895
USD	**22,096**	25,558
	77,436	77,453

At 31 March 2015, the fair values of the trade and bills receivables approximate their carrying amounts. The maximum exposure to credit risk at the end of each reporting period is the carrying value of the receivables. The Group does not hold any collateral as security.

11 Payables and accruals

	2015	2014
	$'000	$'000
Trade payables	**20,223**	12,058
Other payables and accruals:		
– Construction costs payable	**16,420**	81,489
– Accrued expenses	**24,656**	24,073
– Receipts in advance from customers	**3,945**	2,776
Others	**9,376**	8,777
	54,397	117,115
	74,620	129,173

The aging analysis of trade payables based on due date at the end of the reporting period is as follows:

	2015	2014
	$'000	*$'000*
Current	**3,252**	2,437
1 – 30 days	**11,839**	6,811
31 – 60 days	**3,825**	24
61 – 90 days	**1**	69
91 – 120 days	**15**	2
Over 120 days	**1,291**	2,715
	20,223	12,058

The carrying amounts of payables and accruals are denominated in the following currencies:

	2015	2014
	$'000	*$'000*
HK$	**61,057**	128,271
USD	**13,563**	902
	74,620	129,173

As at 31 March 2015, the fair values of the trade and other payables approximate their carrying amounts (2014: same).

12 Share capital

(a) Authorised share capital of the Company

	2015	2014
	$'000	*$'000*
Authorised:		
5,000,000,000 ordinary shares of $0.10 each	**500,000**	500,000

(b) Issued share capital of the Company

	Number of ordinary shares	**Ordinary shares**
		$
Issued and fully paid:		
At 1 April 2013 and 2014	2,411,167,000	241,116,700
Issue of share under the Open Offer (Note)	2,411,167,000	241,116,700
At 31 March 2015	4,822,334,000	482,233,400

Note: On 25 July 2014, the Company announced that it proposed to issue not less than 2,411,167,000 shares and not more than 2,424,216,600 shares of HK$0.10 each by way of an open offer issue in the proportion of one offer share for every one ordinary share then held by qualifying shareholders at a subscription price of $0.20 per offer share (the "Open Offer").

On 14 October 2014, the Company completed the Open Offer and issued 2,411,167,000 shares for gross proceeds of HK$482,233,000. The difference of HK$230,523,000 between the net proceeds of HK$471,640,000 (after deduction of related expenses of approximately HK$10,593,000) and the par value of shares issued of HK$241,117,000 has been credited to the share premium account of the Company.

These newly issued shares rank pari passu in all respects with the existing shares.

(c) Equity settled share-based transactions

Pursuant to the resolutions in writing passed by all shareholders of the Company on 11 March 2010, the Company adopted a share option scheme on 11 March 2010 (the "Share Option Scheme"). The purpose of the share option scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors and any advisers, consultants, suppliers, customers and agents (each "eligible participant"). The Board of Directors of the Company may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme shall be determined by the Board of Directors of the Company in its absolute discretion but shall not be less than the highest of:

– the closing price of the shares of the Company stated in the Stock Exchange's daily quotations sheet on the business day on which an offer is made to a participant;

– the average of the closing prices of the shares stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which such offer is made; and

– the nominal value of a share of the Company.

On 25 April 2014, the Group announced that a total of 71,110,000 options under the Share Option Scheme to subscribe for the Company's shares were granted, subject to acceptance of the grantee(s). Each option shall entitle the holder to subscribe for one share upon exercise of such option at an initial exercise price of HK$0.542 per share. These options may be exercised from 25 July 2014 to 24 April 2020 (both dates inclusive) subject to the vesting periods. During the year, 65,248,000 options were accepted by the grantees.

			Number of share options				
Date of grant	**Initial Exercise price**	**Exercisable period**	**Granted and accepted during the year** *(before adjustment)*	**Exercised during the year**	**Cancelled/ lapsed during the year**	**Adjustment due to Open Offer**	**Balance in issue at 31 March 2015** *(after adjustment)*
Directors							
25 April 2014	0.542	25 July 2014 to 24 April 2020	43,600,000	–	–	9,623,422	53,223,422
Employees							
25 April 2014	0.542	25 July 2014 to 24 April 2020	18,408,000	–	(4,697,370)	3,538,151	17,248,781
Other Eligible Participants							
25 April 2014	0.542	25 July 2014 to 24 April 2020	3,240,000	–	–	715,138	3,955,138
			65,248,000	–	(4,697,370)	13,876,711	74,427,341

Vesting period:	Tranche 1: 20% are exercisable form 25 July 2014 to 24 April 2020
	Tranche 2: 50% are exercisable from 25 April 2016 to 24 April 2020
	Tranche 3: 30% are exercisable from 25 April 2018 to 24 April 2020

Share option expenses charged to the consolidated statement of profit or loss and other comprehensive income are determined using the binomial lattice model based on the following assumptions:

–	Fair value at measurement date	$0.190
–	Share price at measurement date	$0.328
–	Exercise price	$0.542
–	Expected volatility	52.10%
–	Expected average life of options	2.2 years
–	Expected dividend yield	0%
Risk-free interest rate (based on Exchange Fund Notes)		1.34%

The expected volatility is based on the historic volatility on comparable companies listed on the same stock exchange (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historic dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

It has been challenging and difficult for the Group during the year under review. The recovery of the global economy remains slow in general as does the market demand growth. The continual stringent control on the inspection of importing waste materials imposed by the Mainland authorities impacts the supply and demand of recyclables, in particular the supply of paper and its associated products, which in turn causes frequent and often volatile shifts in material prices and supply quantities. The Group has been facing intense market competition which results in further tightening of the profit margins of the Group's businesses.

Financial Review

The loss attributable to equity shareholders of the Company for the year ended 31 March 2015 ("FY2015") amounted to HK$149.6 million, a decrease of HK$335.3 million when compared to the net loss for the year ended 31 March 2014 ("FY2014"). The improvement was due to an impairment loss of HK$431.6 million was recognised in FY2014 in respect of the disposal of Golddoor Company Limited ("Golddoor") by Wealthy Peaceful Company Limited (which was dissolved on 2 April 2015) ("Wealthy Peaceful"), an indirect wholly owned subsidiary of the Company, carried out by its joint and several liquidators (the "Liquidators").

On 24 April 2014, the Company was informed by the Liquidators of Wealthy Peaceful, that a sale and purchase agreement was entered into between Wealthy Peaceful and an independent third party (the "Purchaser") pursuant to which Wealthy Peaceful agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Golddoor at a consideration of HK$200,000,000 (the "Sale Transaction"). Golddoor is interested in the entire registered capital of 惠州福和紙業有限公司 ("Huizhou Fook Woo", together with Wealthy Peaceful and Golddoor, the "De-consolidated Subsidiaries").

The Group's interests in the De-consolidated Subsidiaries have been classified as amounts due from the De-consolidated Subsidiaries under current assets in the consolidated balance sheet of the Group since 31 March 2012.

In view of the sale and purchase agreement entered into between Wealthy Peaceful and the Purchaser, the Group presented the amounts due from the De-consolidated Subsidiaries as "assets and liabilities of disposal group as held for sale" which were measured at the lower of the carrying amounts and the estimated recoverable amount from the disposal of Golddoor at 31 March 2014. Accordingly, the Group recognised impairment loss of the amounts due from the De-consolidated Subsidiaries amounting to HK$431.6 million in

FY2014 following the assessment of the recoverable amounts due from the De-consolidated Subsidiaries. The Sale Transaction was completed on 10 July 2014 and the total consideration after deducting all necessary expenses had been distributed to the Group by the Liquidators.

Performance of Business Segments

Revenue Analysis	**2015** *HK$'000*	2014 *HK$'000*	**Change** *HK$'000*	**%**
Recovered Paper	**242,120**	264,431	**(22,311)**	(8%)
Tissue Paper	**173,241**	211,264	**(38,023)**	(18%)
CMDS Service income	**11,689**	4,892	**6,797**	139%
Logistics service income	**1,502**	–	**1,502**	n/a
Sale of other materials	**14,990**	–	**14,990**	n/a
	443,542	480,587	**(37,045)**	(8%)

Sales revenue of Recovered Paper continued to be affected by the overall reduction in demand for recovered paper, especially in Mainland China. This trend, coupled with a general decline in selling prices, has impacted the revenue of recovered paper. Total sales revenue of recovered paper amounted to approximately HK$242.1 million, a drop of approximately HK$22.3 million or 8% when compared to FY2014. Moreover, the increase in the cost of sales in terms of soared labour costs and rental expenses has significantly reduced the gross profit margin of recovered paper sales.

The sales revenue of Tissue Paper dropped by HK$38.0 million or 18%. The underlying causes for the drop included the market shakeout in Tissue Paper trading, dynamic movements by competitors, drop-off in usage, and strong HK dollars relative to other Asian currencies which, in turn, eroded the competitive position of the Group. In addition, the increase in the cost of purchase has also eaten into the gross profit margin.

Confidential Material Destruction Services ("CMDS") service income increased markedly by 139% or HK$6.8 million. The marked increase in CMDS service income was due mainly to the re-engineering of our value chain activities when delivering our valuable CMDS product or service.

The Logistics Division of the Group focuses on distribution logistics and provides supporting services to all business segments within the Group. During the current year, it has also generated income of HK$1.5 million by providing services to other third parties.

There was an increase of approximately HK$15.0 million in the revenue generated from the sales of other waste materials in FY2015.

In March 2015, the Group entered into an agreement with an independent third party to form a company with principal activity to process high-density polyethylene (HDPE) products, mainly plastic beverage bottles. Total investment cost amounted to HK$3.0 million representing 60% of the issued share capital of the investee company.

Liquidity and Financial Resources

The Group recognizes the need to achieve an adequate profit margin and considers that it is prudent to finance the Group's long-term growth by way of a long-term financing, especially in the form of equity which will not increase the Group's finance costs. The Group also acknowledges that it will encounter difficulty in raising funds from financial institutions by way of debt financing in light of its recent financial performance and positions.

On 25 July 2014, the Company announced its proposal to issue not less than 2,411,167,000 shares and not more than 2,424,216,000 shares of HK$0.10 each by way of an open offer issue in the proportion of one offer share for every one ordinary share then held by the qualifying shareholders at a subscription price of HK$0.20 per offer share (the "Open Offer").

The Open Offer was completed on 14 October 2014 and the Company issued 2,411,167,000 shares for gross proceeds of HK$482.2 million. The Company intends to apply the net proceeds of HK$471.6 million from the Open Offer (i) up to approximately HK$236.0 million to finance the capital expenditure of the new headquarter of the Group in Tseung Kwan O Industrial Estate, Hong Kong and other fixed assets; (ii) up to approximately HK$189.0 million to finance the expansion of the Group's waste management and logistics businesses and (iii) the remaining estimated net proceeds of approximately HK$46.6 million for general working capital purpose. As at 31 March 2015, (i) approximately HK$86.3 million has been utilised for capital expenditure of the headquarter in Tseung Kwan O and other fixed assets; (ii) approximately HK$11.0 million has been invested in/earmarked for new and potential waste recycling projects; and (iii) approximately HK$27.0 million for general working capital purposes. The remaining balance was deposited in the banks.

As at 31 March 2015, the Group had unrestricted bank deposits and cash of approximately HK$455.9 million (2014: HK$276.3 million). The Group had no bank loans and overdrafts as at 31 March 2015 (2014: Nil).

As at 31 March 2015, the Group had net current assets of approximately HK$523.2 million, as compared to net current assets of approximately HK$486.0 million as at 31 March 2014. The current ratio of the Group was 8.0 as at 31 March 2015 compared to 4.7 as at 31 March 2014.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong with most of its sales denominated in Hong Kong dollars and United States dollars. Most of raw materials purchases are denominated in Hong Kong dollars. Furthermore, most of the Group's monetary assets and liabilities are denominated in Renminbi, United States dollars and Hong Kong dollars.

For the year ended 31 March 2015, the Group recorded a net foreign exchange loss of HK$0.6 million (2014: gain of HK$2.0 million) as a result of the gradual devaluation of Renminbi since the beginning of 2014. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Major Capital Expenditure and Commitments

During FY2015, the Group incurred HK$265.1 million for the construction expenditure in respect of the new headquarter of the Group in Tseung Kwan O Industrial Estate, Hong Kong ("Project TKO"). As at 31 March 2015, the Group has capital commitments of HK$60.3 million, which are mainly related to the Project TKO.

Pledge of Assets

As at 31 March 2015, the Group had restricted bank deposits amounted to HK$2.2 million (2014: HK$2.4 million) which were pledged with banks for issuing guarantees to suppliers to secure supply of raw materials.

Capital Structure

Details of the capital structure of the Company are set out in Note 12.

Contingent Liabilities

At 31 March 2015, the Group has lodged certain claims against its former director and employee. In the opinion of the legal counsel, it is too early to evaluate the outcome of these claims and the recovery of loss and damages from these claims cannot be reliably estimated.

Employees and Remuneration Policies

The Group had employed approximately 272 employees in Hong Kong as at 31 March 2015. Employee costs, excluding directors' emoluments, amounted to HK$85.5 million for FY2015 (FY2014: HK$70.8 million). All of the Group companies are equal opportunity employers, with the selection and promotion of employees based on suitability for the position offered. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for its employees in Hong Kong. The Group did not experience any significant labour disputes that led to any disruption of its normal business operations.

The Company has also adopted a share option scheme on 11 March 2010 (the "Share Option Scheme"). On 25 April 2014, the Group announced that a total of 71,110,000 options under the Share Option Scheme to subscribe for the Company's shares are granted and a total of 65,248,000 options were accepted by the grantees. Each option shall entitle the holder to subscribe for one share upon exercise of such option at an exercise price of HK$0.542 per share. These options may be exercised from 25 July 2014 to 24 April 2020 (both days inclusive) subject to the vesting periods as stipulated in the offer letter.

On 14 October 2014, the Company announced that as a result of the completion of the Open Offer, adjustments have been made to the exercise price of the share options and the number of shares falling to be issued under the outstanding share options granted under the Share Option Scheme. The adjustments (the "Adjustments") to the exercise price and the number of the shares falling to be issued under the outstanding share options will take effect from 15 October 2014. The number of shares falling to be issued under the outstanding share options as at 31 March 2015 was 74,427,341 and the exercise price of the share options after the Adjustment is HK$0.444 per Share.

PROSPECTS

In spite of the market trends and disruptors threatening to make the local recycling industry more and more challenging and competitive, the Group continues to operate diligently its core businesses in the collection and trading of recyclable waste materials; provision of confidential materials destruction services; and marketing and selling of tissue paper products in Hong Kong, Macau and other overseas countries. As said last year, the Group is determined to look towards the future instead of concentrating on the past. To this end, the Group has tailored its business strategies to see what works better in order to pull itself ahead of its competitors. The fact that the Group was awarded a ten-year *sui generis* Hong Kong Government contract for the treatment of waste electrical and electronic equipment in March 2015 adds testament to the Group's resolve and capacity to become a leading professional recycling industry in Hong Kong.

Understandable, the profit margin for this year was unsatisfactory. Nevertheless, now that the Group is on a path of sustained recovery and has re-launched itself by entering into new solid waste management spheres, the Group will work with optimism toward long-range success to improve business wellness and financial certainty. Furthermore, the Group will also keep up its effort to maintain all comparative running costs at a viable level, and reach out into other solid waste spheres where the Group believes they can bring the most benefit in the not too distant future. The Group will invest in its competence framework through which to develop, implement and optimize its material converting technologies in transforming recyclables into saleables. While a good way forward, much work remains to be done.

DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2015 (2014: Nil).

EVENTS AFTER THE REPORTING PERIOD

Proposed Adoption of Dual Foreign Name

On 26 June 2015, the Director proposed to adopt the Chinese name "綜合環保集團有限公司" (which has been used for identification purpose only) as the dual foreign name of the Company (alongside the Company's English name).

The proposed adoption of the dual foreign name of the Company is subject to (a) the passing of a special resolution by the shareholders of the Company at the forthcoming annual general meeting of the Company; and (b) the approval and registration of the dual foreign name of the Company by the Registrar of the Companies of the Cayman Islands. The adoption of the dual foreign name of the Company shall take effect when all of the aforesaid conditions are fulfilled. For details, please refer to the full announcement of the Company dated 26 June 2015 which is separately published on the websites of the Company and Stock Exchange.

Dissolution of Wealthy Peaceful Company Limited

On 30 March 2015, the liquidators notified that the voluntary winding up of Wealthy Peaceful Company Limited ("Wealthy Peaceful"), an indirect wholly owned subsidiary of the Company, had been completed. Wealthy Peaceful was dissolved on 2 April 2015.

Except for matters disclosed elsewhere in this announcement, the Group had no other events subsequent to the end of the reporting period to disclose.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 2 September 2015 to Tuesday, 8 September 2015 both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible for attending and voting at the 2015 annual general meeting of the Company to be held on Tuesday, 8 September 2015, all completed transfer documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 1 September 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's share during the year ended 31 March 2015.

CORPORATE GOVERNANCE

Throughout the financial year ended 31 March 2015 and to the extent that it is reasonable and appropriate, the Company has been compliant with the Corporate Governance Code (the "CG Code") and the recommended best practices as set out in Appendix 14 to the Listing Rules. Since the last annual review, the Company has, in order to strengthen its overall corporate governance and without prejudice to the principles of the "CG Code", introduced three manuals by which the Company is directed and controlled focusing, in particular, on risk management, internal communication and internal control mechanisms. The manuals, subject to regular review from time to time by the Board of Directors, stipulate for staff compliance the necessary policies and instructions on corporate governance, finance accounting, human resources and administration. The Company will continue improving its corporate governance that is conducive to the conduct and growth of its business, and reviewing its governance practices to ensure compliance with the regulatory requirements, thereby meeting the expectations of shareholders and investors.

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 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2015.

COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has also adopted written guidelines on no less exacting terms than the Model Code (the "Written Guidelines") for governing securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company or its securities. No incident of non-compliance of the Written Guidelines by any relevant employee was noted by the Company during the year ended 31 March 2015.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises three independent non-executive Directors, namely, Mr. Wong Man Chung, Francis (Chairman of the Audit Committee), Mr. Nguyen Van Tu, Peter and Mr. Chow Shiu Wing, Joseph; and one non-executive Director, namely, Mr. Cheng Chi Ming, Brian, has reviewed the consolidated financial statements of the Group for the year ended 31 March 2015 and discussed with the management of the Company on the accounting principles and practices adopted by the Group and internal controls and financial reporting matters.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.iwsgh.com). The annual report of the Company for the year ended 31 March 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board
Integrated Waste Solutions Group Holdings Limited
CHENG Chi Ming, Brian
Chairman

Hong Kong, 26 June 2015

As at the date of this announcement, the Board comprises three executive directors, namely, Messrs. SUEN Wing Yip, TO Chun Wai and TAM Sui Kin, Chris; three non-executive directors, namely, Messrs. CHENG Chi Ming, Brian (Chairman), TSANG On Yip, Patrick and LAU Sai Cheong; and three independent non-executive directors, namely, Messrs. NGUYEN Van Tu, Peter, CHOW Shiu Wing, Joseph, and WONG Man Chung, Francis.

* *Chinese name for identification purpose*