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

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

Stock code 股份代號 ： 923

ANNUAL REPORT
年報 2016

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive directors

Mr. Suen Wing Yip *(Chief Executive Officer)*
Mr. Tam Sui Kin, Chris
Mr. Lam King Sang

Non-executive directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Tsang On Yip, Patrick
Mr. Lau Sai Cheong
Mr. To Chun Wai

Independent non-executive directors

Mr. Nguyen Van Tu, Peter
Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Yeung Kwok Ki, Anthony

BOARD COMMITTEES

Executive Committee

Mr. Suen Wing Yip *(Chairman)*
Mr. Tam Sui Kin, Chris
Mr. Lam King Sang

Audit Committee

Mr. Wong Man Chung, Francis *(Chairman)*
Mr. Cheng Chi Ming, Brian
Mr. Tsang On Yip, Patrick
Mr. Nguyen Van Tu, Peter
Mr. Chow Shiu Wing, Joseph
Mr. Yeung Kwok Ki, Anthony

Remuneration Committee

Mr. Nguyen Van Tu, Peter *(Chairman)*
Mr. Tsang On Yip, Patrick
Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. To Chun Wai
Mr. Yeung Kwok Ki, Anthony

Nomination Committee

Mr. Chow Shiu Wing, Joseph *(Chairman)*
Mr. Tsang On Yip, Patrick
Mr. Nguyen Van Tu, Peter
Mr. Wong Man Chung, Francis
Mr. Lau Sai Cheong
Mr. Yeung Kwok Ki, Anthony

COMPANY SECRETARY

Ms. Ng Sum Yu, Phyllis

AUTHORISED REPRESENTATIVES

Mr. Suen Wing Yip
Ms. Ng Sum Yu, Phyllis

AUDITOR

KPMG

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Integrated Waste Solutions Building
8 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories
Hong Kong

CORPORATE WEBSITE

www.iwsgh.com

STOCK CODE

923

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited

LEGAL ADVISER

As to Hong Kong law:
Troutman Sanders

On behalf of the Board of Directors (the "Board") of Integrated Waste Solutions Group Holdings Limited (the "Company" together with its subsidiaries, hereinafter referred to as the "Group"), I would like to present the annual results of the Group for the financial year ended 31 March 2016.

Business Review

During the financial year under review, we saw the deceleration of the global economy and grew at a slow pace amid the volatile global financial conditions. The growth rate, released by the government of the People's Republic of China (the "PRC" or "China") recently, moderated to 6.8% for the fourth quarter of 2015 and 6.9% for Year 2015 which marked its slowest growth since the financial crisis in 2008.

As far as the paper industry is concerned, the Group has been facing intense competition due to continuing overcapacity and sluggish market demand. This situation has been alleviated recently since the PRC Government has steadily closed down obsolete production capacities in order to solve the overcapacity and the environmental issues. Such administrative measures should improve the supply over demand situation for the paper industry and the demand for paper should grow steadily in the long run.

Although the financial performance of the Group for the year ended 31 March 2016 was still far from satisfactory, the Group has started to see improvements after a couple of years of challenges. The Group will, on one hand, continue to operate diligently its core businesses in the collection and trading of recyclable waste materials and on the other hand, enter into new solid waste management spheres which have potential to generate sustainable revenue.

On 15 April 2015, the Group announced that ALBA Integrated Waste Solutions (Hong Kong) Limited ("ALBA IWS"), a joint venture of the Company, has executed a letter of acceptance issued by the Environmental Protection Department ("EPD") of the Government of the Hong Kong Special Administrative Region, pursuant to which, ALBA IWS agreed to design, construct, operate and maintain a waste electrical and electronic equipment ("WEEE") treatment plant, and an ancillary collection network to collect and recycle WEEE for a period of 10 years commencing from the operation of the treatment plant, which is expected to be in mid-2017. In September 2015, the Group has secured a contract with the EPD to organise district-based WEEE recycling and education service with certain Non-Government Organisations ("NGO"). We have also coordinated with schools in Hong Kong for WEEE collection and to devise sorting, delivery and storage services under the School Collection Scheme. Further in October and December 2015, the Group has also obtained two contracts for glass bottle collection from shopping malls, residential housing estates, schools and government facilities.

CHAIRMAN'S STATEMENT

It is expected that the business environment for the Group's core businesses in the coming year will remain difficult and challenging. I believe that the Group is steering towards the right direction and we shall focus on maintaining our strategic position in the solid waste management spheres which should generate sustainable revenue over the long run.

Corporate Governance

On behalf of the Board, I would like to welcome Mr. Lam King Sang and Mr. Yeung Kwok Ki, Anthony who joined the Company as Executive Director and Independent Non-executive Director, respectively on 1 March 2016. I believe these changes in the management team structure will strengthen its capability to manage the Group's business and to drive the business growth of the Group.

Appreciation

As I reflect on 2015, I am pleased with the pace at which the Group is making progress toward a local leading solid-waste solutions provider. I am also pleased to see that the management team, despite the extant market volatility, is now well prepared to cope with varied economic conditions and meet the challenges of aggressive competition in the marketplace. I can tell you with certainty that the Group remains committed to meeting stakeholder expectations and providing more financial certainty in this uncertain world.

In closing, I am thankful for the support and trust by our shareholders and investors, and honoured by the commitment and contribution I have received from my Board colleagues and the staff in general this past year.

Cheng Chi Ming, Brian
Chairman

Hong Kong, 29 June 2016

EXECUTIVE DIRECTORS

Chief Executive Officer

Mr. Suen Wing Yip, aged 56, is an Executive Director, Chief Executive Officer and the chairman of the Executive Committee of the Company. Joined the Company in March 2012, Mr. Suen also holds directorships in certain subsidiaries of the Company. He has over 30 years of experience in consumer goods and foodservice industry. From December 1985 to February 1999, Mr. Suen worked in A.S. Watson & Company Limited from marketing executive to director and general manager. From March 1999 to April 2003, Mr. Suen served as managing director of the ice-cream and frozen food division of Unilever Hong Kong Limited. From July 2003 to October 2006, Mr. Suen served as board executive director and general manager – sales and marketing of Tsit Wing International Holdings Limited. From January 2007 to May 2009, Mr. Suen served as director of food service division of Friesland Campina (Hong Kong) Ltd. Prior to joining the Company, he was a director of Wah Cheong Company Ltd. from June 2009 to December 2011. Mr. Suen holds a bachelor degree in marketing from the Washington State University, USA and a master degree in business administration from the University of Wisconsin, USA.

Chief Financial Officer

Mr. Tam Sui Kin, Chris, aged 51, is an Executive Director, Chief Financial Officer and a member of the Executive Committee of the Company. Joined the Company in July 2013, Mr. Tam also holds directorships in certain subsidiaries of the Company. He is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Tam is responsible for the financial management, accounting and treasury functions of the Group. He began his career and completed his professional training in the United Kingdom. He had worked as an audit manager in Ernst & Young, Hong Kong before he joined one of the listed subsidiaries of New World Development Company Limited (stock code: 17) in 1996. Prior to joining the Group, he was the financial controller (infrastructure/contracting) of NWS Holdings Limited (stock code: 659). Mr. Tam holds a bachelor of arts honours degree in Accounting and has over 25 years of experience in auditing, accounting, project financing and financial management.

Chief Operating Officer

Mr. Lam King Sang, aged 55, is an Executive Director, Chief Operating Officer and a member of the Executive Committee of the Company. He joined the Company on 1 March 2016. Mr. Lam also holds directorships in certain subsidiaries of the Company. He has over 20 years of experience in business development, investment and management in the infrastructure and water business in Mainland China. Joined the New World Group in 1993, Mr. Lam was the General Manager (Water) of NWS Infrastructure Management Limited, a wholly-owned subsidiary of NWS Holdings Limited (stock code: 659), mainly responsible for managing the New World Group's water business. Mr. Lam was an executive director of Sino French Water Development Company Limited, a director of Sino-French Holdings (Hong Kong) Limited, The Macao Water Supply Company Limited, Far East Landfill Technologies Limited as well as a number of companies in Mainland China. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (UK).

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Chairman

Mr. Cheng Chi Ming, Brian, aged 33, is the Chairman, Non-executive Director and member of the Audit Committee of the Company. He joined the Group in January 2011. Mr. Cheng obtained a bachelor of science degree from Babson College in Massachusetts, U.S.A. in 2005. Mr. Cheng is an executive director of NWS Holdings Limited ("NWS"), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 659) and a director of certain subsidiaries of NWS. He is also a non-executive director of Haitong International Securities Group Limited (stock code: 665), Wai Kee Holdings Limited (stock code: 610), Newton Resources Ltd. (stock code: 1231), and Beijing Capital International Airport Co., Ltd (stock code: 694) all of which are listed on the main board of the Stock Exchange. Mr. Cheng is a director of Sino-French Holdings (Hong Kong) Limited, The Macao Water Supply Company Limited, Prestige Safe Limited and a director of a number of companies in China. From 2005 to 2007, Mr. Cheng worked as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. He is the son of Dr. Cheng Kar Shun and the nephew of Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold controlling interests in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, both of which are substantial shareholders of the Company.

Mr. Tsang On Yip, Patrick, aged 44, is a Non-executive Director and a member of the Remuneration Committee, Audit Committee and the Nomination Committee of the Company. He joined the Company in November 2012. Mr. Tsang obtained a bachelor's degree in Economics from Columbia College of Columbia University in New York, USA in 1994. Mr. Tsang is an executive director of Melbourne Enterprise Limited (a company listed on the main board of the Stock Exchange, stock code: 158), and UMP Healthcare Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 722), a non-executive director of Greenheart Group Limited (a company listed on the main board of the Stock Exchange, stock code: 94), a director of Cheng Yu Tung Foundation Limited, Chow Tai Fook Enterprises Limited, Chow Tai Fook (Holding) Limited and Prestige Safe Limited. Mr. Tsang's spouse, the daughter of Mrs. Sun Cheng Lai Ha, Cecilia, is a cousin of Mr. Cheng Chi Ming, Brian, who is a Non-executive Director and Chairman of the Company, and niece of Dr. Cheng Kar Shun, Mr. Cheng Kar Shing and Mrs. Doo Cheng Sau Ha, Amy. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold controlling interests in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, both of which are substantial shareholders of the Company.

Mr. Lau Sai Cheong, aged 59, is a Non-executive Director of the Company and a member of the Nomination Committee of the Company. Joined the Company in July 2012, Mr. Lau acted as an Executive Director of the Company from 16 October 2012 to 8 March 2015 and has been re-designated to a Non-executive Director of the Company effective from 9 March 2015. He has over 30 years of experience in a wide variety of private and government projects in Hong Kong, China and around Asia. He is now working as a director (Technical Services) of NWS Infrastructure Management Limited, a subsidiary of NWS Holdings Limited (stock code: 659).

From September 1981 to May 1992, Mr. Lau worked in three engineering consulting firms and two contractors responsible for the design and project management of various types of local and overseas projects. From June 1992 to August 1993, Mr. Lau worked in A. S. Watson & Company Limited handling their joint venture projects in China and factory production management in Hong Kong. Prior to joining the Company, Mr. Lau served in HKSAR Government from September 1993 to June 2012. Mr. Lau holds a bachelor of science honors degree in Electrical and Electronic Engineering from Aston University, United Kingdom. Mr. Lau is a Registered Professional Engineer and a member of Hong Kong Institution of Engineers.

Mr. To Chun Wai, aged 60, is a Non-executive Director and a member of the Remuneration Committee of the Company. Besides, he is also an honorary consultant of the World Green Organisation. He first joined the Company on 8 April 2013 and started off as an Executive Director of the Company until 9 September 2015, when he was re-designated as a Non-executive Director of the Company. He spent most of his career, beginning in 1974, with the Hong Kong Police, rising up the ranks to Assistant Commissioner of Police (Crime) overseeing crime operations and policies of the Hong Kong Police, until his retirement in 2011. He was awarded the Police Meritorious Service Medal in recognition of his long years of service and contribution to the Hong Kong society. Before joining the Company, Mr. To also tutored public administration on a part-time basis from 2011 to 2012 at The University of Hong Kong. Mr. To has wide administrative and management experience and holds a master degree of public administration from The University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Nguyen Van Tu, Peter, aged 72, is an Independent Non-executive Director of the Company, chairman of the Remuneration Committee of the Company, a member of the Nomination Committee and the Audit Committee of the Company. He joined the Group in June 2013. Mr. Nguyen is a senior counsel and was called to the Bar in England by the Honourable Society of the Middle Temple in 1970. He was an assistant crown counsel and crown counsel in the Legal Department of Hong Kong during the period from August 1970 to November 1974 and was in private practice as a barrister in Hong Kong subsequently for approximately twenty years. Mr. Nguyen was appointed as director of Public Prosecutions in the Legal Department of Hong Kong during the period from July 1994 to October 1997 and was the first Chinese to hold such position. Mr. Nguyen became a Queen's Counsel in 1995 and was appointed as a Judge of the Court of First Instance of the High Court, Hong Kong from February 1998 to April 2009. Currently, Mr. Nguyen is an independent non-executive director of Goldlion Holdings Limited (stock code: 0533), Combest Holdings Limited (stock code: 8190), Greenheart Group Limited (stock code: 94) and Pacific Andes International Holdings Limited (stock code: 1174), all of which are listed companies in Hong Kong. Mr. Nguyen was an independent non-executive director of IPE Group Limited (a company listed on the main board of the Stock Exchange, stock code: 0929).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chow Shiu Wing, Joseph, aged 44, is an Independent Non-executive Director of the Company, chairman of the Nomination Committee of the Company, a member of the Audit Committee and the Remuneration Committee of the Company. He joined the Company in October 2013. He obtained a bachelor's degree in law from the City University of Hong Kong in 1996 and a Postgraduate Certificate in Laws from the University of Hong Kong in 1997. He was admitted as a solicitor of the High Court of Hong Kong in October 1999 and is now working as a consultant in C.T. Chan & Co., Solicitors & Notaries. Mr. Chow holds a number of professional and honorary appointments including being the honorary legal advisor of the Hong Kong Brand Development Council.

Mr. Wong Man Chung, Francis, aged 51, is an Independent Non-executive Director of the Company, chairman of the Audit Committee of the Company, a member of the Remuneration Committee and the Nomination Committee of the Company. He joined the Company in October 2013. He holds a Master Degree in Management conferred by Guangzhou Jinan University, the People's Republic of China. Mr. Wong is a fellow member of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, a Certified Tax Advisor of the Taxation Institute of Hong Kong and a fellow member of the Society of Chinese Accountants and Auditors. He is a Certified Public Accountant (Practising) and has over 25 years of experience in auditing, taxation, management and financial advisory. Previously, Mr. Wong worked for KPMG, an international accounting firm, for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years.

Mr. Wong is currently an independent non-executive director, the chairman of the audit committee and the remuneration committee as well as a member of the nomination committee of China Oriental Group Company Limited (stock code: 581); an independent non-executive director, the chairman of the audit committee and a member of the nomination committee and the remuneration committee of Wai Kee Holdings Limited (stock code: 610) and Greenheart Group Limited (stock code: 94); an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Digital China Holdings Limited (stock code: 861); and an independent non-executive director of GCL-Poly Energy Holdings Limited (stock code: 3800). Mr. Wong is the managing director of Union Alpha C.P.A. Limited and a director of Union Alpha CAAP Certified Public Accountants Limited, both being professional accounting firms, and a founding director and member of Francis M C Wong Charitable Foundation Limited, a charitable institution.

Mr. Yeung Kwok Ki, Anthony, aged 71, is an Independent Non-executive Director and a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Joined the Company on 1 March 2016, Mr. Yeung has over 30 years of experience in financial management. He is a practising certified public accountant recognised by the Hong Kong Institute of Certified Public Accountants and a senior member of the major global accountancy institutions. He is also a member of the election committee of the Government of Hong Kong Special Administrative Region. Mr. Yeung has been the founder and chairman of K K Yeung Management Consultants Limited since May 1983, and the founder and senior partner of K K Yeung Partnership, CPA (Practising) since November 1985. Since February 1977, Mr. Yeung has also served as the founder and chairman of Wall Street Resources Limited. He is currently a non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company (a joint stock limited company incorporated in the People's Republic of China and listed on the main board of the Stock Exchange, stock code: 6869). From 23 April 2013 to 6 March 2015, Mr. Yeung acted as a director of Oman Cables Industry (SAOG), a company listed on the Muscat Securities Market (stock code: OCAI).

FINANCIAL REVIEW

The loss attributable to equity shareholders of the Company for the year ended 31 March 2016 ("FY2016") amounted to HK$104.1 million, a reduction in loss of HK$45.5 million when compared to the net loss of HK$149.6 million for the year ended 31 March 2015 ("FY2015"). The reduction in loss was partly due to the effort of the management to maintain all operating costs at a viable level and partly due to an impairment loss of HK$36.6 million recognised in FY2015 in respect of the disposal of Golddoor Company Limited ("Golddoor") by Wealthy Peaceful Company Limited (the then indirect wholly owned subsidiary of the Company which was dissolved on 2 April 2015) ("Wealthy Peaceful"), 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 statement of financial position 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 as 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 the financial year ended 31 March 2014 and HK$36.6 million in FY2015 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 was distributed to the Group by the Liquidators.

Performance of Business Segments

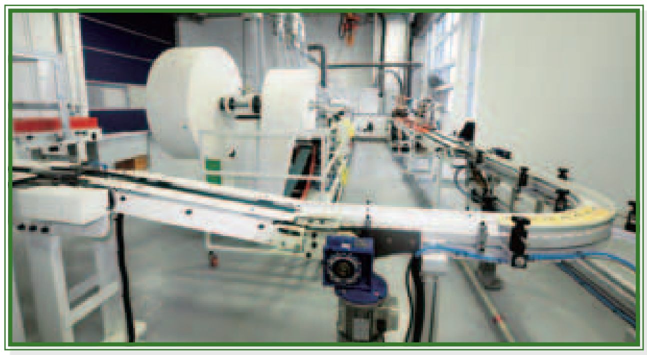
The recovery of the global economy remains sluggish and there is as yet no sign of a rebound in the overall beleaguered market growth. The recycling and environmental awareness is at an all-time high in the Mainland China as well as the rest of the World. Now the Mainland authorities are clamping down on industry that has added to the degradation of China's environment.

MANAGEMENT DISCUSSION AND ANALYSIS

Under the crackdown namely “Green Fence” campaign, China has rejected hundreds of containers of waste it said were contaminated or improperly mixed with different types of scrap which are likely to end up in its landfills. The stricter scrutiny and implementation of stringent pollution control measures, have invariably slowed imports and raised their costs. The paper production industry in the Mainland, with threats to over-capacity and environmental costliness, is therefore no exception. This has invariably culminated the trading of recovered paper and tissue paper businesses of the Group all the more challenging in FY2016.

Revenue Analysis	**FY2016 HK$'000**	FY2015 HK$'000	**Change HK$'000**	%
Sales of recovered paper	**209,998**	242,120	**(32,122)**	(13)%
Sales of tissue paper	**18,117**	173,241	**(155,124)**	(90)%
CMDS service income	**16,692**	11,689	**5,003**	43%
Logistics service income	**2,636**	1,502	**1,134**	75%
Sales of other waste materials	**25,676**	14,960	**10,716**	72%
Other revenue	**12**	30	**(18)**	(60)%
	273,131	443,542	**(170,411)**	(38)%

Sales revenue of **Recovered Paper** continued to be affected by the overall reduction in demand for recovered paper, especially in the PRC and coupled with a general decline in selling prices, the revenue of recovered paper has reduced to approximately HK$210.0 million, a drop of approximately HK$32.1 million or 13% when compared to FY2015. The average selling price per ton has decreased by 7% while the sales volume has decreased by 6%. The global economic slowdown, including but not limited to the PRC, has significantly reduced the sales of our recovered paper, given that the overall demand for recovered paper for producing packaging materials, newsprint, and other recycled products has a direct bearing on the general economic conditions after all.



The sales revenue of **Tissue Paper** dropped by HK$155.1 million or 90%. The market for tissue paper products is highly competitive in the PRC, Hong Kong and internationally. Our business strategy and growth is dependent on the continuing growth and demand for recycled paper products both internationally and in the PRC. As mentioned previously, the recent economic downturn has adversely impacted our tissue paper business which led to decreasing prices and sales volume. Moreover, the disposal of Golddoor and Huizhou Fook Woo, which was used to be our production base for recycled tissue products, had rendered us not able to maintain operating efficiency and economies of scale. The increase in the cost of production has weakened our competitiveness and led to a loss of market share.

Confidential Material Destruction Services ("CMDS") service income increased markedly by 43% or HK$5.0 million. The marked increase in CMDS service income was due mainly to the re-engineering of our value chain activities when delivering our exemplary CMDS product or service. We collect and destroy confidential materials from government departments, housing authority, banks, financial and other professional institutions in Hong Kong. Confidential materials that we destroy include confidential documents; branded products; counterfeit and storage media such as computer hard disks, credit cards, mobile SIM cards, etc.

The **Logistics** Division of the Group, consisting of order processing and transportation, primarily focuses on distribution logistics and provides supporting services to other business segments within the Group. During the current year, it has generated income of HK$2.6 million by providing services to other third parties, an increase of 75% when compared to FY2015, of which there are two contracts awarded by the HKSAR government for glass bottle collection from shopping malls, residential housing estates, schools and government facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

There was an increase of approximately HK$10.7 million in the revenue generated from the sales of **Other Waste Materials** in FY2016, represented an increase of 72% over FY2015. This was mainly related to the sale of High-density Polyethylene ("HDPE") recycled plastic flakes, which was the Group's first tapping into processing of other waste materials.

Gross Profit

The Gross Profit percentage of the Group for FY2016 has increased from 5.5% to 8.2% when compared to FY2015. The increase in gross profit margin was attributable to an on-going cost efficiency exercise to reduce the direct cost of sales.

Selling, Distribution and Administrative Expenses

Selling, distribution and administrative expenses amounted to a total of HK$138.7 million, representing a reduction of HK$20.8 million when compared to FY2015. The reduction in these expenditures was due to the cost control measures adopted by the management throughout the year.

Loss before Interest, Tax, Depreciation and Amortisation ("LBITDA")

Although the revenue of the Group has reduced substantially, LBITDA for the year has reduced by approximately HK$66.8 million to HK$77.5 million when compared to HK$144.3 million of FY2015. The reduction in LBITDA was mainly due to better cost controls and no impairment loss on amounts due from De-consolidated Subsidiaries was incurred in FY2016.

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 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. During the current financial year, the Group had no financing exercise undertaken and all capital expenditure incurred was financed by internal resources.

As at 31 March 2016, the Group had unrestricted bank deposits and cash of approximately HK$288.2 million (2015: HK$455.9 million). The Group had no bank loans and overdrafts as at 31 March 2016 (2015: HK$Nil).

As at 31 March 2016, the Group had net current assets of approximately HK$330.9 million, as compared to net current assets of approximately HK$523.2 million as at 31 March 2015. The current ratio of the Group was 6.0 as at 31 March 2016 as compared to 8.0 as at 31 March 2015.

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 2016, the Group recorded a net foreign exchange loss of HK$1.0 million (2015: loss of HK$0.6 million) as a result of the gradual devaluation of Renminbi during the year. 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 the current financial year, the Group incurred HK$77.0 million for the construction expenditure in respect of the new headquarter of the Group in Tseung Kwan O Industrial Estate, Hong Kong. As at 31 March 2016, the Group has capital commitments of HK$16.0 million, which are mainly related to the construction of new headquarter.

Pledge of Assets

As at 31 March 2016, the Group had restricted bank deposits amounted to HK$18.5 million (2015: HK$2.2 million) which were pledged with banks for issuing guarantees to suppliers to secure supply.

Capital Structure

Details of the capital structure of the Company are set out in note 22.

Contingent Liabilities

At 31 March 2016, the Group has, upon legal advice, lodged certain claims against its former director and employee and the outcomes of which remain to be seen.

MANAGEMENT DISCUSSION AND ANALYSIS

Relationship with Employees, Customers and Suppliers

Employees and Remuneration Policies

The Group had 207 employees in Hong Kong as at 31 March 2016. Employee costs, excluding directors' emoluments, amounted to HK$65.3 million for FY2016 (FY2015: HK$85.5 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 believes that, with proper training and guidance, people with intellectual disabilities can be capable, loyal and conscientious worker to contribute to society. In this respect, the Group has recruited several employees through Hong Chi On-the-Job Training Program. By providing job opportunities to people with intellectual disabilities, we can enhance their social integration and assist them in seeking open employment. 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 initial 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 29 February 2016, pursuant to the completion of mandatory cash offers from the controlling shareholder of the Company, 24,312,252 share options were tendered for cancellation under the Option Offer (as defined in the composite offer and response document dated 3 February 2016). All of the then remaining share options were lapsed automatically in accordance with the terms of the Share Option Scheme of the Company.

Customers

As a leading service provider in waste management solutions and confidential materials destruction service, the Group is cognizant of the significance of good customer relationship to the sustainable development and growth of our business. The Company is committed to provide the best quality service to its customers and all our frontline staff is made aware of putting due care and consideration with our customers. The Company has maintained a dedicated customer service team to handle customers' feedbacks and complaints according to laid down procedures.

Suppliers

The Group places great emphasis on a long-term and stable business relationship with key suppliers. The Group has established its own policy in the selection of suppliers and procurement process, in order to ensure that the services and products are being supplied to our standard within our budgeted costs. We shall aim to secure fair and mutually beneficial interests in all dealings with our suppliers.

PROSPECTS

The Group will continue to operate diligently its core businesses and look for opportunities to expand its revenue sources. In the long run, the results of the Group are likely to turn around due to the alleviation of the supply over demand situation in the paper making industry as a result of the more stringent environmental protection policies and elimination of obsolete production capacity. Moreover, the change in consumer behaviour from traditional high-street shopping to online shopping has also induced demand for packaging materials which will benefit the paper industry.

MANAGEMENT DISCUSSION AND ANALYSIS

The increase in public awareness on personal data privacy protection has made producers of confidential materials to ensure that their information has been kept confidential and appropriately destroyed when necessary. We foresee the outsourcing to shredding service providers will be growing significantly in Hong Kong. We are the only local service provider which is "**AAA**" certified by the National Association for Information Destruction ("NAID") for plant-based operation (paper and non-paper media destruction) in Hong Kong. NAID is the international trade association for companies providing information destruction services. **NAID AAA Certification** verifies the qualifications of certified information destruction providers through a comprehensive scheduled and unannounced audit program. This rigorous process supports the needs of organisations around the world by helping them to meet numerous laws and regulations requiring protection of confidential customer information. With our high-grade destruction facilities and professional approach, we believe that our Confidential Materials Destruction Services ("CMDS") should outrun other competitors in this arena.

Looking ahead, we believe that the operating environment will remain challenging and the Group will continue to face severe competition. We shall maintain our focus on our core businesses, strictly control our operating costs as well as expand our revenue stream by tapping into other areas of solid waste management.

The Board hereby submits its annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are provision of solid waste management services as set out in note 29(b) to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group for the year ended 31 March 2016 is provided in the Chairman's Statement and the Management Discussion and Analysis of this Annual Report set out on pages 3 to 4 and pages 9 to 16 respectively.

The possible business risks and uncertainties facing the Group are set out in the Management Discussion and Analysis of this Annual Report. The financial risk management is set out in note 3 to the consolidated financial statements.

To the best knowledge of the Board, throughout the financial year ended 31 March 2016, there was no incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business.

Our vision is to make a difference in the environment. The Group delivers integrated waste solutions as a responsible enterprise through waste recovery, waste recycling and reuse and waste disposal treatment. Particulars of the Company's environmental policies and performance are delineated in the section headed "Corporate Social Responsibility" of the Corporate Governance Report on pages 32 to 47.

Disclosures relating to the relationships with employees, customers and suppliers are included in the Management Discussion and Analysis of this Annual Report on pages 9 to 16.

All of the above discussion/sections form part of this report.

RESULTS AND DIVIDEND

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 50 to 51.

REPORT OF THE DIRECTORS

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2016 (2015: HK$Nil).

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 54 and in note 23(a) to the consolidated financial statements respectively.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK$116,000 (2015: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 22(b) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution comprise the share premium account and accumulated losses. As at 31 March 2016, the reserves of the Company available for distribution to the shareholders of the Company (the "Shareholders") amounted to approximately HK$1,120,608,000 (2015: HK$1,126,657,000).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 August 2016 to Tuesday, 30 August 2016, 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 2016 annual general meeting of the Company to be held on Tuesday, 30 August 2016, 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, 23 August 2016.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing Shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 128.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2016.

DIRECTORS

The Directors since 1 April 2015 to the date of this report were:

Executive Directors
Mr. Suen Wing Yip
Mr. Tam Sui Kin, Chris
Mr. Lam King Sang *(Note 1)*

Non-executive Directors
Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Tsang On Yip, Patrick
Mr. Lau Sai Cheong
Mr. To Chun Wai *(Note 2)*

Independent non-executive Directors
Mr. Nguyen Van Tu, Peter
Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Yeung Kwok Ki, Anthony *(Note 1)*

Notes:

(1) Appointed on 1 March 2016

(2) Re-designated from executive Director to non-executive Director with effect from 9 September 2015

REPORT OF THE DIRECTORS

Pursuant to Article 108 of the Articles of Association, Mr. To Chun Wai, Mr. Nguyen Van Tu, Peter and Mr. Wong Man Chung, Francis shall retire by rotation at the 2016 annual general meeting of the Company. Further, Mr. Lam King Sang and Mr. Yeung Kwok Ki, Anthony, who were newly appointed by the Board on 1 March 2016, will also retire from office in accordance with Article 112 of the Articles of Association. All the above retiring Directors, being eligible, offer themselves for re-election, at the forthcoming annual general meeting of the Company.

The Directors being proposed for re-election at the forthcoming annual general meeting have no service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term of three years from their respective date of appointment, which may be terminated by serving not less than three to six months' notice in writing by either party as appropriate.

During the year ended 31 March 2016, Directors have no service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the existing Directors and senior management of the Company are set out on pages 5 to 8.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the date of the 2015 Interim Report are set out below:

Executive Director's Emoluments

With effect from 1 January 2016, the annual salaries of Mr. Suen Wing Yip and Mr. Tam Sui Kin, Chris have been adjusted to HK$2,400,000 and HK$1,920,000 respectively. Their annual director's fees remained unchanged at HK$360,000 each.

Mr. Cheng Chi Ming, Brian (Non-executive Director)

Mr. Cheng is the son of Dr. Cheng Kar Shun and the nephew of Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold controlling interests in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, both of which are substantial shareholders of the Company.

Mr. Tsang On Yip, Patrick (Non-executive Director)

Mr. Tsang's spouse is the daughter of Mrs. Sun Cheng Lai Ha, Cecilia and niece of Dr. Cheng Kar Shun, Mr. Cheng Kar Shing and Mrs. Doo Cheng Sau Ha, Amy. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold controlling interests in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, both of which are substantial shareholders of the Company.

Mr. Nguyen Van Tu, Peter (Independent Non-executive Director)

The Company has renewed the letter of appointment as an Independent Non-executive Director with Mr. Nguyen for a term of three years from 21 June 2016. Pursuant to the letter of appointment, Mr. Nguyen is entitled to annual director's fee of HK$360,000 which was determined with reference to his time commitment and responsibilities as well as the prevailing market conditions, and is subject to review by the Remuneration Committee of the Company from time to time.

Mr. Nguyen was appointed as an independent non-executive director of Pacific Andes International Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 1174) on 10 December 2015. Mr. Nguyen retired as an independent non-executive director of IPE Group Limited (a company listed on the main board of the Stock Exchange, stock code: 0929) on 23 May 2016.

Mr. Wong Man Chung, Francis (Independent Non-executive Director)

Mr. Wong was appointed as an independent non-executive director of GCL-Poly Energy Holdings Limited (a company listed on the main board of the Stock Exchange, stock code: 3800) on 1 April 2016.

REMUNERATION POLICY

During the year ended 31 March 2016, the remuneration policy for the Directors and senior management members of the Group was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and merit payments were linked to the financial situation of the Group and the performance of each individual Director or senior management member of the Group. Details of the remuneration of the Directors and senior management member of the Group are set out in note 10 to the consolidated financial statements contained in this Annual Report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the section headed "Related Party Transactions and Connected Transactions" below, no contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required pursuant to (a) Divisions 7 to 8 of Part XV of the SFO, to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

Long positions in underlying shares of the associated corporation of the Company – share options

Under the share option scheme of Greenheart Group Limited, a fellow subsidiary of the Company, the following Directors have personal interests in share options to subscribe for ordinary shares of Greenheart Group Limited. Certain details of the share options of Greenheart Group Limited held by the relevant Directors during the year ended 31 March 2016 were as follows:

				Number of share options					
Name of Directors	Date of Grant	Exercisable period	Exercise Price per Share *HK$*	Outstanding options as at 01.04.2015	Granted and accepted	Exercised	Cancelled/ Lapsed	Outstanding options as at 31.03.2016	Approximate percentage of shareholding
Tsang On Yip, Patrick	17.07.2015	17.07.2015 – 16.07.2020	1.23	–	2,000,000	–	–	2,000,000	0.13%
Nguyen Van Tu, Peter	17.07.2015	17.07.2015 – 16.07.2020	1.23	–	1,000,000	–	–	1,000,000	0.07%
Wong Man Chung, Francis	17.07.2015	17.07.2015 – 16.07.2020	1.23	–	1,000,000	–	–	1,000,000	0.07%

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or recorded in the register required to be maintained by the Company under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the Company's share option scheme adopted by the shareholders of the Company on 11 March 2010 (the "Share Option Scheme"), the Company granted to certain Directors options to subscribe for the ordinary shares of HK$0.10 each in the share capital of the Company ("Shares") on 25 April 2014. Subsequent to the close of the mandatory cash offers on 29 February 2016 (as disclosed under the section "Change in Shareholding Structure of the Controlling Shareholder and Mandatory Conditional Cash Offers" in this report), all the share options granted to the Directors were cancelled or lapsed in accordance with the terms of the Share Option Scheme.

				Number of Share Options					
Name of Directors	Date of Grant	Exercisable period	Exercise Price per Share *HK$*	Outstanding options as at 1.04.2015	Granted and accepted	Exercised	Cancelled/ Lapsed	Outstanding options as at 31.03.2016	Approximate percentage of shareholding
Suen Wing Yip	25.04.2014	25.07.2014 – 24.04.2020	0.444	1,562,522	–	–	(1,562,522)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	3,906,307	–	–	(3,906,307)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	2,343,784	–	–	(2,343,784)	–	–
Tam Sui Kin, Chris	25.04.2014	25.07.2014 – 24.04.2020	0.444	1,049,820	–	–	(1,049,820)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	2,624,549	–	–	(2,624,549)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	1,574,730	–	–	(1,574,730)	–	–
Cheng Chi Ming, Brian	25.04.2014	25.07.2014 – 24.04.2020	0.444	2,197,297	–	–	(2,197,297)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	5,493,243	–	–	(5,493,243)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	3,295,946	–	–	(3,295,946)	–	–
Tsang On Yip, Patrick	25.04.2014	25.07.2014 – 24.04.2020	0.444	1,757,838	–	–	(1,757,838)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	4,394,594	–	–	(4,394,594)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	2,636,757	–	–	(2,636,757)	–	–

Name of Directors	Date of Grant	Exercisable period	Exercise Price per Share HK$	Number of Share Options: Outstanding options as at 1.04.2015	Granted and accepted	Exercised	Cancelled/ Lapsed	Outstanding options as at 31.03.2016	Approximate percentage of shareholding
Lau Sai Cheong	25.04.2014	25.07.2014 – 24.04.2020	0.444	1,318,378	–	–	(1,318,378)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	3,295,946	–	–	(3,295,946)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	1,977,568	–	–	(1,977,568)	–	–
To Chun Wai	25.04.2014	25.07.2014 – 24.04.2020	0.444	1,220,721	–	–	(1,220,721)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	3,051,802	–	–	(3,051,802)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	1,831,081	–	–	(1,831,081)	–	–
Nguyen Van Tu, Peter	25.04.2014	25.07.2014 – 24.04.2020	0.444	512,702	–	–	(512,702)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	1,281,757	–	–	(1,281,757)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	769,054	–	–	(769,054)	–	–
Chow Shiu Wing, Joseph	25.04.2014	25.07.2014 – 24.04.2020	0.444	512,702	–	–	(512,702)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	1,281,757	–	–	(1,281,757)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	769,054	–	–	(769,054)	–	–
Wong Man Chung, Francis	25.04.2014	25.07.2014 – 24.04.2020	0.444	512,702	–	–	(512,702)	–	–
	25.04.2014	25.04.2016 – 24.04.2020	0.444	1,281,757	–	–	(1,281,757)	–	–
	25.04.2014	25.04.2018 – 24.04.2020	0.444	769,054	–	–	(769,054)	–	–

Note:

These share options represented personal interest held by the relevant Directors as the beneficial owners.

Save as disclosed in this report and in note 22(c) to the consolidated financial statements about the Share Option Scheme, at no time during the year or at the end of the financial year ended 31 March 2016 was any right to acquire benefits by means of the acquisition of shares in, or debentures, of the Company granted to any Directors or their respective spouses or minor children or exercised by any of them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries entered into any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

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.

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 10% of the total number of shares in issue immediately following the completion of the Initial Public Offering and the capitalisation issue but excluding the effect of the over-allotment. The 10% limit may be refreshed with the approval by the shareholders. The maximum 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 issued share capital of the Company from time to time.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, if shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates, in any 12-month period (i) represent in aggregate more than 0.1% of the total number of shares in issue, and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5,000,000, the proposed grant of option must be approved by the shareholders of the Company in a general meeting.

An offer of options must be accepted within 30 days from the date of offer, upon payment of a consideration of HK$1 by the grantee. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. There is no minimum period for which an option must be held before the exercise of the option except otherwise imposed by the Board of Directors of the Company.

On 25 April 2014, the Board 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 the acceptance of the grantees. Of which, 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 initial exercise price of HK$0.542 per share (before adjustment). The share options granted and accepted are exercisable within the period from 25 July 2014 to 24 April 2020 (both dates inclusive), subject to vesting periods in three tranches as follows:

Tranche	**Vesting Period**
1	20% are exercisable from 25 July 2014 to 24 April 2020 (up to 20% of the share options granted are exercisable)
2	50% are exercisable from 25 April 2016 to 24 April 2020 (up to 70% of the share options granted are exercisable)
3	30% are exercisable from 25 April 2018 to 24 April 2020 (all share options granted are exercisable)

On 15 October 2014, adjustments to the exercise price and the number of the shares falling to be issued under the outstanding options ("Adjustments") were made due to the completion of the open offer of the Company. As at 15 October 2014, the number of shares falling to be issued under the outstanding options after the Adjustments was 76,746,711 and the exercise price of the options after the Adjustments was HK$0.444 per share.

On 29 February 2016, being the closing date of the mandatory cash offers (as disclosed under the section "Change in Shareholding Structure of the Controlling Shareholder and Mandatory Conditional Cash Offers" in this report), 24,312,252 share options were tendered for cancellation under the Offers. The share options that remained unexercised on the close of the Offers lapsed automatically in accordance with the terms of the Share Option Scheme. As at 31 March 2016, there was no outstanding option under the Share Option Scheme.

The total number of Shares remains available for issue under the Share Option Scheme is 165,461,329 Shares which represent approximately 3.43% of the issued share capital of the Company as at the date of this annual report.

Further particulars of the Share Option Scheme and movements of share options granted under the Share Option Scheme during the year are set out in note 22(c) to the consolidated financial statements.

CHANGE IN SHAREHOLDING STRUCTURE OF THE CONTROLLING SHAREHOLDER AND MANDATORY CONDITIONAL CASH OFFERS

On 31 December 2015, the Company and Prestige Safe Limited (the "Offeror") published a joint announcement regarding the Change in Control of Chow Tai Fook Nominee Limited from Dato' Dr. Cheng Yu Tung to Chow Tai Fook Holding Limited ("CTF Holding") which took place on 21 December 2015. As a result of the Change in Control, CTF Holding became the controlling shareholder of Chow Tai Fook Nominee Limited and was deemed to be interested in approximately 46.93% of the entire issued share capital of the Company as at 3 February 2016, being the latest practicable date prior to the printing of the composite offer and response document relating to the mandatory conditional cash offers.

Pursuant to the rules of The Hong Kong Code on Takeovers and Mergers, the Offeror made mandatory conditional cash offers for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (the "Offer Shares") and a comparable cash offer for cancellation of all share options (other than those already held by the Offeror and parties acting in concert with it) (the "Offers"). At the close of the Offers on 29 February 2016, valid acceptances were received in respect of a total of 479,362,193 Offer Shares, representing approximately 9.94% of total issued Shares and voting rights of the Company, and valid acceptances were received in respect of 24,312,252 share options under the Offers. Immediately after the close of the Offers, the Offeror and parties acting in concert with it were interested in 2,742,514,028 Shares, representing approximately 56.87% of the total issued Shares and voting rights of the Company.

For details of the Offers, please refer to the announcements of the Company dated 31 December 2015 and 29 February 2016, and the composite offer and response document dated 3 February 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2016, the following persons (other than the Directors and chief executive of the Company) had interests or short positions of 5% or more in the Shares as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the ordinary shares of HK$0.10 each in the share capital of the Company ("Share") and underlying Shares

Name of Shareholders	Note	Capacity	Number of Shares held*	% of the issued share capital of the Company
Cheng Yu Tung Family (Holdings) Limited	1	Interest in controlled corporations	2,742,514,028(L)	56.87%
Cheng Yu Tung Family (Holdings II) Limited	1	Interest in controlled corporations	2,742,514,028(L)	56.87%
Chow Tai Fook Capital Limited	1	Interest in controlled corporations	2,742,514,028(L)	56.87%
Chow Tai Fook (Holding) Limited	2	Interest in controlled corporations	2,742,514,028(L)	56.87%
Chow Tai Fook Nominee Limited	3	Beneficial owner	1,530,601,835(L)	31.74%
		Interest in controlled corporations	732,550,000(L)	15.19%
Victory Day Investments Limited	3	Interest in a controlled corporation	732,550,000(L)	15.19%
Smart On Resources Ltd.	3	Beneficial owner	732,550,000(L)	15.19%
Prestige Safe Limited	2	Beneficial owner	479,362,193(L)	9.94%
City Legend International Limited	4	Beneficial owner	785,100,000(L)	16.28%
Mr. Leung Kai Kuen	4	Interest in a controlled corporation	785,100,000(L)	16.28%

* The letter "L" denotes the person's long position in the Shares.

Notes:

1. As at 31 March 2016, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited held approximately 48.98% and 46.65% interest in Chow Tai Fook Capital Limited respectively, which in turn held an approximately 78.58% interest in Chow Tai Fook (Holding) Limited. As such, each of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited and Chow Tai Fook Capital Limited is deemed to be interested in the 2,742,514,028 Shares.

2. Chow Tai Fook (Holding) Limited is the controlling shareholder of Chow Tai Fook Nominee Limited and the 100% holding company of Prestige Safe Limited, and accordingly Chow Tai Fook (Holding) Limited is deemed to be interested in an aggregate of 2,742,514,028 Shares.

3. Chow Tai Fook Nominee Limited is the beneficial owner of 1,530,601,835 Shares and is interested in 732,550,000 Shares through its interest in a wholly-owned subsidiary, Victory Day Investments Limited, which in turn wholly-owns Smart On Resources Ltd.

4. Mr. Leung Kai Kuen was deemed to be interested in these 785,100,000 Shares which were held by City Legend International Limited, a corporation wholly owned by Mr. Leung. The information is based on the historical record kept by the Company and taken into account the new Shares issued pursuant to the open offer of the Company in October 2014.

Save as disclosed above, as at 31 March 2016, no person, other than the Directors whose interests and short positions are set out in the section headed "Directors' and Chief Executive's Interests or Short Positions in Shares and Underlying Shares" above, had any interest or short position in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the Group's related party transactions and connected transactions for the year ended 31 March 2016 are set out in note 28 to the consolidated financial statements.

Under Chapter 14A of the Listing Rules, the Directors' service contracts with the Company are fully exempt continuing connected transactions.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following Director is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as director to represent the interests of the Company and/or the Group:

Name of Director	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Cheng Chi Ming, Brian	NWS Holdings Limited	Investment in waste management business	Director

As the Board is independent of the board of the above entity and none of the above Director can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from the businesses of the above entity.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company and the Group was entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

–	the largest supplier	8%
–	five largest suppliers in aggregate	27%

The percentages of sales for the year attributable to the Group's major customers are as follows:

–	the largest customer	29%
–	five largest customers in aggregate	54%

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and known to the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at the latest practicable date prior to the issue of this report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors was in force as of the date of this report and during the financial year ended 31 March 2016. The Company has maintained directors and officers liability insurance for the directors of the Company and its subsidiaries.

ADOPTION OF DUAL FOREIGN NAME

On 8 September 2015, the Company adopted the Chinese name "綜合環保集團有限公司" as its dual foreign name subsequent to the passing of a special resolution by the shareholders of the Company and upon registration by the Registrar of Companies in the Cayman Islands.

EVENTS AFTER THE REPORTING PERIOD

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

REVIEW OF THE AUDITED FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The Audit Committee of the Company comprises four independent non-executive Directors and two non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2016.

AUDITOR

KPMG has been appointed as the auditor of the Company since the annual general meeting held on 21 June 2013.

The consolidated financial statements for the year ended 31 March 2016 were audited by KPMG. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cheng Chi Ming, Brian
Chairman
Hong Kong, 29 June 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

Throughout the financial year ended 31 March 2016 and to the extent that it is reasonable and appropriate, the Company has been compliant with the code provisions and some of the recommended best practices as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules. 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.

BOARD OF DIRECTORS

The Board, led by the Chairman of the Company, is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performance. The Board has delegated, by way of clear direction and remit, to the senior management of the Company the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and delegated to these committees various responsibilities as set out in their respective terms of reference.

The Board reserved its decision for all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information (including but not limited to annual and interim results), appointment of directors and other significant financial and operational matters.

The Board delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include implementing decisions of the Board, directing and coordinating day-to-day operation and management of the Group in accordance with the management strategies and plans approved by the Board, formulating and monitoring the operational and production plans, budgets, and control systems.

The Board currently comprises eleven directors, including three executive Directors, four non-executive Directors and four independent non-executive Directors as follows:

Executive Directors

Mr. Suen Wing Yip

Mr. Tam Sui Kin, Chris

Mr. Lam King Sang (Appointed on 1 March 2016)

Non-executive Directors

Mr. Cheng Chi Ming, Brian *(Chairman)*

Mr. Tsang On Yip, Patrick

Mr. Lau Sai Cheong

Mr. To Chun Wai (Re-designated from executive Director to non-executive Director with effect from 9 September 2015)

Independent non-executive Directors

Mr. Nguyen Van Tu, Peter

Mr. Chow Shiu Wing, Joseph

Mr. Wong Man Chung, Francis

Mr. Yeung Kwok Ki, Anthony (Appointed on 1 March 2016)

BOARD COMPOSITION

The following chart illustrates the current structure and membership of the Board as well as the standing Board committees as at 31 March 2016:

	Board Committees			
Directors	**Executive Committee**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. Suen Wing Yip	Chairman			
Mr. Tam Sui Kin, Chris	Member			
Mr. Lam King Sang	Member			
Mr. Cheng Chi Ming, Brian		Member		
Mr. Tsang On Yip, Patrick		Member	Member	Member
Mr. Lau Sai Cheong				Member
Mr. To Chun Wai			Member	
Mr. Nguyen Van Tu, Peter		Member	Chairman	Member
Mr. Chow Shiu Wing, Joseph		Member	Member	Chairman
Mr. Wong Man Chung, Francis		Chairman	Member	Member
Mr. Yeung Kwok Ki, Anthony		Member	Member	Member

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are currently held by separate individuals for the purpose of ensuring an effective segregation of duties and a balance of power and authority, and they are Mr. Cheng Chi Ming, Brian and Mr. Suen Wing Yip respectively.

The roles of the Chairman and Chief Executive Officer are as follows:

- The Chairman provides leadership and is responsible for the effective functioning and leadership, with good corporate governance practices and procedures.

- The Chief Executive Officer is responsible for administering and managing the Group's business and internal controls, including the implementation of major strategies and initiatives decreed and delegated by the Board.

Non-executive Directors and Independent Non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors possesses different business experience, knowledge and professional background. The Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received a written annual confirmation from each existing independent non-executive Director of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all existing independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. Through participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on various Board committees, all independent non-executive Directors are contributory to the effective running of the Company.

The list of Directors (by category) is set out above and disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical details of the existing Directors and the relationships among the members of the Board are disclosed under the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' APPOINTMENT AND DIRECTORS' RE-ELECTION

During the year ended 31 March 2016, each of the executive Directors, non-executive Directors and independent non-executive Directors was engaged for a term of three years commencing from their respective dates of appointment, and was subject to retirement by rotation and re-election pursuant to the Articles of Association.

According to the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. Besides, any new Director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by Shareholders at the first general meeting of the Company after his/her appointment, and any new Director so appointed by the Board as an addition to the Board shall submit himself/herself for re-election by Shareholders at the next annual general meeting.

In accordance with Article 108 of the Articles of Association and in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, Mr. To Chun Wai, Mr. Nguyen Van Tu, Peter and Mr. Wong Man Chung, Francis shall retire from their office as Director at the forthcoming 2016 annual general meeting. In accordance with Article 112 of the Articles of Association, Mr. Lam King Sang and Mr. Yeung Kwok Ki, Anthony who were appointed as Directors after the 2015 annual general meeting of the Company, shall retire at the forthcoming 2016 annual general meeting. The above said retiring Directors, being eligible, will offer themselves for re-election at the 2016 annual general meeting. The Company's circular, sent together with this annual report, contains detailed information of the above retiring Directors pursuant to the Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing Board composition, developing and formulating procedures for nomination and appointment of directors, and assessing the independence of independent non-executive directors. Details of the Nomination Committee and its work performed are set out in the "Nomination Committee" section below.

DIRECTORS' ATTENDANCE RECORDS AT MEETING

The attendance of each Director at the Board meetings, certain committee meetings and general meeting during the year is as follows:

	Attended/Eligible to attend					
Name of Directors	**Board Meetings**	**Executive Committee Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**Nomination Committee Meetings**	**Annual General Meeting**
Executive Directors						
Mr. Suen Wing Yip	5/5	12/13	0/0	0/0	0/0	1/1
Mr. Tam Sui Kin, Chris	5/5	12/13	0/0	0/0	0/0	1/1
Mr. Lam King Sang *(Note 1)*	1/1	1/1	0/0	0/0	0/0	0/0
Non-executive Directors						
Mr. Cheng Chi Ming, Brian	5/5	0/0	2/3	0/0	0/0	1/1
Mr. Tsang On Yip, Patrick	5/5	0/0	0/0	2/2	2/2	1/1
Mr. Lau Sai Cheong *(Note 2)*	5/5	0/0	0/0	0/0	1/1	1/1
Mr. To Chun Wai *(Note 3)*	5/5	6/6	0/0	2/2	0/0	1/1
Independent Non-executive Directors						
Mr. Nguyen Van Tu Peter	5/5	0/0	3/3	2/2	2/2	1/1
Mr. Chow Shiu Wing, Joseph	5/5	0/0	3/3	2/2	2/2	1/1
Mr. Wong Man Chung, Francis	5/5	0/0	3/3	2/2	2/2	1/1
Mr. Yeung Kwok Ki, Anthony *(Note 4)*	1/1	0/0	0/0	0/0	0/0	0/0

Notes:

(1) Mr. Lam King Sang has become an executive Director and a member of Executive Committee with effect from 1 March 2016.

(2) Mr. Lau Sai Cheong has become a member of Nomination Committee with effect from 9 September 2015.

(3) Mr. To Chun Wai has been re-designated from executive Director to non-executive Director and appointed as a member of Remuneration Committee with effect from 9 September 2015. He ceased the membership of Executive Committee on the same day.

(4) Mr. Yeung Kwok Ki, Anthony has become an independent non-executive Director and member of Audit Committee, Remuneration Committee and Nomination Committee with effect from 1 March 2016.

DIRECTORS' TRAINING

All the Directors received an induction on appointment to ensure appropriate understanding of the business and operation of the Group, and full awareness of director responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors were updated with changes in any legal and regulatory developments, and changes in business and market dynamics to facilitate the discharge of their responsibilities. From time to time, professional briefings by the relevant subject matter experts were arranged for the Directors through which to refresh their knowledge and skills. Trainings received by each of the Directors during the year from 1 April 2015 to 31 March 2016 are summarized as follows:

	Areas of Training				
Name of Directors	**Corporate strategy and business**	**Law and regulatory compliance**	**Directors' duties/ governance practices**	**Risk management**	**Others**
Executive Directors					
Mr. Suen Wing Yip	✓	✓	✓	✓	
Mr. Tam Sui Kin, Chris	✓	✓	✓	✓	
Mr. Lam King Sang		✓	✓		
Non-executive Directors					
Mr. Cheng Chi Ming, Brian			✓		
Mr. Tsang On Yip, Patrick		✓	✓		
Mr. Lau Sai Cheong	✓		✓		
Mr. To Chun Wai	✓	✓	✓	✓	
Independent Non-executive Directors					
Mr. Nguyen Van Tu, Peter		✓	✓	✓	
Mr. Chow Shiu Wing, Joseph				✓	
Mr. Wong Man Chung, Francis		✓	✓	✓	✓
Mr. Yeung Kwok Ki, Anthony	✓	✓	✓	✓	

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance for Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. During the year, no claim was made against any of the Directors and officers of the Company.

BOARD DIVERSITY POLICY

The Board recognizes the benefits of diversity of its members, and its Nomination Committee is therefore entrusted with the responsibility for identifying and recommending to the Board for endorsement suitably qualified individuals regardless of gender, age, and ethnicity to become members of the Board. As can be seen, the incumbents of the Board (including the executive Directors, non-executive Directors and independent non-executive Directors), are taken on strength by reference to their respective qualifications, experiences, skills, qualities, and characters that satisfy the requirements under Listing Rules 3.08 and 3.09. The Nomination Committee will continue to carry out its responsibility to identify and make best use of diverse talents for the long term good of the Company.

BOARD COMMITTEES

For the year ended 31 March 2016, the Board had four standing Board committees, namely, Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee to oversee particular aspects of the Company's affairs. All Board committees were established with defined terms of reference. The updated terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are available on the websites of the Company and the Stock Exchange. All Board committees report to the Board on their decisions and/or recommendation made.

The practices, procedures and arrangements in conducting the meetings of Board committees are in line with those of the Board meetings.

All Board committees are provided with sufficient resources to discharge their duties and are at liberty to seek independent professional advice as they see fit at the Company's expense.

All Directors and Board committee members are allowed to include matters in the agenda of the regular Board meetings and Board committees meetings.

During the year, the minutes of the Board and Board committee meetings were kept by the Company Secretary which are available for inspection by the relevant Directors. The minutes of the Board and Board committee meetings recorded sufficient details of matters considered and decisions reached. The draft and final version of the minutes were sent to all relevant Directors for comments and execution within a reasonable time after the Board and Board committee meetings.

EXECUTIVE COMMITTEE

As at 31 March 2016, the Executive Committee was composed of three executive Directors with Mr. Suen Wing Yip acting as its chairman. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations by all business units and decides on matters relating to the management and day-to-day operations of the Group.

AUDIT COMMITTEE

As at 31 March 2016, the Audit Committee comprised six members, namely, Mr. Wong Man Chung, Francis, Mr. Nguyen Van Tu, Peter, Mr. Chow Shiu Wing, Joseph and Mr. Yeung Kwok Ki, Anthony, being independent non-executive Directors, and Mr. Cheng Chi Ming, Brian and Mr. Tsang On Yip, Patrick, being non-executive Directors. Mr. Wong Man Chung, Francis is the chairman of the Audit Committee and he possesses relevant accounting and financial management expertise. Mr. Wong is a Certified Public Accountant (Practising) and has over 25 years of experience in auditing, taxation, management and financial advisory.

The principal duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the staff responsible for the accounting and financial reporting function or external auditor before submission to the Board; (ii) review the relationship with the external auditor by making reference to the work performed by the auditor, their fees and terms of engagement, and by making recommendations to the Board on the appointment, re-appointment and removal of external auditor; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures.

The Audit Committee is also responsible for performing the following corporate governance duties:

a. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b. to review and monitor the training and continuous professional development of directors and senior management of the Company;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and

e. to review the Company's compliance with the CG Code as set out in Appendix 14 of the Listing Rules and disclosure in the corporate governance report in the annual report of the Company.

During the year ended 31 March 2016, the Audit Committee has performed the following major tasks:

- Review and discussion of the annual financial statements, annual results announcement, annual report, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- Review and discussion of the interim financial report, interim results announcement, interim report and the related accounting principles and practices adopted by the Group;
- Review of the scope of audit work, auditor's fees and terms of engagement;
- Discussion and recommendation of the appointment of the external auditor;
- Review and discussion of the risk management and internal control systems of the Group and the associated action plan;
- Review of the corporate governance practices of the Group; and
- Review and recommendation of the revision of its terms of reference.

During the year, the Audit Committee held two private meetings with the external auditor without the presence of any executive Directors or the management of the Company.

All issues raised by the Audit Committee are addressed and dealt with by the relevant members of the management team, and the work, findings and recommendations of the Audit Committee are reported to the Board. During the year ended 31 March 2016, there was no disagreement between the Board and the Audit Committee, and there was no issue of significant importance requiring disclosure in this annual report under the Listing Rules.

The Company has adopted a whistle blowing policy for its employees, customers, suppliers and other stakeholders through which to raise concerns about any suspected misconduct or malpractice within the Company. The Audit Committee is responsible for monitoring and reviewing the policy and recommendations for action resulting from the investigation into any such complaints.

REMUNERATION COMMITTEE

As at 31 March 2016, the Remuneration Committee comprised six members, namely, Mr. Nguyen Van Tu, Peter, Mr. Chow Shiu Wing, Joseph, Mr. Wong Man Chung, Francis and Mr. Yeung Kwok Ki, Anthony, being independent non-executive Directors, Mr. Tsang On Yip, Patrick and Mr. To Chun Wai, being non-executive Directors. Mr. Nguyen is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company and the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) make recommendations on the remuneration packages of executive Directors and senior management; and (iii) review and approve performance-based remuneration by making reference to corporate goals and objectives handed down by the Board from time to time.

Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration.

Details of the remuneration of each Director for the year ended 31 March 2016 are set out in note 10 to the consolidated financial statements contained in this Annual Report.

During the year ended 31 March 2016, the Remuneration Committee performed the following tasks:

- Review and discussion of the remuneration policy of the Group and the remuneration packages of Directors and senior management of the Company;

- Review and recommendation of payment of bonus, allowance and benefits to the Directors and senior management of the Company;

- Recommendation of the remuneration packages of the Board members and senior management;
- Recommendation of the Director fees of a non-executive Director on re-designation; and
- Recommendation of the remuneration packages of the newly appointed Directors.

NOMINATION COMMITTEE

The Company established the Nomination Committee in accordance with the provisions set out in CG Code. As at 31 March 2016, the Nomination Committee comprised six members, Mr. Chow Shiu Wing, Joseph, Mr. Nguyen Van Tu, Peter, Mr. Wong Man Chung, Francis and Mr. Yeung Kwok Ki, Anthony, being the independent non-executive Directors, Mr. Tsang On Yip, Patrick and Mr. Lau Sai Cheong, being non-executive Directors. Mr. Chow Shiu Wing, Joseph is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of Directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of Directors; and (v) assess the independence of independent non-executive Directors.

During the year ended 31 March 2016, the Nomination Committee has performed the following works:

- Review and discussion of the existing structure, size, diversity and composition of the Board to ensure it has a balance of expertise, skill and experience appropriate to the requirements for the business of the Group;
- Review and assessment of the independence of the existing independent non-executive Directors;
- Recommendation on the re-appointment of the retiring Directors at the annual general meeting of the Company;
- Discussion and recommendation of the proposal on re-designation of a Director;
- Discussion and recommendation of the proposals on appointment of the new Directors; and
- Monitoring the implementation of board diversity policy of the Company.

COMPANY SECRETARY

The company secretary is a full-time employee of the Company. She reports to the Chairman and is responsible for advising the Board on governance matters. All Directors have access to the advice and services of the company secretary.

According to the requirements of Rule 3.29 of the Listing Rules, the company secretary has taken not less than 15 hours of relevant professional training during the financial year ended 31 March 2016.

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 2016.

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 inside 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 2016.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities, with the support from the Finance and Accounting Department, to prepare the financial statements of the Group for the year ended 31 March 2016 in accordance with statutory requirements and applicable accounting standards. The auditor of the Group acknowledges the reporting responsibilities in the auditor's report on the financial statements for the year ended 31 March 2016.

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorized their publication as and when required.

EXTERNAL AUDIT AND AUDITOR'S REMUNERATION

The Company's external auditor, KPMG, performed independent audit on the Group's consolidated financial statements for the year ended 31 March 2016. The Audit Committee has unrestricted access to external auditor and the latter reports to the Audit Committee on any significant weaknesses identified in the internal control system during the course of audit.

Prior to the commencement of the audit of the Company, the Audit Committee would receive written confirmation from the external auditor on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants.

The Company paid/payable to KPMG a total remuneration of HK$2,000,000 and HK$591,000 for their annual audit and non-audit services respectively during the year. The non-audit services mainly consist of review of the interim report, taxation and consultancy services.

INTERNAL CONTROLS

The Board is responsible for the risk management and the internal control systems of the Group. Internal control systems have been designed to allow the Board to monitor the Group's overall financial position, to protect its assets, and to provide reasonable, but not absolute, assurance against material financial misstatement or loss. The Board has also considered the adequacy of resources, qualifications and experience of the accounting and financial reporting function of its staff and their training.

The internal audit department of the Company performs regular review and any internal control weaknesses will be reported to the management of the Company and the Audit Committee members. The management will act upon the recommendation proposed by the internal auditor who will perform subsequent review to ensure those weaknesses have been remedied.

During the year under review, the Group has also engaged ZHONGHUI ANDA Risk Services Limited to review the financial reporting procedures, systems and controls in relation to the Group's procurement management in order to ensure proper internal control policies, procedures and practices are in place and have been implemented accordingly.

To assure achievement of the Company's governance objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies, three manuals, with particular emphasis on communications, risk management and controls, are implemented under the auspices of the Board of Directors for company-wide compliance. Subject to periodical review and regular monitoring, these manuals are procedural means by which the Company resources are directed, monitored, and measured. They also play an important role in preventing fraud and protecting the Company's physical and intangible resources such as machinery and intellectual property. Moreover, staff members are encouraged to report problems of operations and monitoring to identify non-compliance with the corporate policies, standards, practices and procedures. More importantly, through the additional efforts of internal and external auditors and that of the Audit Committee the effectiveness of internal control is further measured for improvement.

CORPORATE SOCIAL RESPONSIBILITY

The Company recognizes the importance of corporate social responsibility ("CSR") and is particularly interested in the demands of different contractual and community stakeholders. Within the bounds of its CSR resources, the Company will integrate a CSR perspective into its business model by monitoring and ensuring active compliance with the spirit of the law, ethical standards and market good practices. This notwithstanding, the Company will continue seeking opportunities to go beyond compliance and to engage in activities conducive to further social good and positive impact on the environment and stakeholders including consumers, employees, investors, communities and others.

During the year ended 31 March 2016, the Company remained focused on moving in the right direction to conserve energy and natural resources, reduce waste, promote green issues in its neighbourhood, attend to employee welfare, improve working conditions, uphold intellectual property, ensure equal opportunity, and sponsor and support local community activities championed by different charitable and/or non-government organisations.

The Board believes that education is an important component to promote environmental protection in Hong Kong. With this mission, the Company has built the IWS Environmental Education Center for community groups to visit. We want to pass the torch, to help educate individuals to reduce the pressure of Hong Kong's landfills and protect the environment. The education center is constructed with recycled materials, emphasizing the importance of recycling and promoting environmental protection. Tour of the education center will expand the participants' knowledge on paper, plastic, glass and WEEE (waste electrical and electronic equipment) recycling and the 3 'R's Reduce, Reuse and Recycle.

During the year under review, the Group also sponsored a variety of community engagement initiatives such as "The Green Heroes Triathlon Race & Bazaar" and "The Green Heroes 2016" organised by World Green Organisation, and "WWF Walk for Nature 2015" organised by World Wide Fund.

GENERAL MEETINGS

Procedures for making proposals/moving a resolution at the annual general meeting ("AGM")

- The Company holds a general meeting as its AGM every year.

- The next AGM will be held on Tuesday, 30 August 2016 (the "2016 AGM"). Details of the 2016 AGM are set out in the notice of the 2016 AGM which constitutes part of the circular to shareholders sent together with this annual report. Notice of the 2016 AGM and proxy form are also available on the Company website.

- There are no provisions allowing shareholders of the Company (the "Shareholders") to make proposals or move resolutions at the AGM under the Memorandum and Articles of Association of the Company (the "M&A"), or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") by following the procedures below.

Procedures for shareholders to convene an EGM (including making proposals/moving a resolution at the EGM)

- Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

- Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Integrated Waste Solutions Building, 8 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong, for the attention of the Company Secretary.

- The Requisition must state clearly the name and the contact information of the Eligible Shareholder(s) concerned, the reason(s) to convene an EGM, the agenda proposed to be included the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned. The Eligible Shareholder(s) must prove his/her/their shareholding in the Company to the satisfaction of the Company.

- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM.

- If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the M&A, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that effective communication with Shareholders is essential to enhance investor relations and understanding of the Group's business performance and strategies. The Company also recognised the importance of transparency and timely disclosure of corporate information, which would enable Shareholders and investors to make their best investment decisions. The Company has maintained a website at www.iwsgh.com as a communication platform to keep Shareholders and investors, abreast of the information and updates on the Group's business developments and operations, financial information, announcements and circulars, notices of general meetings, and other information are available for public access. Shareholders and investors may write directly to the Company's principal place of business in Hong Kong for any inquiries.

The Board considers that the general meetings of the Company can serve to provide an important channel for Shareholders to exchange views with the Board. The chairman of the Board as well as the chairmen and/or other members of the Board Committees are normally available to answer any questions fielded by the Shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management of the Company maintains dialogue with institutional investors and analysts to keep them informed of the Group's development.

The Company has published its amended and restated memorandum and articles of association on its website as well as the designated website of the Stock Exchange. During the year ended 31 March 2016, there was no alteration to the Company's constitutional documents.

Enquiries to the Board

Enquiries may be put to the Board at the principal place of business of the Company at Integrated Waste Solutions Building, 8 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong or by email info@iwsgh.com.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of

Integrated Waste Solutions Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Integrated Waste Solutions Group Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 50 to 127, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Our auditor's report dated 26 June 2015 on the Group's consolidated financial statements for the year ended 31 March 2015 was qualified, given the circumstances as described in note 2(a) to the consolidated financial statements in respect of the departure from 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").

Had the financial results of the De-consolidated Subsidiaries (as defined in note 2(a)) 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" until the date of disposal in July 2014 and the net cash flows attributable to operating, investing and financing activities of the discontinued operations prior to disposal would have been presented separately in the consolidated statement of cash flows.

Our auditor's report on the current year's consolidated financial statements is also modified because of the 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 effects on the corresponding figures of the matters described in the "Basis for qualified opinion" paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Revenue	5	**273,131**	443,542
Cost of sales		**(250,621)**	(419,207)
Gross profit		**22,510**	24,335
Other revenue	6	**6,980**	9,129
Other net loss	7	**(3,315)**	(4,403)
Selling and distribution expenses		**(48,175)**	(58,650)
Administrative and other operating expenses		**(90,489)**	(100,794)
Operating loss		**(112,489)**	(130,383)
Finance income	8(b)	**5,492**	3,119
Share of loss of joint venture	14(d)	**(2,454)**	–
Loss before taxation	8	**(109,451)**	(127,264)
Income tax	9(a)	**–**	1,113
Indemnity receipt of tax in respect of prior years	9(b)	**–**	13,071
Loss from continuing operations		**(109,451)**	(113,080)
Discontinued operations			
Impairment loss on amounts due from De-consolidated Subsidiaries	29(c)	**–**	(36,572)
Loss and total comprehensive income for the year		**(109,451)**	(149,652)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

(Expressed in Hong Kong dollars)

	Note	**2016**	2015
		$'000	$'000
Attributable to:			
Equity shareholders of the Company		**(104,078)**	(149,607)
Non-controlling interests		**(5,373)**	(45)
		(109,451)	(149,652)
Attributable to equity shareholders of the Company			
Continuing operations		**(104,078)**	(113,035)
Discontinued operations		**–**	(36,572)
		(104,078)	(149,607)
Basic and diluted loss per share	11		
Continuing operations		**(2.2) cents**	(3.2) cents
Discontinued operations		**– cents**	(1.0) cents
		(2.2) cents	(4.2) cents

The notes on pages 57 to 127 form part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 23(c).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Non-current assets			
Property, plant and equipment	12	**734,786**	682,027
Land use rights	13	**32,431**	27,478
Interests in joint venture	14	**30,381**	–
Other receivables, deposits and prepayments	17	**17,656**	25,552
Finance lease receivables	18	**5,153**	–
		820,407	735,057
Current assets			
Inventories	15	**4,808**	6,086
Trade and bills receivables	16	**45,355**	77,436
Other receivables, deposits and prepayments	17	**35,052**	53,000
Finance lease receivables	18	**1,004**	–
Amount due from joint venture	14	**867**	–
Amounts due from related companies	28(b)	**12**	12
Bank deposits and cash	19	**288,212**	455,869
Restricted and pledged bank deposits	19	**18,475**	2,225
Taxation recoverable	21(a)	**3,076**	3,249
		396,861	597,877
Current liabilities			
Trade payables	20	**13,901**	20,223
Other payables and accruals	20	**52,061**	54,397
Amounts due to related companies	28(b)	**10**	10
		65,972	74,630
Net current assets		**330,889**	523,247
NET ASSETS		**1,151,296**	1,258,304

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
CAPITAL AND RESERVES			
Share capital	22	**482,234**	482,234
Reserves	23	**672,480**	774,115
Total equity attributable to equity shareholders of the Company		**1,154,714**	1,256,349
Non-controlling interests		**(3,418)**	1,955
TOTAL EQUITY		**1,151,296**	1,258,304

Approved and authorised for issue by the Board of Directors on 29 June 2016.

Cheng Chi Ming, Brian
Chairman

Suen Wing Yip
Director

The notes on pages 57 to 127 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

(Expressed in Hong Kong dollars)

	Note	Share capital (Note 22) $'000	Share premium (Note 23(b)(i)) $'000	Capital reserve (Note 23(b)(ii)) $'000	Share-based capital reserve (Note 23(b)(iii)) $'000	Accumulated losses $'000	Attributable to equity shareholders of the Company $'000	Non-controlling interests $'000	Total $'000
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	22(b)	241,117	230,523	–	–	–	471,640	–	471,640
Equity settled share-based transactions	22(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
At 1 April 2015		482,234	3,092,881	(964,044)	5,534	(1,360,256)	1,256,349	1,955	1,258,304
Changes in equity for 2016:									
Loss and total comprehensive income for the year		–	–	–	–	(104,078)	(104,078)	(5,373)	(109,451)
Equity settled share-based transactions	22(c)	–	–	–	2,443	–	2,443	–	2,443
Share options lapsed	22(c)	–	–	–	(7,977)	7,977	–	–	–
At 31 March 2016		482,234	3,092,881	(964,044)	–	(1,456,357)	1,154,714	(3,418)	1,151,296

The notes on pages 57 to 127 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Cash used in operations	24	**(31,037)**	(115,325)
Hong Kong Profits Tax recovered/(paid)		**173**	(6,287)
Net cash used in operating activities		**(30,864)**	(121,612)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(79,357)**	(372,394)
Prepayments for purchase of property, plant and equipment		**(14,517)**	(18,234)
Purchase of land use right	13	**(5,921)**	–
Investment in joint venture	14	**(3)**	–
Loans to joint venture		**(31,579)**	–
Advance to joint venture	14	**(867)**	–
Proceeds from disposal of property, plant and equipment		**6,164**	2,383
Proceeds from finance lease receivables		**261**	–
Proceeds received from deposits with original maturity greater than three months		**–**	23,766
Interest received		**4,176**	4,721
Net cash used in investing activities		**(121,643)**	(359,758)
Cash flows from financing activities			
Proceeds from new shares issued upon the open offer	22(b)	**–**	471,640
Proceeds from disposal of entire interest in De-consolidated Subsidiaries	29(c)	**–**	197,200
Capital contribution by non-controlling interest shareholders		**–**	2,000
Indemnity receipt of tax in respect of prior years	9(b)	**–**	13,071
Loan from non-controlling interest shareholders		**1,100**	–
(Increase)/decrease in restricted and pledged bank deposits		**(16,250)**	175

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2015 $'000
Net cash (used in)/generated from financing activities		**(15,150)**	684,086
Net (decrease)/increase in cash and cash equivalents		**(167,657)**	202,716
Cash and cash equivalents at the beginning of the year		**455,869**	252,560
Exchange difference on cash and cash equivalents		**–**	593
Cash and cash equivalents at the end of the year	19	**288,212**	455,869

The notes on pages 57 to 127 form part of these consolidated financial statements.

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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 relating 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 has 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 the accounting 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 believed that it was almost impossible, and not practical, to ascertain the transactions and balances of Huizhou Fook Woo for inclusion in the consolidated 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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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 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 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 for the period prior to the completion of the Sale Transaction in July 2014 was 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 were unable to ascertain the financial impact of the non-consolidation of the De-consolidated Subsidiaries on the consolidated financial statements for the year ended 31 March 2015, which are included in the consolidated financial statements of the Group for the year ended 31 March 2016 as corresponding figures.

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 applicable International Financial Reporting Standards ("IFRSs"), promulgated by the International Accounting Standards Board ("IASB"), which include International Accounting Standards ("IAS") and related Interpretations. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and 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 explained in the accounting policies set out below.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

– *Annual Improvements to IFRSs 2010-2012 Cycle*

– *Annual Improvements to IFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, "*Related party disclosures*" has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

2 Summary of significant accounting policies (continued)

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Except for the De-consolidated Subsidiaries, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 Summary of significant accounting policies (continued)

(b) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(c)).

In the Company's statement of financial position, an investment in a subsidiary is accounted for at cost less impairment losses (see note 2(h)).

(c) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(h)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees, post-acquisition post-tax items of the investees' other comprehensive income and any impairment losses for the year are recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

2 Summary of significant accounting policies (continued)

(c) Associates and joint ventures (continued)

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)).

In the Company's statement of financial position, investments in associate and joint venture are stated at cost less impairment losses (see note 2(h)).

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see note 2(h)).

Construction in progress is stated at historical cost less impairment losses (see note 2(h)). The cost include expenditure that is directly attributable to the construction and comprises the cost of material, direct labour and construction costs and applicable borrowing costs incurred during the construction period. On completion, the construction in progress is transferred to other categories within property, plant and equipment. No depreciation is provided for construction in progress. The carrying amount of construction in progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

– Buildings	3% – 4.5%
– Leasehold improvements	20% or unexpired lease term, whichever is shorter
– Plant and machinery	7% – 30%
– Furniture, fixtures and equipment	18% – 30%
– Motor vehicles	6.67% – 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis among the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Land use rights

Land use rights are up-front payments to acquire long-term interest in leasehold land, which are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land from the date when the respective rights were granted. Amortisation of land use rights is calculated on a straight-line basis over the period of the lease and is recognised in profit or loss within “administrative and other operating expenses”.

(f) Financial assets

The Group classifies its financial assets as loans or receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period which are classified as non-current assets. The Group’s loans and receivables comprise ‘trade and bills receivables’, ‘other receivables, deposits and prepayments’, ‘amounts due from related companies’, ‘bank deposits and cash’ and ‘restricted and pledged bank deposits’ in the consolidated statement of financial position.

2 Summary of significant accounting policies (continued)

(f) Financial assets (continued)

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired (see note 2(h)).

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease.

(ii) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2 Summary of significant accounting policies (continued)

(g) Leased assets (continued)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) Impairment of assets

(i) Impairment of investments in equity securities and receivables

Investment in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 Summary of significant accounting policies (continued)

(h) Impairment of assets (continued)

(i) Impairment of investments in equity securities and receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associate and joint venture accounted for under the equity method in the consolidated financial statements, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(h)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(h)(ii).

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease; and

– investments in subsidiaries, associate and joint venture in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measureable) or value in use (if determinable).

2 Summary of significant accounting policies (continued)

(h) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(h)(i) and (ii)).

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

2 Summary of significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 Summary of significant accounting policies (continued)

(m) Income tax (continued)

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees, whose payment or settlement is deferred and the effect would be material. These amounts are stated at their present value.

2 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Pension obligations

The Group participates in defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expense when the associated services are rendered by employees and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions, where applicable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the share options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

2 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(iv) Share-based payments (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the share option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the share option expires (when it is released directly to retained profits).

(v) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2 Summary of significant accounting policies (continued)

(p) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that future economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Sale of goods are recognised when the Group has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Service income

Revenue is recognised when services are rendered.

(iii) Franchise fee and management fee income

Franchise fee and management fee income are recognised when services are rendered.

2 Summary of significant accounting policies (continued)

(q) Revenue recognition (continued)

(iv) Government grants/subsidy income

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Subsidies which are not government grants are recognised as income in profit or loss when they are received and that the Group comply with the conditions attaching to them.

(v) Interest income

Interest income is recognised using the effective interest method.

(r) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (for disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

2 Summary of significant accounting policies (continued)

(r) Non-current assets held for sale and discontinued operations (continued)

(i) Non-current assets held for sale (continued)

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss and other comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 Summary of significant accounting policies (continued)

(s) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

2 Summary of significant accounting policies (continued)

(t) Segment reporting (continued)

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(u) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "other net loss/gain".

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities in the statement of financial position are translated at the end of the reporting period;

2 Summary of significant accounting policies (continued)

(u) Translation of foreign currencies (continued)

(iii) Group companies (continued)

– income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and all resulting exchange differences are recognised in other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Foreign currency risk

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in various foreign currencies primarily Renminbi ("RMB"), HK$ and United States dollar ("USD"). The amounts of assets and liabilities denominated in the corresponding currencies are disclosed in notes 16, 19 and 20.

The Group currently does not have a foreign currency hedging policy.

Since HK$ is pegged to USD, management considers that there is no significant foreign currency risk between these two currencies to the Group.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Foreign currency risk (continued)

The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages its foreign currency risk by closely monitoring the movement of foreign currency rates.

As at 31 March 2016, if RMB had weakened/strengthened by 5% against HKD with all other variables held constant, pre-tax loss for the year would have been approximately HK$1,982,000 higher/lower (2015: HK$1,958,000 higher/lower), mainly as a result of the foreign exchange losses/gains on translation of RMB denominated cash and bank deposits.

(ii) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from related companies and cash at banks. The Group has no significant concentrations of credit risk. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For cash at banks, deposits are only placed with banks with good credit ratings. For credit exposures to customers, the Group has policies in place to ensure that sales are made to reputable and credit-worthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly recoverable amount of each individual trade and other receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with borrowing covenants, to ensure that it maintains sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities.

All of the Group's financial liabilities are required to settled within one year or repayable on demand. The total contractual undiscounted cash outflows of these financial liabilities equal to their carrying amount on the statement of financial position.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Interest rate risk

The Group's exposure to interest rate risk arises mainly from its bank deposits. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. As at 31 March 2016 and 2015, the Group had no interest bearing bank borrowings.

The Group monitors its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any financing, renewal of existing positions and alternative financing transactions.

(b) Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents, deposits with original maturity greater than three months and restricted and pledged bank deposits. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position, plus net debt.

The Group has no borrowings at 31 March 2016 and 31 March 2015.

The gearing ratio as at 31 March 2016 and 2015 are analysed as follows:

	2016	2015
	$'000	$'000
Cash and cash equivalents *(note 19)*	**288,212**	455,869
Restricted and pledged bank deposits *(note 19)*	**18,475**	2,225
Net cash	**306,687**	458,094
Total capital	**1,157,296**	1,258,304
Net debt to total capital gearing ratio	**N/A**	N/A

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimate of useful lives of property, plant and equipment

The Group determines the estimated useful lives and residual values in order to ascertain the amount of depreciation charges for each reporting period. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives or residual values are different from those previously estimated.

(b) Provision for impairment of property, plant and equipment

If circumstances indicate that carrying value of property, plant and equipment may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognised in accordance with IAS 36, Impairment of assets. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling prices and the value in use. It is difficult to estimate the precise selling prices because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which requires significant judgment relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

4 Critical accounting estimates and judgements (continued)

(c) Provision for impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial positions of the customers of the Group were to deteriorate which in an impairment of their abilities to make payments, additional provision may be required.

5 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: sale of recovered paper and materials

– Tissue paper products: sale of tissue paper products

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

– Logistics services: provision of logistics services

5 Segment information (continued)

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:

	2016	2015
	$'000	$'000
Sale of recovered paper and materials	**235,686**	257,110
Sale of tissue paper products	**18,117**	173,241
Provision of CMDS	**16,692**	11,689
Provision of logistics services	**2,636**	1,502
	273,131	443,542

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:

	2016	2015
	$'000	$'000
Hong Kong	**273,131**	443,542

For the year ended 31 March 2016, revenue of approximately HK$77,844,000 is derived from an external customer which accounted for greater than 10% of the Group's total revenue.

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, each of which accounted for greater than 10% of the Group's total revenue.

All of the Group's non-current assets as at 31 March 2016 and 2015 are located in Hong Kong.

5 Segment information (continued)

The segment results and other segment items included in the loss for the year ended 31 March 2016 are as follows:

	Recovered paper and materials $'000	Tissue paper products $'000	CMDS $'000	Logistics services $'000	Group $'000
Continuing operations					
Segment revenue:					
Sale to external customers	235,686	18,117	16,692	2,636	273,131
Inter-segment sale	–	–	–	20,211	20,211
Reportable segment revenue	235,686	18,117	16,692	22,847	293,342
Elimination of inter-segment revenue	–	–	–	(20,211)	(20,211)
	235,686	18,117	16,692	2,636	273,131
Segment results:					
Reportable segment profit	14,908	1,743	9,403	2,117	28,171
Elimination of inter-segment profits					(5,661)
Reportable segment profit derived from the Group's external customers					22,510
Unallocated operating costs					(134,999)
Finance income					5,492
Share of loss of joint venture					(2,454)
Loss for the year					(109,451)

5 Segment information (continued)

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 $'000	Tissue paper products $'000	CMDS $'000	Logistics services $'000	Group $'000
Continuing operations					
Segment revenue:					
Sale to external customers	257,110	173,241	11,689	1,502	443,542
Inter-segment sale	–	–	–	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/(loss)	22,829	14,511	(3,691)	12,350	45,999
Elimination of inter-segment profits					(21,664)
Reportable segment profit derived from the Group's external customers					24,335
Unallocated operating costs					(154,718)
Finance income					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)

6 Other revenue

	2016	2015
	$'000	$'000
Service income	4,589	1,304
Installation service income	460	–
Project income	1,054	586
Subsidy income	528	1,930
Franchise income	–	1,604
Recovered deposits	–	1,576
Management fee from an associate	–	1,305
Others	349	824
	6,980	9,129

7 Other net loss

	2016	2015
	$'000	$'000
Foreign exchange losses, net	(981)	(593)
(Loss)/gain on disposals of property, plant and equipment, net	(634)	1,069
Write off of property, plant and equipment	(1,700)	(4,879)
	(3,315)	(4,403)

8 Loss before taxation

Loss before taxation is arrived after charging/(crediting):

		2016	2015
		$'000	$'000
(a)	**Staff costs (excluding directors' emoluments)**		
	Salaries, wages and other benefits	**60,653**	80,912
	Contributions to defined contribution retirement plan	**2,247**	3,114
	Equity settled share-based payment expenses	**2,443**	1,485
		65,343	85,511
	Staff costs included in:		
	– Cost of sales	**23,854**	33,959
	– Selling and distribution expenses	**17,344**	22,209
	– Administrative and other operating expenses	**24,145**	29,343
		65,343	85,511
(b)	**Finance income**		
	Interest income from banks deposits	**(3,404)**	(3,119)
	Interest income from other deposits	**(247)**	–
	Interest income from loans to joint venture	**(1,778)**	–
	Finance lease income	**(63)**	–
		(5,492)	(3,119)
(c)	**Other items**		
	Amortisation of land use rights *(note 13)*	**968**	852
	Depreciation of property, plant and equipment *(note 12)*	**36,518**	21,840
	Impairment losses:		
	– trade receivables *(note 16(b))*	**2,889**	(56)
	– loan to and amount due from an associate *(note)*	**–**	5,613
	Operating lease charges in respect of land and buildings	**19,217**	32,926
	Cost of inventories sold *(note 15)*	**181,985**	333,050
	Auditor's remuneration:		
	– Audit services	**2,000**	2,650
	– Other services	**591**	1,234

8 Loss before taxation (continued)

Note: In January 2015, an associate of the Group announced to commence a voluntary liquidation. The Directors of the Group determined that the likelihood 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 entered into a voluntary liquidation.

9 Income tax

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

	2016	2015
	$'000	$'000
Current income tax – Hong Kong Profits Tax		
– Under provision in respect of prior years	**–**	3
Deferred tax		
– Origination and reversal of temporary differences *(note 21(b))*	**–**	(1,116)
Income tax credit	**–**	(1,113)

No provision for Hong Kong Profits Tax for the years ended 31 March 2016 and 31 March 2015 has been made in respect of the subsidiaries in Hong Kong as either the tax losses brought forward from previous years exceed the estimated assessable profits for the year or the subsidiaries have no estimated assessable profits in Hong Kong.

9 Income tax (continued)

(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 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 profit or loss of the Group in the prior years despite the above mentioned indemnity arrangement.

On 15 April 2014, a total sum of HK$13,071,000 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:

	2016	2015
	$'000	$'000
Loss before taxation	**(109,451)**	(127,264)
Tax calculated at tax rates of 16.5% (2015: 16.5%)	**(18,059)**	(20,998)
Tax effects of non-taxable income	**(1,005)**	(1,192)
Tax effects of non-deductible expenses	**3,708**	4,237
Tax effects of tax losses not recognised	**18,719**	16,043
Tax effect of utilisation of tax loss previously not recognised	**(273)**	–
Under-provision in respect of prior years	**–**	3
Others	**(3,090)**	794
Income tax credit	**–**	(1,113)

10 Emoluments for directors and five highest paid individuals and senior management

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 March 2016					
	Fees	Salaries, allowance and benefits in kind	Discretionary bonus	Retirement schemes contributions	Share-based payments *(note (e))*	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Executive directors						
Mr. Suen Wing Yip	360	2,715	230	18	8	3,331
Mr. Tam Sui Kin, Chris	360	1,634	628	18	5	2,645
Mr. Lam King Sang[c]	30	181	–	–	–	211
Mr. To Chun Wai[b]	158	1,029	640	11	–	1,838
Non-executive directors						
Mr. Cheng Chi Ming, Brian	720	–	–	–	–	720
Mr. Tsang On Yip, Patrick	360	–	–	–	–	360
Mr. Lau Sai Cheong[a]	360	–	–	–	–	360
Mr. To Chun Wai[b]	202	–	–	–	–	202
Independent non-executive directors						
Mr. Nguyen Van Tu, Peter	360	–	–	–	3	363
Mr. Chow Shiu Wing, Joseph	360	–	–	–	–	360
Mr. Wong Man Chung, Francis	360	–	–	–	–	360
Mr. Yeung Kwok Ki, Anthony[c]	30	–	–	–	–	30
	3,660	5,559	1,498	47	16	10,780

10 Emoluments for directors and five highest paid individuals and senior management (continued)

(a) Directors' emoluments (continued)

	For the year ended 31 March 2015					
	Fees $'000	Salaries, allowance and benefits in kind $'000	Discretionary bonus $'000	Retirement schemes contribution $'000	Share-based payments *(note (d))* $'000	Total $'000
Executive directors						
Mr. Suen Wing Yip	420	2,490	800	18	595	4,323
Mr. Lau Sai Cheong[(a)]	338	1,845	413	18	459	3,073
Mr. To Chun Wai	360	1,695	513	18	464	3,050
Mr. Tam Sui Kin, Chris	360	1,423	345	18	399	2,545
Non-executive directors						
Mr. Cheng Chi Ming, Brian	720	–	–	–	836	1,556
Mr. Tsang On Yip, Patrick	360	–	–	–	669	1,029
Mr. Lau Sai Cheong[(a)]	22	–	–	–	42	64
Independent non-executive directors						
Mr. Nguyen Van Tu, Peter	360	–	–	–	195	555
Mr. Chow Shiu Wing, Joseph	360	–	–	–	195	555
Mr. Wong Man Chung, Francis	360	–	–	–	195	555
	3,660	7,453	2,071	72	4,049	17,305

10 Emoluments for directors and five highest paid individuals and senior management (continued)

(a) Directors' emoluments (continued)

Notes:

(a) Re-designated as non-executive director on 9 March 2015.

(b) Re-designated as non-executive director on 9 September 2015.

(c) Appointed on 1 March 2016.

(d) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(n)(iv) and in accordance with that policy, includes adjustments to reverse amount accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of share options granted, are disclosed under paragraph "Share option scheme" in the directors' report.

(e) In accordance with the terms of the share option scheme, upon the making of a mandatory cash offers to all holders of share options due to the change in controlling shareholder of the Group on 21 December 2015, all share options were deemed to be lapsed on 29 February 2016 and HK$16,000 was paid to the directors by Prestige Safe Limited, a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or as compensation for loss of office. No director waived or has agreed to waive any emoluments.

10 Emoluments for directors and five highest paid individuals and senior management (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included 3 directors (2015: 4). Their emoluments are reflected in the analysis presented in note 10(a). The emoluments payable to the remaining 2 (2015: 1) individuals are as follows:

	2016	2015
	$'000	$'000
Salaries, allowance and benefits in kind	**1,645**	1,221
Discretionary bonus	**390**	237
Retirement schemes contributions	**3**	18
Share-based payments	**2**	223
	2,040	1,699

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
HK$1,000,001 to HK$2,000,000	**2**	1

(c) Emoluments of senior management

The emoluments of the senior management whose profiles are set out in the section headed "Directors and Senior Management" of the annual report (of which these financial statements form a part) have been included in note 10(a) and 10(b).

11 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.

	2016	2015
	$'000	$'000
Loss attributable to the equity shareholders of the Company		
– Continuing operations	(104,078)	(113,035)
– Discontinued operations	–	(36,572)
	(104,078)	(149,607)
Weighted average number of ordinary shares:	'000	'000
Issued ordinary shares at 1 April	4,822,334	2,411,167
Effect of shares issued under the open offer *(note 22(b))*	–	1,105,118
Weighted average number of ordinary shares at 31 March	4,822,334	3,516,285
Basic loss per share		
– Continuing operations	(2.2) cents	(3.2) cents
– Discontinued operations	– cents	(1.0) cents
	(2.2) cents	(4.2) 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$104,078,000 and HK$Nil respectively (2015: HK$113,035,000 and HK$36,572,000 respectively) and on the weighted average number of 4,822,334,000 (2015: 3,516,285,000) ordinary shares in issue during the year.

Diluted loss per share

There were no outstanding dilutive instruments as at 31 March 2016 and therefore the diluted loss per share equals the basic loss per share.

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

12 Property, plant and equipment

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 March 2016							
Net book amount:							
At 1 April 2015	606,148	4,855	22,506	8,207	40,311	–	682,027
Additions	76,963	1,813	22,410	1,904	1,040	–	104,130
Disposals	–	–	(8,611)	(349)	(4,193)	–	(13,153)
Write off	–	(1,697)	–	(3)	–	–	(1,700)
Depreciation	(20,238)	(1,730)	(6,747)	(2,546)	(5,257)	–	(36,518)
At 31 March 2016	662,873	3,241	29,558	7,213	31,901	–	734,786
At 31 March 2016							
Cost	687,781	6,708	45,932	13,805	48,752	–	802,978
Accumulated depreciation and impairment	(24,908)	(3,467)	(16,374)	(6,592)	(16,851)	–	(68,192)
Net book amount	662,873	3,241	29,558	7,213	31,901	–	734,786

12 Property, plant and equipment (continued)

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 March 2015							
Net book amount:							
At 1 April 2014	–	10,797	14,635	5,508	29,094	345,736	405,770
Additions	7,551	1,240	14,627	5,062	18,279	257,531	304,290
Disposals	–	–	–	–	(1,314)	–	(1,314)
Write off	–	(4,259)	(19)	(402)	(199)	–	(4,879)
Transfer	603,267	–	–	–	–	(603,267)	–
Depreciation	(4,670)	(2,923)	(6,737)	(1,961)	(5,549)	–	(21,840)
At 31 March 2015	606,148	4,855	22,506	8,207	40,311	–	682,027
At 31 March 2015							
Cost	610,818	9,924	49,250	12,949	59,496	–	742,437
Accumulated depreciation and impairment	(4,670)	(5,069)	(26,744)	(4,742)	(19,185)	–	(60,410)
Net book amount	606,148	4,855	22,506	8,207	40,311	–	682,027

12 Property, plant and equipment (continued)

Depreciation of the Group's property, plant and equipment has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 $'000	2015 $'000
Cost of sales	**10,308**	11,827
Selling and distribution expenses	**3,426**	3,497
Administrative and other operating expenses	**22,784**	6,516
	36,518	21,840

13 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments. Their net book values are analysed as follows:

	2016 $'000	2015 $'000
In Hong Kong, held on medium term	**32,431**	27,478

The movements of land use rights are as follows:

	2016 $'000	2015 $'000
At 1 April	**27,478**	28,330
Additions	**5,921**	–
Amortisation	**(968)**	(852)
At 31 March	**32,431**	27,478

Amortisation of land use rights has been included in "administrative and other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

14 Interests in joint venture

	2016 $'000	2015 $'000
Non-current assets		
Share of net liabilities	(2,451)	–
Loans to joint venture *(note 14(b))*	32,832	–
	30,381	–
Current assets		
Amount due from joint venture *(note 14(c))*	867	–

In April 2015, the Group and independent third parties set up a joint venture, ALBA Integrated Waste Solutions (Hong Kong) Limited ("ALBA IWS") and injected capital of HK$2,500. The Group held 25% equity interests in ALBA IWS.

(a) Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
ALBA Integrated Waste Solutions (Hong Kong) Limited	Incorporated	Hong Kong	HK$10,000	25%	–	25%	Treatment of waste electrical and electronic equipment

The Group is entitled to share 25% of the financial results of ALBA IWS. Notwithstanding the 25% of paid up capital and the profit sharing arrangements of ALBA IWS, the Group accounts for the investment in ALBA IWS as a joint venture as the Group has joint control over the financial and operating decisions of ALBA IWS.

14 Interests in joint venture (continued)

(b) Loans to joint venture

At 31 March 2016, loans to joint venture of HK$32,832,000 comprised of:

(i) loan of HK$21,600,000 as a security of bank deposits placed by the joint venture for the issue of bank guarantee to the Hong Kong government in connection with the project development on the treatment of waste electrical and electronic equipment. The loan is unsecured, interest-bearing at 7% per annum and have no fixed terms of repayment;

(ii) loan of HK$2,500,000 under credit facility arrangement granted to the joint venture (see note 14(e)), which is unsecured, interest bearing at the rate of HIBOR plus 6% per annum and repayable on 14 May 2017; and

(iii) loan of HK$8,732,000 (of which HK$1,253,000 was converted from interest receivables in respect of the loans in (i) and (ii) above) which is unsecured, interest bearing at 7% per annum and repayable on 2 February 2018.

(c) Amount due from joint venture

The amount due from joint venture at 31 March 2016 is unsecured, interest-free and has no fixed terms of repayment.

(d) Summarised financial information of ALBA IWS and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2016 $'000
Gross amounts of ALBA IWS:	
Current assets	72,061
Non-current assets	1,417
Current liabilities	(82,888)
Non-current liabilities	(395)
Net liabilities	(9,805)
Included in the above assets and liabilities:	
Bank deposits and cash	37,535
Current financial liabilities (excluding trade and other payables and provisions)	(77,070)
Non-current financial liabilities (excluding trade and other payables and provisions)	(395)

14 Interests in joint venture (continued)

(d) Summarised financial information of ALBA IWS and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below: (continued)

	2016
	$'000
Revenue	32,940
Loss for the period	(9,815)
Total comprehensive income for the period	(9,815)
Group's share of loss of ALBA IWS	(2,454)
Included in the above loss:	
Depreciation	(150)
Interest expense	(8,049)
Income tax expense	–
Reconciled to the Group's interest in ALBA IWS:	
Net liabilities of ALBA IWS	(9,805)
Group's effective interest	25%
Group's share of net liabilities of ALBA IWS	(2,451)
Loans to ALBA IWS *(note (b))*	32,832
Amount due from ALBA IWS *(note (c))*	867
Carrying amount in the consolidated financial statements	31,248

(e) Credit facility granted to joint venture

On 14 May 2015, the Company entered into a credit facility arrangement with ALBA IWS, pursuant to which the Company agreed to provide ALBA IWS a credit facility of HK$7,125,000. Such credit facility has been utilised to the extent of HK$2,500,000 as at 31 March 2016 (note 14(b)(ii)).

15 Inventories

	2016	2015
	$'000	$'000
Finished goods, at cost	4,808	6,086

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately HK$181,985,000 (2015: HK$333,050,000) for the year ended 31 March 2016.

16 Trade and bills receivables

	2016	2015
	$'000	$'000
Trade and bills receivables	**53,558**	82,750
Less: Provision for impairment *(note 16(b))*	**(8,203)**	(5,314)
Trade and bills receivables, net	**45,355**	77,436

(a) Ageing analysis

As at the end of the reporting period the ageing analysis of trade and bills receivables based on transaction date is as follows:

	2016	2015
	$'000	$'000
0 – 30 days	**35,840**	23,064
31 – 60 days	**2,104**	19,331
61 – 90 days	**14**	15,762
91 – 120 days	**1,585**	6,112
Over 120 days	**14,015**	18,481
	53,558	82,750
Less: Provision for impairment *(note 16(b))*	**(8,203)**	(5,314)
	45,355	77,436

Payment terms granted to customers are mainly cash on delivery or on credit. The average credit period ranges from 10 days to 90 days.

16 Trade and bills receivables (continued)

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (see note 2h(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2016	2015
	$'000	$'000
At 1 April	**5,314**	5,370
Provision for/(reversal of) impairment loss recognised	**2,889**	(56)
At 31 March	**8,203**	5,314

As at 31 March 2016, trade receivables of approximately HK$8,203,000 (2015: HK$5,314,000) 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:

	2016	2015
	$'000	$'000
Over 120 days	**8,203**	5,314

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 (note 8). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

16 Trade and bills receivables (continued)

(c) Trade and bills receivables that are not impaired

The ageing analysis of these trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016 $'000	2015 $'000
Neither past due nor impaired	**22,973**	31,364
1 – 30 days	**14,072**	15,620
31 – 60 days	**929**	6,269
61 – 90 days	**622**	4,786
91 – 120 days	**3,898**	4,470
Over 120 days	**2,861**	14,927
	22,382	46,072
	45,355	77,436

As at 31 March 2016, trade receivables of approximately HK$22,382,000 (2015: HK$46,072,000) were past due but not impaired. These relate to a number of independent customers with no recent 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.

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

	2016 $'000	2015 $'000
HK$	**37,909**	55,340
USD	**7,446**	22,096
	45,355	77,436

At 31 March 2016 and 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.

17 Other receivables, deposits and prepayments

	2016 $'000	2015 $'000
Non-current portion		
Prepayments for purchase of property, plant and equipment	**17,656**	25,552
Current portion		
Deposits placed with suppliers	**10,253**	14,121
Utility and other deposits	**17,250**	26,649
Prepayments	**5,867**	10,884
Other receivables	**1,682**	1,346
Total	**35,052**	53,000

At 31 March 2016 and 2015, the fair values of other receivables, deposits and prepayments, approximate their carrying amounts. The maximum exposure to credit risk at the end of each reporting period is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

18 Finance lease receivables

During the year ended 31 March 2016, the Group entered into finance lease arrangement for certain of its plant and machinery. The term of lease entered is seven years.

	2016	
	Present value of the minimum lease payments $'000	Total minimum lease payments $'000
Within 1 year	1,004	1,042
After 1 year but within 2 years	967	1,042
After 2 years but within 5 years	2,691	3,126
After 5 years	1,495	1,826
	5,153	5,994
	6,157	7,036
Less: Unearned interest income		(879)
Present value of finance lease receivables		6,157

The interest rate inherent in the lease is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 3.8% per annum.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

19 Bank deposits and cash and restricted and pledged bank deposits

	Group		Company	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Bank deposits	**231,077**	278,935	**214,045**	278,935
Cash at bank	**57,089**	176,871	**37,738**	127,034
Cash in hand	**46**	63	**–**	11
Restricted and pledged bank deposits	**18,475**	2,225	**17,097**	–
	306,687	458,094	**268,880**	405,980
Less: Restricted and pledged bank deposits	**(18,475)**	(2,225)		
Cash and cash equivalents in the consolidated statement of cash flows	**288,212**	455,869		

Bank deposits and cash and restricted and pledged bank deposits are denominated in the following currencies:

	2016	2015
	$'000	$'000
HK$	**247,858**	404,318
RMB	**39,632**	39,164
USD	**19,180**	14,596
Euro	**17**	16
	306,687	458,094

As at 31 March 2016, the restricted and pledged bank deposits were mainly pledged as a guarantee to suppliers to secure supply.

Cash at bank earns interest at floating rates based on prevailing bank deposit rates.

20 Payables and accruals

	2016 $'000	2015 $'000
Trade payables	**13,901**	20,223
Other payables and accruals:		
– Construction costs payable	**18,949**	16,420
– Accrued expenses	**20,215**	24,656
– Receipts in advance from customers	**1,963**	3,945
– Amount due to non-controlling interest shareholders *(note)*	**1,100**	–
– Others	**9,834**	9,376
	52,061	54,397
	65,962	74,620

Note: The amount due to non-controlling interest shareholders of a subsidiary of the Group is unsecured, interest free and repayable on demand.

20 Payables and accruals (continued)

(a) Ageing analysis

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

	2016 $'000	2015 $'000
Current	**5,005**	3,252
1 – 30 days	**3,480**	11,839
31 – 60 days	**1,085**	3,825
61 – 90 days	**5**	1
91 – 120 days	**27**	15
Over 120 days	**4,299**	1,291
	13,901	20,223

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

	2016 $'000	2015 $'000
HK$	**64,012**	61,057
USD	**1,950**	13,563
	65,962	74,620

As at 31 March 2016 and 2015, the fair values of the trade and other payables approximate their carrying amounts.

21 Current and deferred tax

(a) Taxation recoverable in the consolidated statement of financial position represents:

	2016	2015
	$'000	$'000
Balance of Hong Kong Profits Tax provision relating to prior years	**3,076**	3,249

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Future benefits of tax losses	**Depreciation allowance in excess of the related depreciation**	**Total**
	$'000	$'000	$'000
At 1 April 2014	1,472	(2,588)	(1,116)
Credited/(charged) to profit or loss *(note 9(a))*	29,994	(28,878)	1,116
At 31 March 2015 and 1 April 2015	31,466	(31,466)	–
Credited/(charged) to profit or loss *(note 9(a))*	4,373	(4,373)	–
At 31 March 2016	35,839	(35,839)	–

(c) Deferred tax assets not recognised

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses of HK$53,745,000 (2015: HK$35,026,000 as the availability of future taxable profits against which the assets can be utilised is uncertain at 31 March 2016). The tax losses do not expire under current tax legislation.

22 Share capital

(a) Authorised share capital of the Company

	2016 $'000	2015 $'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 '000	Amounts $'000
Issued and fully paid:		
At 1 April 2014	**2,411,167**	**241,117**
Shares issued under open offer *(note)*	**2,411,167**	**241,117**
At 31 March 2015, 1 April 2015 and 31 March 2016	**4,822,334**	**482,234**

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, being the net proceeds of HK$471,640,000 (after deduction of related expenses of approximately HK$10,593,000) over the par value of shares issued of HK$241,117,000, has been credited to the share premium account of the Company (note 23(a)).

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

22 Share capital (continued)

(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 eligible 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 quotation sheet of the business day on which an offer is made to an eligible participant;

– the average of the closing prices of the shares stated in the Stock Exchange's daily quotation 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 share options under the Share Option Scheme to subscribe for the Company's shares were granted, subject to acceptance of the grantees. Each share option shall entitle the holder to subscribe for one share upon exercise of such share option at an initial exercise price of $0.542 per share. These share options may be exercised from 25 July 2014 to 24 April 2020 (both dates inclusive) subject to the vesting periods.

22 Share capital (continued)

(c) Equity settled share-based transactions (continued)

Pursuant to the Share Option Scheme, the number of unexercised share options and exercise price may be subject to adjustment in case of alteration in the capital structure of the Company. On 14 October 2014, the Board 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 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 took effect from 15 October 2014. As at 15 October 2014, the number of shares falling to be issued under the outstanding share options alter the Adjustments was 76,746,711 and the exercise price of the share options after the Adjustments was $0.444 per share.

The movements in the number of share options under the Share Option Scheme during the year were as follows:

			Number of share options (after adjustment)			
Date of grant	Initial exercise price *HK$*	Exercisable period	Outstanding at 1 April 2015	Cancelled/ lapsed during the year	Outstanding at 31 March 2016	Exercisable at 31 March 2016
Directors						
25 April 2014	0.542	25 July 2014 to 24 April 2020	53,223,422	(53,223,422)	–	–
Employees						
25 April 2014	0.542	25 July 2014 to 24 April 2020	17,248,781	(17,248,781)	–	–
Other eligible participants						
25 April 2014	0.542	25 July 2014 to 24 April 2020	3,955,138	(3,955,138)	–	–
			74,427,341	(74,427,341)	–	–

22 Share capital (continued)

(c) Equity settled share-based transactions (continued)

Vesting period:
– Tranche 1: 20% are exercisable from 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 profit or loss over the vesting period are determined using the binomial lattice model based on the following assumptions:

– Fair value at measurement date	HK$0.190
– Share price at measurement date	HK$0.328
– Exercise price	HK$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.

The Group recognised expenses of HK$2,443,000 (2015: HK$5,534,000) related to equity settled share-based payment transactions during the year ended 31 March 2016.

In accordance with the terms of the Share Option Scheme, upon the making of a mandatory cash offers to all holders of the share options following the change in controlling shareholder of the Company on 21 December 2015, all share options that remained unexercised were deemed to be lapsed on 29 February 2016 and HK$24,000 was paid to the holders of share options by Prestige Safe Limited, a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited, for cancellation of the share options.

23 Reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

(a) Movements in components of equity

	Note	Share capital $'000	Share premium $'000	Share-based capital reserve $'000	Accumulated losses $'000	Total $'000
At 1 April 2014		241,117	2,862,358	–	(1,881,983)	1,221,492
Share issued under the Open Offer	22(b)	241,117	230,523	–	–	471,640
Equity settled share-based transactions		–	–	5,534	–	5,534
Loss and total comprehensive income for the year		–	–	–	(84,241)	(84,241)
At 31 March 2015 and 1 April 2015		482,234	3,092,881	5,534	(1,966,224)	1,614,425
Equity settled share-based transactions	22(c)	–	–	2,443	–	2,443
Share options lapsed	22(c)	–	–	(7,977)	7,977	–
Loss and total comprehensive income for the year		–	–	–	(14,026)	(14,026)
At 31 March 2016		482,234	3,092,881	–	(1,972,273)	1,602,842

23 Reserves (continued)

(b) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by the Companies Law of Cayman Islands (the "Companies Law"). Under the Companies Law, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

Capital reserve represents the difference between (i) the aggregate of the consideration for the acquisitions under common control upon the reorganisation during the year ended 31 March 2010 ("Reorganisation"); and (ii) the aggregate of the share capital and share premium of the entities transferred to the Group pursuant to the Reorganisation.

(iii) Share-based capital reserve

The share-based capital reserve represents the portion of the grant date fair value of unexercised share options granted to directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(n)(iv).

(c) Dividends

No dividends had been paid or declared by the Company for the year ended 31 March 2016 (2015: HK$Nil).

(d) Distributable reserves

The aggregate amounts of distributable reserves of the Company was HK$1,120,608,000 (2015: HK$1,126,657,000) as at 31 March 2016.

24 Note to the consolidated statement of cash flows

Reconciliation of loss before taxation to net cash used in operations

	Note	2016 $'000	2015 $'000
Loss before taxation		**(109,451)**	(127,264)
Adjustments for:			
Depreciation of property, plant and equipment	12	**36,518**	21,840
Amortisation of land use rights	13	**968**	852
Loss/(gain) on disposals of property, plant and equipment, net	7	**634**	(1,069)
Write off of property, plant and equipment	7	**1,700**	4,879
Provision for/(reversal of) impairment of trade receivables	16	**2,889**	(56)
Impairment of loan to and amount due from an associate	8(c)	**–**	5,613
Finance income	8(b)	**(5,492)**	(3,119)
Share of loss of joint venture	14(d)	**2,454**	–
Share-based payments	22(c)	**2,443**	5,534
Unrealised foreign exchange gain		**–**	(593)
Operating loss before working capital changes		**(67,337)**	(93,383)
Inventories		**1,278**	(741)
Trade and bills receivables		**29,192**	73
Other receivables, deposits and prepayments		**17,948**	4,200
Amounts due from related companies		**–**	582
Payables and accruals		**(12,118)**	(26,056)
Cash used in operations		**(31,037)**	(115,325)

25 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2016	2015
	$'000	$'000
Within one year	8,239	19,974
After one year but within five years	3,433	8,803
	11,672	28,777

26 Capital commitments

	2016	2015
	$'000	$'000
Contracted but not provided for		
Property, plant and equipment	16,025	60,331

27 Contingent liabilities

Litigation with former directors and employees

At 31 March 2016, the Group has lodged certain claims against its former directors and employees. 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.

28 Related party transactions

(a) The following transactions were carried out with related parties during the year:

	2016 $'000	2015 $'000
(i) Transactions with related parties		
Interest income received from ALBA IWS	**1,778**	–
Logistics service income received from ALBA IWS	**165**	–
Rental expenses in respect of land and buildings paid to E&I Development Limited ("E&I") *(note (i))*	**–**	1,650*
Management fee income received from Fook Fung Loi Co., Limited ("Fook Fung Loi")	**–**	1,305
Interest income received from Fook Fung Loi	**–**	189
Sale of tissue to Fook Fung Loi	**–**	249
Underwriting commission paid to Chow Tai Fook Nominee Limited ("Chow Tai Fook") *(note (ii))*	**–**	5,807*
(ii) Transactions with De-consolidated Subsidiaries		
Purchase of tissue paper products from De-consolidated Subsidiaries	**–**	41,456
Logistics fee paid to De-consolidated Subsidiaries	**–**	214
Management fee paid to De-consolidated Subsidiaries	**–**	2,640

* These related party transactions also constitute connected transactions or continuing connected transactions pursuant to the Main Board Listing Rules of the Stock Exchange.

28 Related party transactions (continued)

(a) The following transactions were carried out with related parties during the year: (continued)

Notes:

(i) These represented the rental expenses for leasing of office space paid to E&I. The controlling shareholders of E&I are the son and daughter of Mr. Leung Kai Kuen, one of the substantial shareholders of the Company. The rental expenses were charged at predetermined rates mutually agreed between both parties.

(ii) The amount represented the underwriting commission paid to Chow Tai Fook, a company owned by Dato' Dr. Cheng Yu Tung, one of the substantial shareholders of the Company. The transaction was entered into in the normal course of business based on terms mutually agreed by both parties on 25 July 2014.

(b) Year-end balances with related parties

Excepted as disclosed elsewhere in the notes to the consolidated financial statements, the balances are unsecured, interest-free and repayable upon demand. The carrying values of these balances approximate their fair values.

Amounts due from related parties are disclosed as follows:

Name	Relationship	*Note*	**2016** **$'000**	2015 $'000
ALBA IWS	Joint venture	14(b)&(c)	**33,699**	–
E&I	Controlling shareholders are the son and daughter of Mr. Leung Kai Kuen, one of the substantial shareholders of the Company		**12**	12

28 Related party transactions (continued)

(b) Year-end balances with related parties (continued)

The information relating to the amounts due from related companies, disclosed pursuant to the Hong Kong Companies Ordinance, is as follows:

	Maximum amount outstanding during	
	2016	2015
Name	**$'000**	$'000
ALBA IWS	**33,699**	–
E&I	**12**	562

Amounts due to related companies are disclosed as follows:

		2016	2015
Name	**Relationship**	**$'000**	$'000
Lai Wah Shipping Company	Sole proprietor is Mr. Leung Kai Kuen, one of the substantial shareholders of the Company	**10**	10

(c) Key management personnel

Remuneration of key management personnel, including amounts paid to the directors, certain highest paid employees and senior management, are disclosed in note 10.

29 Company-level statement of financial position

	Note	2016 $'000	2015 $'000
Non-current assets			
Interests in subsidiaries	29(a)	**1,471,438**	1,442,031
Current assets			
Receivables and prepayments		**2,850**	9,052
Bank deposits and cash	19	**268,880**	405,980
Taxation recoverable		**1**	174
		271,731	415,206
Current liabilities			
Payables and accruals		**11,568**	13,864
Amounts due to subsidiaries	29(a)	**128,759**	228,948
		140,327	242,812
Net current assets		**131,404**	172,394
NET ASSETS		**1,602,842**	1,614,425
CAPITAL AND RESERVES			
Share capital	22	**482,234**	482,234
Reserves	23	**1,120,608**	1,132,191
TOTAL EQUITY		**1,602,842**	1,614,425

Approved and authorised for issue by the Board of Directors on 29 June 2016.

Cheng Chi Ming, Brian
Chairman

Suen Wing Yip
Director

29 Company-level statement of financial position (continued)

(a) Investment in subsidiaries and amounts due from/(to) subsidiaries

	Company	
	2016	2015
	$'000	$'000
Consolidated subsidiaries		
Investments at cost, unlisted shares	**967,944**	967,944
Less: Provision	**(815,712)**	(815,712)
	152,232	152,232
Amounts due from subsidiaries	**1,319,206**	1,289,799
	1,471,438	1,442,031
Amounts due to subsidiaries	**128,759**	228,948

Amounts due from subsidiaries are unsecured, non-interest bearing and with no fixed terms of repayment and are classified as non-current as these are not expected to be recoverable within the next twelve months.

Amounts due to subsidiaries are unsecured, non-interest bearing and with no fixed terms of repayment.

29 Company-level statement of financial position (continued)

(b) Principal subsidiaries held by the Group

The following is a list of the principal subsidiaries which have been consolidated as at and for the year ended at 31 March 2016:

Name	Place and date of incorporation/ establishment	Particulars of issued paid-in capital	Effective interest held	Principal activities and place of operation
Directly held				
IWS Global Limited	British Virgin Islands ("BVI")/ 16 March 2007	Ordinary US$50,030	100%	Investment holding/ Hong Kong
Indirectly held				
IWS Waste Management (Global) Company Limited	BVI/ 23 March 2009	Ordinary US$1	100%	Investment holding/ Hong Kong
IWS Assorted Paper (Global) Company Limited	BVI/ 23 March 2009	Ordinary US$1	100%	Investment holding/ Hong Kong
IWS Environmental Technologies (Global) Company Limited	BVI/ 23 March 2009	Ordinary US$1	100%	Investment holding/ Hong Kong
CMDS (Global) Company Limited	BVI/ 23 March 2009	Ordinary US$1	100%	Investment holding/ Hong Kong
IWS Waste Management Company Limited	Hong Kong/ 28 September 1993	HK$1,000,000	100%	Trading of recovered paper and materials/ Hong Kong
IWS Assorted Paper Company Limited	Hong Kong/ 15 December 1997	HK$1,000,000	100%	Trading of tissue paper products/ Hong Kong

29 Company-level statement of financial position (continued)

(b) Principal subsidiaries held by the Group (continued)

Name	Place and date of incorporation/ establishment	Particulars of issued paid-in capital	Effective interest held	Principal activities and place of operation
Indirectly held (continued)				
Confidential Materials Destruction Service Limited	Hong Kong/ 22 June 1979	HK$10,000	100%	Provision of confidential materials destruction service and trading of recovered paper and materials/ Hong Kong
IWS Promotion Limited	Hong Kong/ 17 September 2010	HK$1	100%	Development of recycling facilities at Tseung Kwan O/ Hong Kong
IWS Environmental Technologies Limited	Hong Kong/ 23 October 2002	HK$1,000,000	100%	Procurement of waste paper/ Hong Kong
IWS Paper Agency (Global) Company Limited	BVI/ 28 November 2011	Ordinary US$1	100%	Investment holding/ Hong Kong
IWS Logistics Limited	Hong Kong/ 26 February 2013	HK$1	100%	Provision of logistics services/ Hong Kong
Hong Kong Ying Cheung (International) Holdings Limited	Hong Kong/ 1 December 2014	HK$5,000,000	60%	Trading of high-density polyethylene products/ Hong Kong

29 Company-level statement of financial position (continued)

(c) Disposal of entire equity interests in Golddoor Company Limited

As at 31 March 2014, the Group was made aware of the fact that the liquidators of Wealthy Peaceful Limited had initiated a tender process to locate a buyer to acquire the entire equity interests in Golddoor. In April 2014, the liquidator of Wealthy Peaceful Limited entered into a binding agreement with an independent third party, pursuant to which Wealthy Peaceful Limited agreed to dispose of its entire equity interests in Golddoor (together with its subsidiary, Huizhou Fook Woo) for a consideration of HK$200,000,000 (the "Sale Transaction").

On 27 June 2014, the liquidators of Wealthy Peaceful Limited informed the Company that the purchaser had remitted the consideration. The Sale Transaction was completed in July 2014 and the consideration was fully settled by the purchaser.

30 Events after the end of the reporting period

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

31 Immediate and ultimate controlling party

At 31 March 2016, the directors consider the immediate and ultimate controlling party of the Group to be Chow Tai Fook (Holding) Limited and Chow Tai Fook Capital Limited respectively, both of which are incorporated in the British Virgin Islands.

32 Possible impact of amendments, new standards and interpretation issued but not yet effective for the year ended 31 March 2016

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IFRS 28, *Sales or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Annual improvements to IFRSs 2012-2014 cycle	1 July 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 1, *Disclosure initiative*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
IFRS 9, *Financial instruments*	1 January 2018
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

			Year ended 31 March		
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	750,230	573,274	480,587	443,542	**273,131**
Gross profit	76,620	89,508	40,858	24,335	**22,510**
Profit/(loss) before taxation	2,890	1,830	(52,026)	(127,264)	**(109,451)**
Income tax	(9,582)	(4,952)	(1,224)	1,113	**–**
Indemnity receipt of tax in respect of prior years	–	–	–	13,071	**–**
Loss from continuing operations	(6,692)	(3,122)	(53,250)	(113,080)	**(109,451)**
Discontinued operations					
Loss on de-consolidation of subsidiaries	(415,519)	–	–	–	**–**
Impairment loss on amounts due from De-consolidated Subsidiaries	(1,730,505)	(2,500)	(431,638)	(36,572)	**–**
Loss and total comprehensive income for the year	(2,152,716)	(5,622)	(484,888)	(149,652)	**(109,451)**
Attributable to:					
Equity shareholders of the Company	(2,152,716)	(5,622)	(484,888)	(149,607)	**(104,078)**
Non-controlling interests	–	–	–	(45)	**(5,373)**
	(2,152,716)	(5,622)	(484,888)	(149,652)	**(109,451)**

ASSETS AND LIABILITIES

			As at 31 March		
	2012	2013	2014	2015	**2016**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,518,415	1,504,649	1,062,116	1,332,934	**1,217,268**
Total liabilities	99,123	90,979	133,334	74,630	**65,972**
Total equity	1,419,292	1,413,670	928,782	1,258,304	**1,151,296**

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

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