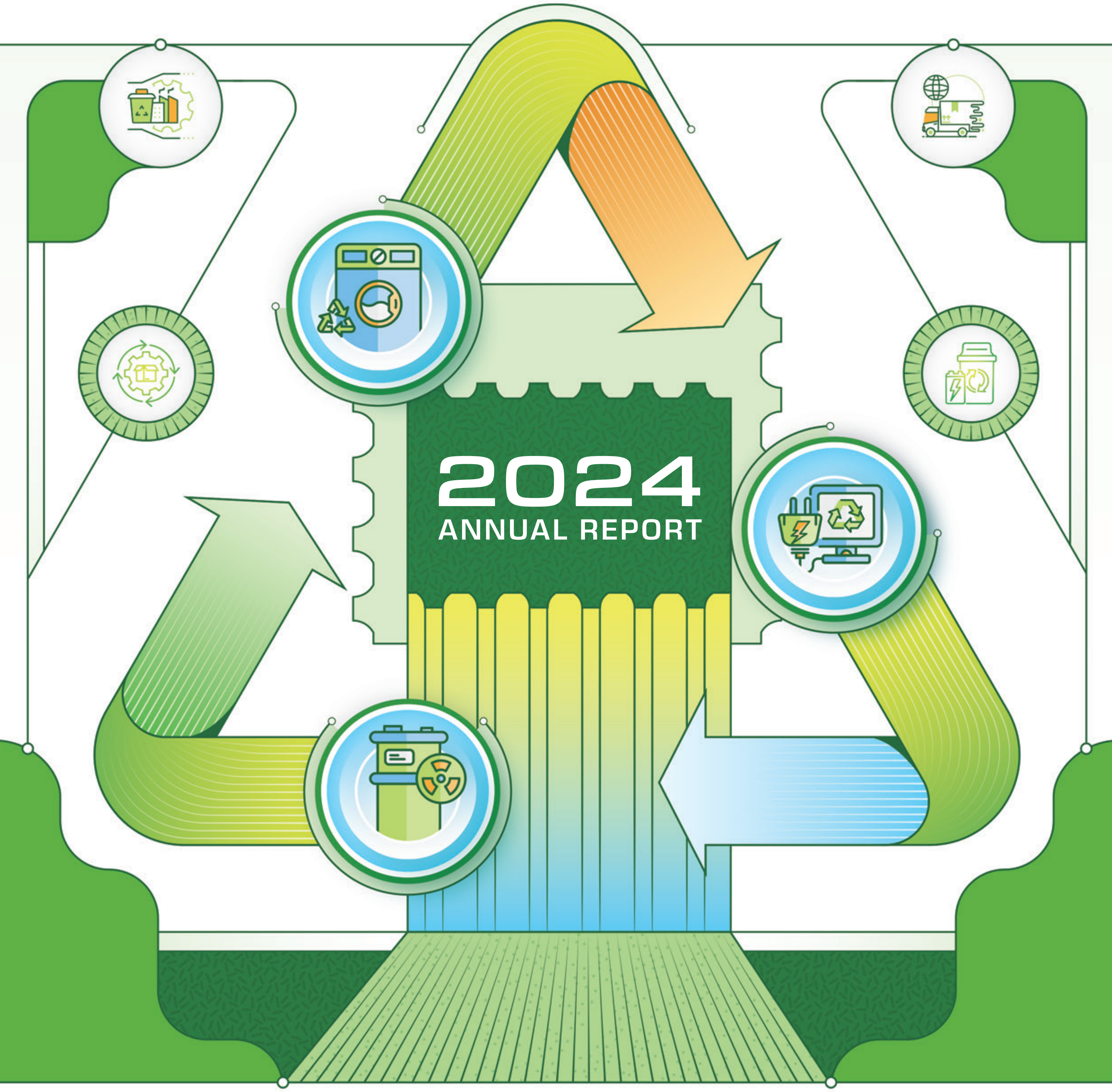
Integrated Waste Solutions Group Holdings Limited
綜合環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 923



CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive directors

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

Non-executive directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Lee Chi Hin, Jacob

Independent non-executive directors

Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael

BOARD COMMITTEES

Executive Committee

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

Audit Committee

Mr. Wong Man Chung, Francis *(Chairman)*
Mr. Cheng Chi Ming, Brian
Mr. Chow Shiu Wing, Joseph
Mr. Chan Ting Bond, Michael
Mr. Lee Chi Hin, Jacob

Remuneration Committee

Mr. Chan Ting Bond, Michael *(Chairman)*
Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Lee Chi Hin, Jacob

Nomination Committee

Mr. Chow Shiu Wing, Joseph *(Chairman)*
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael
Mr. Lee Chi Hin, Jacob

COMPANY SECRETARY

Ms. Ng Sum Yu, Phyllis

AUTHORISED REPRESENTATIVES

Mr. Tam Sui Kin, Chris
Ms. Ng Sum Yu, Phyllis

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3
Regatta Office Park
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

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Fubon Bank (Hong Kong) Limited
Bank of Communications Co., Ltd.

Cheng Chi Ming, Brian

Chairman

On behalf of the Board of Directors of Integrated Waste Solutions Group Holdings Limited (the "Company" and its subsidiaries, collectively referred to as the "Group"), I am honoured to present the Group's annual report for the financial year ended 31 March, 2024 (the "Reporting Period"). Despite persistent challenges stemming from the ongoing economic conditions in Hong Kong, the Group has maintained resilience and its strategic focus.

The economic environment continues to pose significant challenges to our operations across various business segments. Post-pandemic, economic activity in Hong Kong has remained subdued because of weaker consumer spending and retail sales which, in turn, has affected our logistics services and sales of recovered materials. Despite these headwinds, our Confidential Materials Destruction Services ("CMDS") segment has shown notable growth, particularly in non-paper revenue.

CHAIRMAN'S STATEMENT

We have invested in An Jie Supply Chain Management Co., Ltd., a dynamic logistics and supply chain company focusing on new energy and hazardous materials. This investment aligns with the rising demand for such specialised services, driven by the growing preference for electric vehicles and renewable energy. We believe this investment strategically positions us in an expanding market segment and elevates our service portfolio to meet the evolving demand in the industry.

During the Reporting Period, the Group discontinued operations at its Recycled Engineering Plastic Pellets division. We acknowledge the challenges encountered and are actively evaluating the next steps to optimise our portfolio and allocate resources more effectively across different business segments.

Looking ahead, we anticipate growth opportunities to emerge from the expanding scope of regulations in Hong Kong and Mainland China, particularly the anticipated expansion of the scope of rules pertaining to disposal and recycling of waste electrical and electronic equipment ("WEEE") effective 1 July 2024. While market conditions remain competitive, we are confident of our ability to navigate challenges and capitalise on emerging trends in the waste management industry.

Finally, I would like to extend my gratitude to our management team, shareholders, investors, business partners and staff for their unwavering support and commitment throughout the year. Despite the challenges, we remain focused on delivering long-term value to our stakeholders and driving sustainable growth.

Cheng Chi Ming, Brian
Chairman

Hong Kong, 26 June 2024

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Chief Executive Officer

Mr. Lam King Sang, aged 63, is an Executive Director, Chief Executive Officer and the chairman of the Executive Committee of the Company. Joined the Company on 1 March 2016, Mr. Lam holds directorship in certain subsidiaries and associated companies of the Group. He has close to 30 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 of the United Kingdom.

Chief Financial Officer

Mr. Tam Sui Kin, Chris, aged 59, 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 and associated companies of the Group. 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 30 years of experience in auditing, accounting, project financing and financial management.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Chairman

Mr. Cheng Chi Ming, Brian, aged 41, is the Chairman, Non-executive Director and member of the Audit Committee of the Company. He joined the Group in January 2011. Mr. Cheng is an executive director and co-chief executive officer of NWS Holdings Limited (stock code: 659) and a non-executive director of New World Development Company Limited (stock code: 17), all of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Cheng is also the chairman of Goshawk Aviation Limited, and a director of PBA International Pte. Ltd., Prestige Safe Limited and a number of companies in Mainland China. Mr. Cheng is currently a member of the Fourteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He was a non-executive director of Wai Kee Holdings Limited (stock code: 610) and Haitong International Securities Group Limited (whose securities were listed on the main board of the Stock Exchange). From 2005 to 2007, Mr. Cheng worked as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. He obtained a bachelor of science degree from Babson College in Massachusetts, U.S.A. in 2005. 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. Lee Chi Hin, Jacob, aged 41, is a Non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Joined the Company on 1 September 2018, Mr. Lee is currently a senior vice president of Chow Tai Fook Enterprises Limited ("CTFE") with responsibilities in making strategic and private equity investments globally. CTFE is an indirect subsidiary of Chow Tai Fook Capital Limited which is a controlling shareholder of the Company. Mr. Lee joined CTFE in March 2013 and has over 15 years of professional experience in corporate finance, investment, international capital markets and asset management. He previously worked at the investment banking department of The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank AG in Hong Kong.

Mr. Lee is currently an executive director of Giordano International Limited (stock code: 709) and a non-executive director of New Times Energy Corporation Limited (stock code: 166), companies listed on the main board of the Stock Exchange. He is also active in public services, currently serving as a member of the Hospital Governing Committee of Tin Shui Wai Hospital and a member of the Financial Reporting Review Panel under the Accounting and Financial Reporting Council.

Mr. Lee holds a Master of Science degree in Accounting and Finance from the London School of Economics and Political Science in London, United Kingdom and a Bachelor of Business Administration degree from the University of Michigan in Ann Arbor, USA. He is also a CFA Charterholder.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Shiu Wing, Joseph, aged 52, is an Independent Non-executive Director, chairman of the Nomination Committee, 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 a partner of Wellington Legal and a consultant in Cheung, Yeung & Lee, Solicitors. Mr. Chow holds a number of professional and honorary appointments including being honorary legal advisor of the Hong Kong Brand Development Council. He is also a council member of The Hong Kong Independent Non-Executive Director Association. Mr. Chow was an independent director of Blue Safari Group Acquisition Corp. whose securities were listed on The NASDAQ Stock Market LLC.

Mr. Wong Man Chung, Francis, aged 59, is an Independent Non-executive Director, chairman of the Audit Committee, 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, the Hong Kong Institute of Certified Public Accountants and the Society of Chinese Accountants and Auditors, and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He is a Certified Public Accountant (Practising) and has over 30 years of experience in auditing, taxation, corporate internal control and governance, acquisition and financial advisory, corporate restructuring and liquidation, family trust and wealth management. 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); 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), Hilong Holding Limited (stock code: 1623), Qeeka Home (Cayman) Inc. (stock code: 1739) and Greenheart Group Limited (stock code: 94). Mr. Wong is the non-executive chairman of Union Alpha C.P.A. Limited and a non-executive 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. He was an independent non-executive director of GCL Technology Holdings Limited (stock code: 3800), IntelliCentrics Global Holdings Ltd. and Shanghai Dongzheng Automotive Finance Co., Ltd. Securities of the latter two companies were listed on the Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Ting Bond, Michael, aged 43, is an Independent Non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee of the Company. He joined the Company on 1 May 2018.

Mr. Chan is currently serving as General Manager – Corporate Strategy in MTR Corporation Limited, a company listed on the Stock Exchange (stock code: 0066) as well as Managing Director of its subsidiary, MTR Lab Company Limited. He possesses extensive multi-industry experience in corporate strategy and planning, sales operation management, business development, corporate finance and change management. Mr. Chan commenced his career with PricewaterhouseCoopers in Sydney, Australia as a Senior Associate from February 2000 to February 2006, and then relocated to Hong Kong and joined KPMG as a manager from March 2006 to August 2007. He later joined Ping An of China Asset Management (Hong Kong) Company in August 2007, and served as Vice President in Global Business Development until March 2011. Joined Jardine Matheson Group in June 2011, Mr. Chan first served as the Corporate Finance Manager in Jardine Cycle & Carriage Limited in Singapore, followed by his appointment as the Corporate Planning Director in Dairy Farm Group from January 2012 to March 2014. Mr. Chan was subsequently appointed to Zung Fu Group in April 2014, where he served as General Manager, Strategy & Operations until April 2019. Mr. Chan then served as Chief Operating Officer and Managing Director in Inchcape Greater China, a subsidiary of Inchcape Plc. (Stock Code: INCH), a company listed on the London Stock Exchange until March 2021.

Mr. Chan was an independent non-executive director of Luk Hing Entertainment Group Holdings Limited (stock code: 8052), a company listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Chan is a chartered financial analyst of the CFA Institute and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Chartered Accountants Australia and New Zealand. In addition, he is qualified as a member of the Chartered Alternative Investment Analyst Association and a financial risk manager of the Global Association of Risk Professionals. Mr. Chan obtained his Executive Master of Business Administration from the Kellogg School of Management of Northwestern University, the United States and the Hong Kong University of Science and Technology and holds a bachelor's degree of commerce (majoring in accounting and finance) from the University of New South Wales.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP REVIEW

Integrated Waste Solutions Group Holdings Limited ("IWS") is a premier waste management solutions provider in Hong Kong with a comprehensive suite of services covering waste collection, recycling and treatment. The Group provides waste management services such as Confidential Materials Destruction Services ("CMDS") and disposal and recycling of Waste Electrical and Electronic Equipment ("WEEE") as well as some other recyclable waste, to a broad range of customers in both public and private sectors.

In response to the waste handling industry's dynamic landscape, we have diversified our operations and expanded into Mainland China. Hazardous waste treatment projects in Lianyungang City, Jiangsu Province, and Kaifeng City, Henan Province constitute strategic expansion to handle more of hazardous waste safely and efficiently, thereby contributing to more sustainable growth of the nation's economy.

Aligning with the Group's goal of transforming itself into a high-value-added integrated waste solutions provider in Hong Kong and Mainland China, the Group has invested in An Jie Supply Chain Management Co., Ltd. ("An Jie"), securities of which are listed on the National Equities Exchange And Quotations (NEEQ: 870009). An Jie's operations cover comprehensive supply chain solutions, including logistics, warehousing services and transportation of hazardous chemicals. An Jie is one of the leading operators in Guangdong Province and holds specific licenses to transport and handle hazardous chemical items which include lithium-ion batteries and raw materials used in its production in the fast-growing new energy sector.

MARKET REVIEW

The global economy has started recovering post-pandemic but challenges still linger in terms of growth in overall consumption in various segments of the economy. The waste management industry has been significantly impacted by the pandemic as there have been significant declines in industrial activities and consumption of goods and paper generation, which has consequently influenced composition of the waste generated as well as the recycling dynamics.

Intense competition, particularly in hazardous waste treatment segment in Mainland China, continues to alter the industry dynamics in different ways. Waste management firms are proactively adjusting their operational strategies to sustain competitiveness amid evolving market conditions. In the post-pandemic economic climate, waste generation patterns have changed because industrial demand is showing signs of stagnation.

Despite these challenges, the Group expects new growth opportunities to emerge in the wake of expanding waste handling and recycling regulations in Hong Kong and Mainland China. The upcoming enhancement of the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment ("WPRS"), effective 1 July 2024, will bring more electrical equipment in the ambit of the Scheme. This expansion is expected to boost volume and revenue in the WEEE recycling industry. The Group has already started preparing to effectively seize this opportunity and remains confident of navigating the associated regulatory changes.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Loss attributable to equity shareholders of the Company for the year ended 31 March 2024 ("FY2024") amounted to HK$64.7 million, an increase of HK$24.9 million compared to the year ended 31 March 2023 ("FY2023").

	FY2024	FY2023	Fav./(Unfav.) Change	
	HK$'000	*HK$'000*	*HK$'000*	%
Results of operating segments	**7,359**	10,295	**(2,936)**	**(28.5)**
Net corporate expenses	**(49,334)**	(47,452)	**(1,882)**	**(4.0)**
	(41,975)	(37,157)	**(4,818)**	**(13.0)**
Share of results of associates	**(8,726)**	(2,111)	**(6,615)**	**(313.4)**
Share of results of joint ventures	**8,154**	7,647	**507**	**6.6**
Non-operating item:				
Impairment of interests in a joint venture	**(22,185)**	(8,179)*	**(14,006)**	**(171.2)**
Loss attributable to equity shareholders of the Company	**(64,732)**	(39,800)	**(24,932)**	**(62.6)**

* The amount was recognised in the share in results of joint ventures of the Group in FY2023.

Revenue Analysis

	FY2024	FY2023	Fav./(Unfav.) Change	
	HK$'000	*HK$'000*	*HK$'000*	%
Sales of recovered paper and materials				
– Sales of recovered paper	**21,335**	21,882	**(547)**	**(2.5)**
– Sales of other waste materials	**175**	181	**(6)**	**(3.3)**
	21,510	22,063	**(553)**	**(2.5)**
CMDS service income	**17,899**	15,848	**2,051**	**12.9**
Sales of tissue paper products	**991**	809	**182**	**22.5**
Logistics service income	**2,298**	3,618	**(1,320)**	**(36.5)**
	42,698	42,338	**360**	**0.9**

The Group's revenue from **Recovered Paper** business slightly decreased by HK$0.6 million or 2.5% due to a small drop in volume and prices. In the post-pandemic era, many economic activities are yet to pick up which affect our recycled paper collection and hence reduction in sales. Sales revenue from recovered office paper generated from the CMDS services decreased by HK$0.8 million. Accordingly, the gross profit of recovered paper trading decreased from HK$13.4 million to HK$12.7 million, while gross profit margin remain stable at 61.3% in FY2023 and 59.5% in FY2024.

The Group's revenue from **CMDS** increased to approximately HK$17.9 million, representing a 12.9% rise. The increase in CMDS revenue was primarily driven by the non-paper segment, largely due to successful acquisitions of new clients. Additionally, the paper segment also recorded a slight increase in revenue.

Our joint venture with the ALBA Group for **WEEE** treatment and recycling experienced a decrease in profit by 8.2% to HK$45.0 million, primarily due to lower consumption of new equipment by the economy and the lack of government subsidies this year. Despite these challenges, the Group foresees significant growth opportunities stemming from the upcoming enlargement of WEEE recycling regulations which will cover small electrical appliances and computers, which would drive an increase in WEEE processing volumes and the associated revenue. The management team is actively preparing for this expansion and is confident of its ability to handle the increased workload effectively and seize the opportunities created by regulatory changes.

Our **Logistics** division primarily focuses on providing support services to other business segments of the Group, and it also plays a major role in the transportation of WEEE items to the treatment plant of our joint venture. However, logistics service income has decreased by HK$1.3 million or 36.5% to HK$2.3 million in FY2024, as our joint venture has undertaken certain logistic function since July 2022 due to its cost optimization strategy. The challenges arisen from lackluster economic conditions and weak retail sales also lead to a decline in number of trips and a reduction in service income. Subdued consumer spending on electrical and electronic products has impacted demand for transportation and distribution services.

The Group's **Hazardous Waste Treatment** business in Mainland China operates through Dugong IWS HAZ Limited. This business has faced challenging market conditions characterised by intense price competition and stagnant demand, affecting profitability and growth adversely. The share of loss in this associate has increased by HK$6.4 million compared to FY2023.

An Jie, in which the Group has made an investment, operates in the logistics and supply chain sector with a focus on new energy and hazardous materials transportation. An Jie's business scope includes handling lithium batteries and raw materials for renewable energy and electric vehicles. An Jie also specialises in on-site material management, daily customer deliveries, and backend distribution services for finished products. The Group is optimistic about An Jie's growth prospects, especially in the new energy sector, which offers significant growth opportunities.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of HK$25.3 million in FY2024, slightly increased by HK$0.3 million or 1.4% when compared to FY2023, due to the increase in revenue of CMDS driven by increase in service income from non-paper segment. The gross profit margin of the Group also increased slightly from 59.0% in FY2023 to 59.4% in FY2024.

Selling, Distribution, Administrative and Other Operating Expenses

Selling, distribution, administrative and other operating expenses amounted to a total of HK$75.4 million, representing a slight increase of HK$2.4 million or 3.2% compared to FY2023.

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

Owing to the provision for impairment loss on the amounts due from a joint venture and increase in share of losses from associates, LBITDA for the year rose by approximately HK$23.6 million, from HK$19.6 million in FY2023 to HK$43.2 million in FY2024.

Liquidity and Financial Resources

The Group operates a centralised treasury function to monitor its cashflow and funding requirements. The Group considers it prudent to finance long-term growth by long-term modes of financing and especially prefers equity when appropriate since it does not increase recurring finance costs. The Group acknowledges that it may encounter difficulties in raising funds from financial institutions by way of debt because of its recent financial performance. During the current financial year, a 3-year unsecured interest-bearing loan of HK$50.0 million was granted by the controlling shareholder, Chow Tai Fook Nominee Limited, to finance part of the purchase consideration of interests in An Jie.

As at 31 March 2024, the Group had unrestricted bank deposits and cash of approximately HK$50.7 million (2023: HK$74.4 million). The Group had no bank loans and overdrafts as at 31 March 2024 (2023: Nil).

As at 31 March 2024, the Group had net current assets of approximately HK$72.4 million, as compared to approximately HK$117.6 million as at 31 March 2023. The current ratio of the Group was 7.7 as at 31 March 2024 as compared to 9.7 as at 31 March 2023.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong and most of its sales are denominated in Hong Kong dollars. Most of the raw materials purchases are denominated in Hong Kong dollars. Furthermore, most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, Renminbi and United States dollars. Certain associate/joint venture companies have local currency project loans in place and these are naturally hedged against the investments in the same local currency of the entity concerned.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 March 2024, the Group recorded a net foreign exchange loss of HK$2.0 million (2023: HK$4.2 million) due to depreciation of the Renminbi during the year. The Group has not used any forward contracts or other means to hedge its foreign currency exposure.

Major Capital Expenditure and Commitments

During the current financial year, the Group incurred HK$4.8 million for the capital expenditure in respect of headquarters of the Group in Tseung Kwan O Industrial Estate, Hong Kong. As at 31 March 2024, the Group has no material capital expenditure commitments.

Pledge of Assets

As at 31 March 2024, the Group had no pledge of assets (2023: Nil).

Capital Structure

Details of the capital structure of the Company are set out in Note 24.

Contingent Liabilities

As at 31 March 2024, the Group had, upon receiving legal advice, lodged certain claims against a former director and employee, the outcome of which remains uncertain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is a reputable integrated waste solutions provider in Hong Kong and Mainland China, committed to sustainability and meeting the evolving demands of its customers for enhanced waste recovery practices. We recognise our environmental and social responsibilities and are dedicated to contribute to shaping a sustainable future for the society and the economy. By embedding environmental, social, and governance ("ESG") considerations in our daily business operations, we strive to address sustainability challenges effectively.

Our ESG performance is detailed in the annual ESG report, accessible on both the Stock Exchange and our company website. This report is in compliance with the ESG Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules") and explains the Group's environmental policy and its relationship with key stakeholder groups.

Environmental Policy and Compliance

As an integrated waste solutions provider, we are committed to delivering efficient waste management services while prioritising environmental protection. Our commitment is reflected in the quantitative environmental targets we have set for ourselves, such as implementing water-saving measures and reducing wastewater, aligning with the ISO 14001:2015 certified environmental management system.

During the Reporting Period, all washroom faucets in the office area have been installed with water-saving devices, aiming to reduce water consumption by approximately 20%. The Group was able to secure assistance from the CLP Eco Building Fund, enabling the replacement of 215 sets of existing fluorescent lamps with new LED lamps in the workshop and warehouse areas of our headquarters. These new LED lamps are designed to operate at a significantly higher level of efficiency compared to the previous fluorescent lighting, providing equivalent illumination while consuming less energy.

We strictly comply with all relevant environmental laws and regulations, including the Waste Disposal Ordinance, Water Pollution Control Ordinance, and Air Pollution Control Ordinance. Throughout the Reporting Period, the Group remained vigilant and did not encounter any instances of non-compliance with these laws and regulations that could significantly impact its operations.

Stakeholders Engagement

The Group places high value on its relationships with stakeholders and is committed to maintaining regular interactions with them. We have established diverse communication channels to engage stakeholders from various sectors and backgrounds, including employees, customers, investors, NGOs, suppliers and subcontractors. This engagement process is integral to understanding the influence of our operations on stakeholders' decision-making processes and the broader impact on the environment, economy and community. For more information on our stakeholder engagement methods, please refer to our website, where we outline our approach aimed at fostering meaningful dialogue and collaboration with our stakeholders.

Employees

We deeply value the contribution of each employee and view this as integral to our success. We are committed to equipping our employees with the necessary tools and resources to safely and effectively perform their roles, while also supporting their professional development and growth within the Group. As at 31 March 2024, we had a total of 99 employees, and employee costs, including directors' emoluments, amounted to HK$42.7 million for FY2024 (FY2023: HK$40.4 million).

In addition to complying with applicable employment laws, we respect the rights of our employees and follow fair employment practices across recruitment, performance appraisal, and the provision of welfare and benefits. We value each employee at every stage of employment and maintain a zero-tolerance policy against discrimination of any kind. Our commitment to supporting our employees is reflected in the existence of an employee grievance mechanism designed to address and resolve any concerns or needs they may have. This ensures a supportive and inclusive workplace environment where every individual feels valued and respected.

A significant portion of our workforce comprises drivers, heavy equipment operators and sorters, whose work involves potential occupational safety risks. Our Safety Management Committee is responsible for overseeing employee health and safety, ensuring compliance with pertinent laws and regulations in this regard. During the Reporting Period, CMDS was certified as OSH Star Enterprise by the Occupational Safety and Health Council ("OSHC").

We highly value contributions of employees to the Group and remain committed to fostering their career development. We offer comprehensive internal and external training programmes aimed at enhancing their professional skills. These training initiatives cover topics such as the Code of Conduct, safety protocols, environmental protection and ongoing professional development.

Customers

The Group places strong emphasis on customer satisfaction and information security. An annual customer satisfaction survey is conducted to gain insights into customer needs and preferences, ensuring proactive engagement. During the Reporting Period, the Group achieved a customer satisfaction rate of 90%, meeting its target. Each customer complaint is diligently investigated and analysed to devise personalised solutions, facilitating continuous enhancement of service quality. Grievance mechanism is in place to gather feedback, implement corrective actions, and consistently improve service standards.

In terms of information security, the Group has attained ISO 27001 certification, demonstrating a comprehensive approach to risk assessment and mitigation. The Information Management Committee identifies and assesses all information assets and associated risks and assigns responsible personnel for each risk, besides establishing standards and processes for security risk evaluation. The thorough risk analysis helps prioritise and manage risks effectively, leading to the formulation of policies, operational procedures, and contingency plans to prevent and mitigate potential information security incidents.

Annual training sessions on information security are provided by external consultant to equip various departments with updated knowledge and skills, ensuring a cohesive approach towards maintaining data integrity and safeguarding against security breaches. During the Reporting Period, there were no customer data leaks or security violations. The Group remains committed to customer-centricity and robust information security practices, fostering sustained growth and stakeholder confidence.

Suppliers

The Group highly values its relationships with suppliers and maintains an extensive network of partners who share our commitment to environmental and social responsibility. Our supplier selection process is rigorous, ensuring that all suppliers meet our stringent standards for ESG practices. Priority is given to suppliers who demonstrate proactive measures to minimise their environmental footprint.

Each year, we assess the performance of our existing suppliers based on various criteria including price competitiveness, product and service quality, cooperation, on-time delivery, and adherence to environmental standards. Suppliers who do not meet our expectations are carefully reviewed and, if necessary, replaced to maintain the highest standards in all aspects, across the entire supply chain. During the Reporting Period, 100% of the suppliers passed our verification processes. We believe by partnering with like-minded suppliers who share our values, we can collectively work towards creating a more sustainable supply chain and reduce our overall environmental impact.

Business Integrity

The Group ensures integrity in its business through proactive measures aimed at promoting ethical conduct and transparency in its operations. We conduct anti-corruption training for frontline staff, ensuring they understand ethical practices and the importance of accountability. Additionally, each of our directors participated in anti-corruption training last year. By prioritising comprehensive training initiatives, we aim to strengthen our culture of integrity and uphold our values of honesty and transparency in all aspects of our operations.

PROSPECTS

The economic recovery post-pandemic presents both challenges and opportunities for the Group. Despite shifts in waste generation patterns and intensified price competition, particularly in hazardous waste treatment segments, IWS remains confident in its ability to adapt and thrive. We anticipate substantial growth opportunities driven by forthcoming regulatory expansions in WEEE recycling in Hong Kong and are well-prepared to effectively manage regulatory changes and broaden the scope of our operations. The Group is well-positioned to deliver sustained value to stakeholders and capitalise on emerging opportunities in the evolving waste management industry.

Looking ahead, with a focus on strategic investments, operational optimisation and regulatory readiness, the Group is ready to adapt to and benefit from evolving market dynamics. As the industry undergoes transformation, the Group remains committed to delivering long-term value and sustainable solutions, solidifying its position as a premier waste management solutions provider in both Hong Kong and Mainland China.

REPORT OF THE DIRECTORS

The Board hereby submits its annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2024 ("Annual Report").

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 the provision of solid waste management services as set out in note 28(a) to the financial statements.

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

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2024 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 17 respectively.

Descriptions of the principal business risks and uncertainties facing the Group are delineated in the Management Discussion and Analysis of this Annual Report. Details about the Group's financial risk management are set out in note 3 to the financial statements.

To the best knowledge of the Board, and save as disclosed in this Annual Report and the environmental, social and governance report 2024 ("ESG Report"), the Group complied with the relevant laws and regulations that have a significant impact on the Group's business throughout the financial year ended 31 March 2024. More disclosures in this respect are provided in the Management Discussion and Analysis of this Annual Report as well as the ESG Report.

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 Group's environmental policies and performance, and relationships with key stakeholders are delineated in the Management Discussion and Analysis of this Annual Report on pages 9 to 17.

The above discussion forms part of this report of the Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

A separate ESG Report in electronic version is available on the Company's website (http://www.iwsgh.com/irc_relations_financial.php?lang=en) and the designated website of the Stock Exchange (www.hkexnews.hk).

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 54 to 55.

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2024 (2023: 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 58 and in note 25(a) to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 24(b) to the financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution comprise the share premium account less accumulated losses. As at 31 March 2024, the reserves of the Company available for distribution to the shareholders of the Company (the "Shareholders") amounted to approximately HK$225,266,000 (2023: HK$376,440,000).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024, 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 2024 annual general meeting of the Company (the "2024 AGM") to be held on Wednesday, 28 August 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 August 2024.

REPORT OF THE DIRECTORS

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 120.

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 2024.

DIRECTORS

The Directors since 1 April 2023 to the date of this report were:

Executive Directors

Mr. Lam King Sang
Mr. Tam Sui Kin, Chris

Non-executive Directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Lee Chi Hin, Jacob

Independent non-executive Directors

Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael

Pursuant to Article 108 of the Articles of Association, Messrs. Cheng Chi Ming, Brian, Lee Chi Hin, Jacob and Chan Ting Bond, Michael shall retire by rotation at the 2024 AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the 2024 AGM.

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 2024, 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 2023/24 Interim Report are set out below:

Executive Director's Emoluments

With effect from 1 January 2024, the annual salaries of Mr. Lam King Sang and Mr. Tam Sui Kin, Chris have been adjusted to HK$2,719,524 each. Their annual director's fees remained unchanged at HK$348,000 each.

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

Mr. Cheng has been appointed as the co-chief executive officer of NWS Holdings Limited (stock code: 659) since 1 January 2024.

On 26 June 2024, Mr. Cheng resigned as non-executive director of Wai Kee Holdings Limited (stock code: 610).

Mr. Lee Chi Hin, Jacob (Non-executive Director)

Mr. Lee has been re-designated as an executive director of Giordano International Limited (stock code: 709) effective from 5 April 2024.

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

Mr. Wong ceased to be an independent non-executive director of Shanghai Dongzheng Automotive Finance Co., Ltd and IntelliCentrics Global Holdings Ltd. on 29 April 2024 and 8 May 2024 respectively. Securities of both companies were listed on the Stock Exchange.

Mr. Chan Ting Bond, Michael (Independent Non-executive Director)

The Company has renewed the letter of appointment with Mr. Chan as an independent non-executive Director for a term of three years from 1 May 2024. Pursuant to the letter of appointment, Mr. Chan is entitled to an annual director's fee of HK$348,000 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.

REMUNERATION POLICY

During the year ended 31 March 2024, 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 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 transactions, arrangements or 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 2024, none of the Directors or chief executive of the Company had registered an interest or a short position 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 C3 (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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2024, 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 ("Shares") 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)	56.86%
Cheng Yu Tung Family (Holdings II) Limited	1	Interest in controlled corporations	2,742,514,028 (L)	56.86%
Chow Tai Fook Capital Limited	1	Interest in controlled corporations	2,742,514,028 (L)	56.86%
Chow Tai Fook (Holding) Limited	2	Interest in controlled corporations	2,742,514,028 (L)	56.86%
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 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%
Firstrate Enterprises Limited	4	Beneficial owner	780,000,000 (L)	16.17%
Mr. Wong Kim Pun	4	Interest in controlled corporation	780,000,000 (L)	16.17%

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

Notes:

1. As at 31 March 2024, 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 81.03% 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. Pursuant to the disclosure of interests notification received by the Company, Mr. Wong Kim Pun controls 100% interest in Firstrate Enterprises Limited and hence is deemed to be interested in 780,000,000 shares of the Company held by Firstrate Enterprises Limited.

Save as disclosed above, the Company has not been notified of any other person who had an 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 as at 31 March 2024.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") which was approved by the Shareholders at the annual general meeting held on 30 August 2023. The purpose of the Share Option Scheme is to provide an incentive or reward for the grantees of options granted under the Share Option Scheme ("Options") for their past and potential future contribution, or solely for their potential future contribution (but not solely for their past contribution), to the Group. The Share Option Scheme is valid and effective for a period of 10 years from the date of adoption, i.e. 30 August 2023 (the "Adoption Date").

The participants of the Share Option Scheme include any full-time or part-time Employee Participants as defined in the Listing Rules, Related Entity Participants as defined in the Listing Rules, and Service Providers (as defined below) who, in the sole opinion of the Board, will contribute to the Group. For the purpose of the Share Option Scheme, Service Provider(s) means any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including (i) persons or entities (as independent contractors, consultants, advisors or otherwise) that provide support or any advisory, consultancy, professional or other services to any member of the Group (such as, without limitation, support or services in relation to research and development, strategic or commercial planning on corporate image, investor relations, product quality control, and regulations and policies); and (ii) suppliers of goods or services to any member of the Group (such as, without limitation, suppliers of raw materials and machinery, and machinery maintenance services), but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

The exercise price of the Options granted shall be at the discretion of the Directors, provided that it must be at least the highest of:

(a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer;

(b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the 5 Business Days immediately preceding the date of the offer; and

(c) the nominal value of a Share.

The total number of Shares available for issue under the Share Option Scheme (the "Scheme Mandate Limited") is 482,300,900 Shares, being 10% of the total number of Shares in issue as at the Adoption Date and the date of this Annual Report. The total number of Shares which may be allotted and issued in respect of all Options or share options or share awards to be granted to Service Providers under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 0.5% of the total number of Shares in issue (equivalent to 24,115,045 Shares) as at the Adoption Date (the "Service Provider Sublimit"). The Scheme Mandate Limit and the Service Provider Sublimit may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment.

Unless approved by the Shareholders, the total number of Shares issued and which may be issued upon exercise of the Options and share awards granted under the Share Option Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding Options, share options and share awards) to each grantee in any 12-month period shall not exceed 1% of the total number of Shares in issue. Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates) would result in the Shares issued and to be issued in respect of all Options, share options or share awards granted (excluding any Options, share options or share awards lapsed in accordance with the New Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to the approval of the Shareholders.

The period within which the Option may be exercised shall be specified in each offer of Options provided that such period of time shall not exceed a period of 10 years from the date of grant of the Options. An offer of Options must be accepted within 14 days from the date of offer, upon payment of HK$1.00 as a consideration for the grant. Option must be held by the holder of the Option for at least 12 months before the Option can be exercised. The exact length of vesting period of an Option will be determined by the Board on a case-by-case basis.

No Option of the Company has been granted, exercised nor cancelled/lapsed under the Share Option Scheme since the Adoption Date and up to the date of this Annual Report.

INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY

In order to provide the Company with sufficient authorised unissued Shares which may fall to be issued under the options that may be granted under the Share Option Scheme and to accommodate the future growth of the Group, the Board proposed to increase the authorised share capital of the Company from HK$500,000,000 divided into 5,000,000,000 Shares to HK$750,000,000 divided into 7,500,000,000 Shares (the "Increase in Authorised Share Capital"), and the relevant ordinary resolution was duly passed by the Shareholders at the annual general meeting held on 30 August 2023. The Increase in Authorised Share Capital became effective on 30 August 2023.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 31 March 2024, the Group entered into certain transactions in normal course of business with 'related parties' as defined under the applicable accounting standards. Details of the Group's related party transactions are disclosed in note 27 to the financial statements. For those related party transactions that constituted connected transactions (other than the continuing connected transactions described below) under the Listing Rules, these transactions are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Continuing connected transactions which are exempt from the circular, independent financial advice and independent shareholders' approval requirements, but subject to the reporting and announcement requirements under Rule 14A.101 of the Listing Rules

On 16 April 2021, I-Talent Paper Product (HK) Limited ("I-Talent"), an indirect non-wholly owned subsidiary of the Company, entered into a manufacturing and supply agreement with Samiton Limited ("Samiton") which serves as a master agreement by which Samiton exclusively engages I-Talent to manufacture and supply paper products including box facial, soft pack and mini hankies (the "Products") for a term of three years commencing from 1 April 2021 and ended on (and including) 31 March 2024 (the "Manufacturing and Supply agreement"). Pursuant to the terms of the Manufacturing and Supply Agreement, Samiton agrees to engage I-Talent exclusively to manufacture the Products in respect of all purchase orders for the Own Products and the OEM Products placed by the customers of Samiton. Samiton and I-Talent will from time to time enter into specific written agreements in respect of orders to be placed by Samiton with I-Talent for the Products, provided that the terms and conditions of such specific agreements are not inconsistent with the terms of the Manufacturing and Supply Agreement. Details of the Manufacturing and Supply Agreement were set out in the announcement of the Company dated 16 April 2021 (the "CCT Announcement"). Capitalised terms used in this section have the same meanings as those defined in the CCT Announcement.

As at the date of signing of the Manufacturing and Supply Agreement, I-Talent was owned as to 51% indirectly by the Company and as to 49% by Talent First Limited, which in turn was owned as to 60% by Samiton. Therefore, Samiton is a substantial shareholder of I-Talent. Mr. Yung Wai Man, Danny (who owned Samiton as to 44.5%) and another shareholder of Samiton were also directors of I-Talent. Samiton was a connected person of the Company at subsidiary level because of its indirect shareholding in I-Talent and its being an associate of Mr. Yung Wai Man, Danny under the Listing Rules. Based on the foregoing, the transactions contemplated under the Manufacturing and Supply Agreement constituted continuing connected transactions of the Company under the Listing Rules.

During the year ended 31 March 2024, the aggregate amount of purchase price paid by Samiton to I-Talent under the Manufacturing and Supply agreement is summarized as follows:

	Aggregate amount of purchase price paid for the year ended 31 March 2024	Annual Cap for the year ended 31 March 2024
	HK$	HK$
Purchase price paid by Samiton to I-Talent in respect of the Transactions	**458,000**	9,100,000

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

— in the ordinary and usual course of business of the Group;

— either on normal commercial terms or better;

— according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

— within the annual cap as set out in the CCT Announcement.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the above continuing connected transactions in accordance with paragraph 14A.56 of the Listing Rules.

DETAILS OF PERFORMANCE GUARANTEE UNDER RULE 14.36B

Reference is made to the announcement and the circular of the Company dated 11 December 2019 and 31 December 2019 respectively in relation to the acquisition of shares in Dugong IWS HAZ Limited (the "Target Company"). According to the terms of the Shareholders' Agreement of the Target Company and the subsequent deed of adherence between the Group and the vendor, in the event that the aggregate net income (audited in accordance with the PRC GAAP) of 連雲港綠潤環保科技有限公司 (Lianyungang Lvrun Environmental Protection Technology Co., Ltd*) for the three years ended 31 December 2021 (the "Agreed Period") is less than RMB90,000,000, the Group will receive cash payment from Dugong Limited ("Dugong") out of the distributions to be made by the Target Company to Dugong in the amount calculated in accordance with the following formula:

(RMB90,000,000 — A) x 51% x 40% (less tax, expenses and interests (if any))

where A is the aggregate audited net income of 連雲港綠潤環保科技有限公司 (Lianyungang Lvrun Environmental Protection Technology Co., Ltd.*) ("Lvrun") during the Agreed Period.

Based on the audited accounts of Lvrun for the Agreed Period, the aggregate audited net income of Lvrun during the Agreed Period is approximately RMB69,123,780 (after agreed adjustments). Therefore, the Group has become entitled to receive from Dugong a sum of approximately RMB4,258,749 (equivalent to approximately HK$4,684,000 using an exchange rate of RMB0.9092: HK$1.00 as at 31 March 2024) (the "Agreed Sum") as a result of a shortfall of approximately RMB20,876,220 between RMB90,000,000 and RMB69,123,780.

Since the board of directors of the Target Company has resolved not to declare any dividends or make any other distributions to its shareholders for the Agreed Period or thereafter upto the year under review, the Group has not received the Agreed Sum or any part thereof as at the date of this Annual Report. Subject to any future declaration of dividends and/or making of other distributions by the Target Company and (if declared or made) the amount(s) of dividends and/or distributions to be paid to Dugong, the Group will receive the Agreed Sum or any part thereof. The Company will closely monitor the payment status of the Agreed Sum.

* For identification purpose only

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Following the disposal of the investment in waste management business of NWS Holdings Limited, Mr. Cheng Chi Ming, Brian, being director of the Company and NWS Holdings Limited, is no longer considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

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	19%
—	five largest suppliers in aggregate	60%

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

—	the largest customer	20%
—	five largest customers in aggregate	57%

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.

REPORT OF THE DIRECTORS

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 2024. The Company has maintained directors and officers liability insurance for the directors of the Company and its subsidiaries.

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, which comprises three independent non-executive Directors and two non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, reports to the Board. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2024.

AUDITOR

The consolidated financial statements for the year ended 31 March 2024 have been audited by KPMG, which will retire and, being eligible, offer itself for re-appointment at the 2024 AGM. A resolution for the re-appointment of KPMG as auditor of the Company and authorisation of the Board to fix the auditor's remuneration is to be proposed at the 2024 AGM.

On behalf of the Board

Cheng Chi Ming, Brian
Chairman
Hong Kong, 26 June 2024

The Company is committed to maintain a high standard of corporate governance and has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules. The Company has complied with the code provisions set out in the CG Code throughout the financial year ended 31 March 2024.

The Company has, in order to strengthen its overall corporate governance and without prejudice to the principles of the CG Code, established various policies focusing, in particular, on risk management, internal communication and internal control mechanisms. These policies, 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 and 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 aligning the corporate culture of good governance with its purpose, value and strategy, 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 overall businesses, performance, strategic decisions, corporate governance, internal control and risk management functions, and corporate social responsibility policy. 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, dividend policy 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.

For effective leadership and control, the Board regularly reviews reports and updates from the senior management of the Company on the progress of the approved strategies, plans, budget and control systems, and receives recommendations and advice from various Board committees in respect of the delegated governance matters.

CORPORATE GOVERNANCE REPORT

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

Executive Directors

Mr. Lam King Sang
Mr. Tam Sui Kin, Chris

Non-executive Directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Lee Chi Hin, Jacob

Independent Non-executive Directors

Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael

BOARD COMPOSITION

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

	Board Committees			
Directors	**Executive Committee**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. Lam King Sang	Chairman			
Mr. Tam Sui Kin, Chris	Member			
Mr. Cheng Chi Ming, Brian		Member		
Mr. Lee Chi Hin, Jacob		Member	Member	Member
Mr. Chow Shiu Wing, Joseph		Member	Member	Chairman
Mr. Wong Man Chung, Francis		Chairman	Member	Member
Mr. Chan Ting Bond, Michael		Member	Chairman	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. Lam King Sang 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 of independence from each existing independent non-executive Director. The Nomination Committee has reviewed and assessed the annual confirmation of each independent non-executive Director based on the independence criteria as set out in Rule 3.13 of the Listing Rules and formed the view that all of them remain independent.

The Company has established formal and informal channels to ensure independent views and input are available to the Board. Independent non-executive Directors are invited to serve as the chairmen and majority members on the Audit Committee, the Remuneration Committee and the Nomination Committee. Through participation in Board meetings, providing valuable perspectives to the Board discussions, 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, and free to express their views in an open and candid manner. The Chairman annually holds meeting(s) with the independent non-executive Directors without the presence of other Directors. Should the circumstances require, independent non-executive Directors have open access to interact with the management and other Board members including the Chairman outside the boardroom. In addition, the Group has whistleblowing policy and system in place for employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee comprising a majority of independent non-executive Directors about possible improprieties in any matter related to the Group. The implementation and effectiveness of the above mechanisms are subject to annual review by the Board.

Independent non-executive Directors have also confirmed that they are able to make sufficient time available to discharge their duties and responsibilities for the benefit of the Company.

The list of Directors (by category) is set out 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 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 2024, 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 the shareholders of the Company (the “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 the Shareholders at the next annual general meeting.

CORPORATE GOVERNANCE REPORT

In accordance with Article 108 of the Articles of Association and in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, Messrs. Cheng Chi Ming, Brian, Lee Chi Hin, Jacob and Chan Ting Bond, Michael shall retire from their office as Director by rotation at the 2024 AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the 2024 AGM. The Company's circular, sent together with this Annual Report, contains detailed information of the above retiring and re-electing 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 and governed by the Nomination Policy of the Company. 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 meetings during the year is as follows:

	Attended/Eligible to attend						
	Board Meetings	Executive Committee Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors							
Mr. Lam King Sang	5/5	10/10	0/0	0/0	0/0	1/1	1/1
Mr. Tam Sui Kin, Chris	5/5	10/10	0/0	0/0	0/0	1/1	1/1
Non-Executive Directors							
Mr. Cheng Chi Ming, Brian	5/5	0/0	3/3	0/0	0/0	1/1	1/1
Mr. Lee Chi Hin, Jacob	4/5	0/0	3/3	1/1	1/1	0/1	1/1
Independent Non-Executive Directors							
Mr. Chow Shiu Wing, Joseph	5/5	0/0	3/3	1/1	1/1	1/1	1/1
Mr. Wong Man Chung, Francis	5/5	0/0	3/3	1/1	1/1	1/1	1/1
Mr. Chan Ting Bond, Michael	5/5	0/0	3/3	1/1	1/1	1/1	1/1

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 Directors were updated with new legal and regulatory developments, and changes in business and market dynamics to facilitate the discharge of their responsibilities. Professional briefings and anti-corruption training by the relevant subject matter experts were arranged for the Directors and managerial staff through which not only to refresh their knowledge and skills, but also promote the good corporate culture set by the Board. Trainings in different forms such as seminar, workshop, webinar and professional forum received by each of the existing Directors during the year are summarised as follows:

	Areas of Training				
Name of Directors	**Corporate strategy and business**	**Law and regulatory compliance**	**Directors' duties/ESG practices**	**Financial reporting/risk management**	**Anti-corruption**
Executive Directors					
Mr. Lam King Sang	✓	✓			✓
Mr. Tam Sui Kin, Chris	✓	✓	✓	✓	✓
Non-executive Directors					
Mr. Cheng Chi Ming, Brian			✓		✓
Mr. Lee Chi Hin, Jacob		✓	✓		✓
Independent Non-executive Directors					
Mr. Chow Shiu Wing, Joseph		✓			✓
Mr. Wong Man Chung, Francis	✓	✓	✓	✓	✓
Mr. Chan Ting Bond, Michael	✓	✓	✓		✓

BOARD COMMITTEES

For the year ended 31 March 2024, the Board had four standing Board committees, namely, Executive Committee, Audit Committee, Remuneration 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, Remuneration Committee and Nomination Committee are available on the websites of the Company and the Stock Exchange. All Board committees report to the Board on their decisions and give advice and recommendations to the Board relating to specific matters under the defined terms of reference.

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 kept by the company secretary were 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

The Executive Committee is composed of two executive Directors with Mr. Lam King Sang 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

The Audit Committee comprises five members, namely, Mr. Wong Man Chung, Francis, Mr. Chow Shiu Wing, Joseph and Mr. Chan Ting Bond, Michael, being independent non-executive Directors, and Mr. Cheng Chi Ming, Brian and Mr. Lee Chi Hin, Jacob, being non-executive Directors. Mr. Wong Man Chung, Francis who possesses relevant accounting and financial management expertise is the chairman of the Audit Committee. Mr. Wong is a Certified Public Accountant (Practising) and has over 30 years of experience in auditing, taxation, corporate internal control and governance, acquisition 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 management 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 audit plan and 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 control procedures.

The Board has delegated to the Audit Committee the responsibilities 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 manuals (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 C1 of the Listing Rules and disclosure in the corporate governance report in the annual report of the Company.

During the year ended 31 March 2024, 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 external audit work, audit plan, auditor's fees and terms of engagement, and the policy on provision of non-assurance services by the external auditor;

- Review and approval of KPMG's confirmation of independence, its reports to the Audit Committee, and recommendation to the Board for the appointment of the external auditor;

- Review and discussion of the internal audit plan and the internal audit reports of the Group;

- Review and assessment of the adequacy and effectiveness of the risk management and internal control systems of the Group and the associated action plans;

- Consideration and review of the continuing connected transactions for the year;

- Review of the corporate governance practices of the Group; and
- Review of the draft ESG report with a recommendation to the Board for approvals.

To maintain effective communication, the Audit Committee and the external auditor held two private meetings without the presence of any executive Directors or the management of the Company during the year.

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 2024, 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 whistleblowing policy for its employees, customers, suppliers and other stakeholders through which to raise concerns in confidence and anonymity, with the Audit Committee about any suspected misconduct or malpractice within the Company. The Audit Committee has the overall responsibility for monitoring and reviewing the operation of the policy and recommendations for action resulting from the investigation into any such complaints.

REMUNERATION COMMITTEE

The Remuneration Committee comprises four members, namely, Mr. Chan Ting Bond, Michael, Mr. Chow Shiu Wing, Joseph and Mr. Wong Man Chung, Francis, being independent non-executive Directors and Mr. Lee Chi Hin, Jacob, being non-executive Director. Mr. Chan Ting Bond, Michael 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; (iii) determine with delegated responsibility, the specific remuneration packages of individual senior management of the Company; and (iv) review and approve performance-based remuneration by making reference to corporate goals and objectives handed down by the Board from time to time.

The Company has formal and transparent procedures for fixing the remuneration packages of individual Directors. 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 2024 are set out in note 10(a) to the financial statements contained in this Annual Report.

During the year ended 31 March 2024, the Remuneration Committee has performed the following major tasks:

- Review and discussion of the remuneration policy and structure of Directors and senior management of the Company;
- Review and recommendation to the Board in respect of the emoluments including incentive and performance bonus to the executive Directors and senior management of the Company;
- Review of the director's fees of the Board members;
- Setting up a bonus award system and KPIs for the executive Directors in line with the value and growth of the Company;
- Recommendation of the director's fee of independent non-executive Director on the renewal of his appointment; and
- Review of the terms of reference of the Remuneration Committee.

NOMINATION COMMITTEE

The Company established the Nomination Committee in accordance with the provisions set out in the CG Code. The Nomination Committee comprises four members, Mr. Chow Shiu Wing, Joseph, Mr. Wong Man Chung, Francis and Mr. Chan Ting Bond, Michael, being the independent non-executive Directors, and Mr. Lee Chi Hin, Jacob, being non-executive Director. 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 2024, the Nomination Committee has performed the following works:

- Review and discussion of the structure, size, diversity and composition of the Board and its committees taking into account the nomination policy, the Board diversity policy and the availability of independent views to the Board, with a recommendation to the Board for approval;
- Review of the effectiveness of the Board diversity policy from the perspectives of corporate strategy, governance standard and business need;
- Monitoring the implementation of the Board diversity policy and setting a numerical target and timeline for achieving the gender diversity at Board Level;

- Review and assessment of the independence of the independent non-executive Directors upon re-appointment and annually;
- Recommendation to the Board in respect of the proposed re-election of the retiring Directors at the annual general meeting of the Company;
- Recommendation of the renewal of appointment of a Director; and
- Recommendation of the revision of the terms of reference of the Nomination Committee.

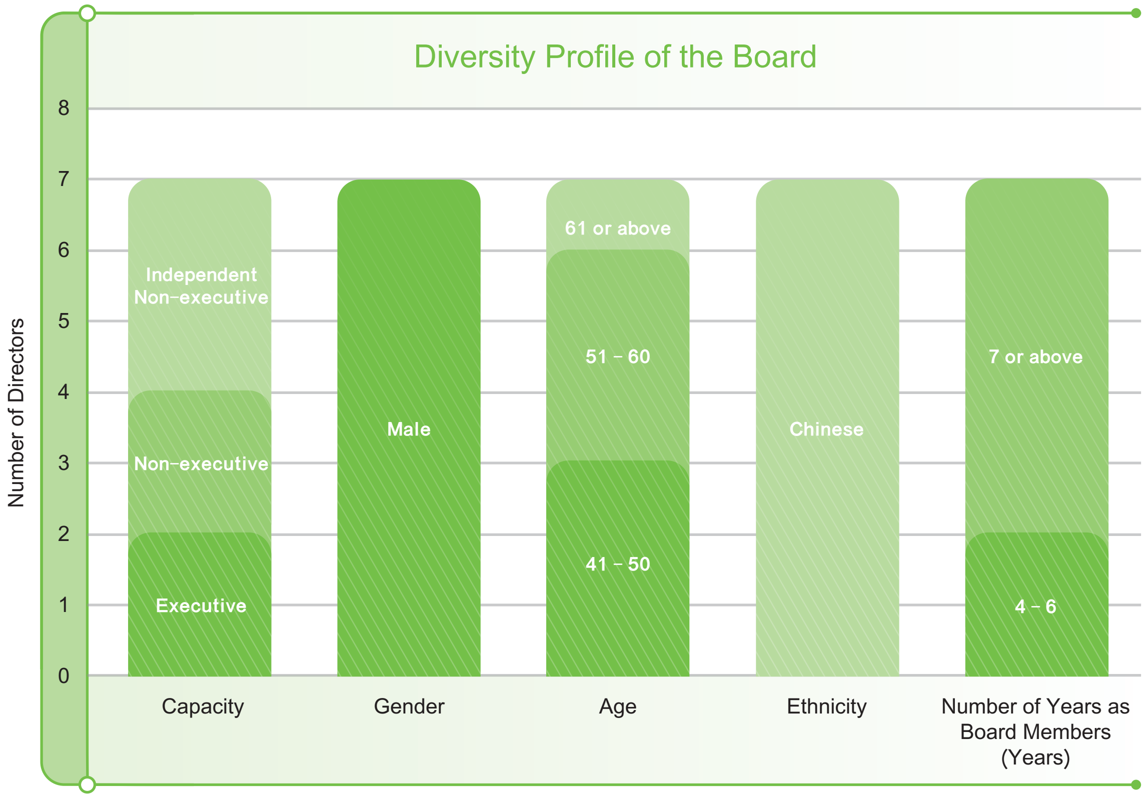
Nomination Policy

The Company has the policy for appointment and re-appointment of directors to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company's business. In assessing the suitability of a candidate for directorship, the Nomination Committee will consider, among other things, the candidate's qualifications, experience, skills, qualities, characters, the potential contribution the candidates can bring to the Company, the ability to devote sufficient time and attention to the Board, and the factors set out in the Board diversity policy. In the case of the appointment or re-appointment of independent non-executive Directors, the Nomination Committee will assess the independence of the appointees having regard to the criteria set out in the relevant Listing Rules.

The Nomination Committee will evaluate each proposed new appointment or re-appointment of a Director against the above criteria before making a recommendation to the Board for consideration and, as the case may be, approval. The Nomination Committee will make recommendations as appropriate to the Board with respect to election and re-election of Directors by the shareholders of the Company at general meetings. Where the shareholders of the Company are required to vote on electing or re-electing a Director, the circular to the shareholders of the Company accompanying the notice of the relevant general meeting will contain information on such Director as required under the Listing Rules and the Board's recommendation.

Board Diversity Policy

The Board recognises 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 nominate diverse talents to the Board to maintain a balance of skills, experience and diversity of perspectives and Board refreshment for the long-term good of the Company.



Having reviewed the Board diversity profile, the Board will continue to take initiative to identify female candidates by different means and through multiple networks to achieve gender diversity at the Board level. Target has been set for appointing at least one female Board member by the end of 2024.

As at 31 March 2024, 100% Directors (including senior management) and 72.7% of the workforce of the Group were male, with the office maintaining a balanced gender distribution of 1:1. The Board considered the gender ratio of the Group's workforce was commensurate with the physically demanding nature of the Group's business in logistics and waste handling services.

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.

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 2024.

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") set out in Appendix C3 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 2024.

CODE AND POLICY FOR EMPLOYEES OF THE GROUP

The Company has adopted the Code for Securities Transactions by Relevant Employees (the "Own Code") on no less exacting terms than the Model Code 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 Own Code by any relevant employee of the Group was noted during the year ended 31 March 2024.

The Company recognises that prevention of corruption is part and parcel of good corporate governance. A Group-wise policy and system on corruption prevention are in place to preserve a healthy corporate culture.

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 2024 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 2024.

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 authorised 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 2024. 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.

A total remuneration of HK$2,020,000 and HK$1,640,000 was paid/is payable to KPMG for their annual audit and non-audit services respectively by the Company during the year. The non-audit services mainly consist of review of the interim report, taxation and consultancy services.

RISK MANAGEMENT AND INTERNAL CONTROL

Role of the Board

The Board acknowledges its responsibility to evaluate and determine the nature and extent of the risks that it is willing to accept in pursuit of its strategic and business objectives. It reviews and monitors the effectiveness of the risk management and the internal control systems of the Group particularly in respect of financial, operational and compliance controls on an ongoing basis to safeguard the assets of the Group and protect the interests of the shareholders. Such review, conducted at least annually, includes evaluating the Group's ability to respond to changes in business and external environment, the quality of management's ongoing monitoring of risks, the extent and frequency of monitoring results communication to the Board, and the effectiveness of the Group's process over financial reporting and its compliance with the Listing Rules.

The risk management and internal control systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board assesses, through the Audit Committee and the internal audit function, the effectiveness of the Group's risk management and internal control systems, and also considers the adequacy of resources, qualifications and experience of the accounting, internal audit and financial reporting functions of its staff and their training, as well as those relating to the Group's ESG performance and reporting.

Risk Management

The Board is responsible for determining the Group's risk level and risk appetite and overseeing the Group's risk management strategies. Risk management is integrated into the day-to-day operations of the Group and is a continuous process carried out at all levels of the Group.

The risk management process of the Group involves risk identification, risk assessment and risk-countering. The methodology adopted in the risk identification and assessment process includes top-down and bottom-up approaches. The top-down approach involves the identification of major strategic risks that will prevent the Group from achieving its strategic objectives. In terms of risk review and reporting, each core business is required to formally identify and report the principal current and emerging risks from the macro environment, whilst the top management provides input after taking a holistic assessment of all risks arising from the growth of the business scale, extent, complexity and constantly changing business environment. At the functional level, the bottom-up approach with the involvement of all key business units is adopted to identify operational risks in daily operations. Management maintains an open and effective communication channel to enable the timely reporting of material risk and adequate supervision of risk mitigation.

Adopting both qualitative and quantitative risk management methodologies, risks that may impede the achievement of business objectives are evaluated from dimensions of the likelihood of their occurrence and severity of potential consequences on the business. The analyses of existing and emerging risks form a basis for determining how the risks should be managed and mitigated. These risks mainly fall under the six major categories namely strategic risks, operational risks, market risks, financial risks, legal and compliance risks and risks relating to ESG.

The identified risks are prioritized by comparing the results of the risk assessment and thereafter risk management strategies and internal control processes are formulated to prevent, avoid or mitigate those risks. Moreover, staff members are encouraged to report problems in operations and identify non-compliance with the corporate policies, standards, practices and procedures.

Internal Controls

To assure achievement of the Group's governance objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws and regulations, various policies and guidelines, with particular emphasis on communications, risk management and controls, are implemented under the auspices of the Board of Directors for enterprise-wide compliance. Subject to periodical review and regular monitoring, these policies and guidelines are procedural means by which the Group's resources are directed, monitored, and measured. The Company has also established internal procedures and controls for the handling and dissemination of inside information in order to regulate its information disclosure. Such procedures and controls are applicable to all staff members who can access any inside information and they are required to uphold the confidentiality of such information. 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.

Internal Audit

The internal audit function carries out independent appraisal as to the existence, adequacy and effectiveness of the risk management activities and internal control systems in the Group's business operations. It also provides proactive support to the business units in their risk management and control process, and promotes the deployment of continuous audits to provide an effective independent evaluation.

Adopting a risk assessment methodology, the internal audit function implements its annual audit plan which was reviewed by the Audit Committee to identify key business and operational risks, formulate an impartial opinion on the systems, recommend improvements and monitor corrective or remedial measures to minimize risk exposure. The internal audit function also works with management to establish action plans to address identified control weaknesses within a reasonable period. Ad hoc reviews on operations may be arranged on top of the default audit plan in order to ensure the internal procedures and controls are being adhered to at all times. Post-audit reviews are performed to ensure all identified control weaknesses have been satisfactorily remediated. The internal audit function reports directly to the Audit Committee on all major findings, corrective actions and responses from management on a semi-annual basis.

The scope of internal auditing within the Group is broad and involves topics such as financial reviews, operational reviews, laws and regulations compliance reviews, etc. For a financial audit, the internal audit function reviews and assesses the accuracy and efficiency of the Group's financial activities and financial information as well as the management of the Group's capital and assets. For an operational audit, the internal audit function assesses the design and operating effectiveness of the internal control system in business operations. The compliance audit focuses on reviewing and evaluating the Group's adherence to regulatory guidelines, procedures, and laws and regulations.

In respect of the year, the Group has engaged independent professional advisors (the "Advisors") to carry out the internal audit functions by performing independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The Advisors have conducted an interim review and annual review (the "Review") to improve the effectiveness of the Group's risk management and internal control systems.

During the year, the internal audit function conducted 4 major reviews:

– Assessment of corporate governance and review of the related control procedures whether they are properly designed, implemented and the compliance of laws and regulations;

– Assessment of the controls on the Group's Radio Frequency Identification (RFID) System and review whether they are properly designed, implemented and effectively operated;

– Assessment of internal controls over occupational safety and health of the Group and review whether they are properly designed, implemented, effectively operated and the compliance of laws and regulations; and

– Assessment of internal controls over fixed assets management of the Group and review whether they are properly designed, implemented and effectively operated.

Recommendations have been provided and corrective actions have been taken to remediate any identified risks. The Management and internal audit function will keep monitoring the implementation status of the recommendations on those issues and conducting post-audit reviews.

The Board is of the view that the risk management and internal control systems of the Group for the financial year ended 31 March 2024 were efficient and adequate, and were in compliance with the risk management and internal control provisions under the Corporate Governance Code.

INVESTOR RELATIONS

The Board believes that effective communication with the Shareholders and the investment community is essential to enhance investor relations and understanding of the Group's business performance and strategies.

The Company has established a shareholders communication policy setting out the strategies for maintaining continuous and open communications with shareholders and the investment community at large. The shareholders communication policy is subject to regular review to ensure its effectiveness and relevance to the Group's development. A full version of the policy is available on the Company's website at http://www.iwsgh.com/irc_governance.php?lang=en.

The Company is cognisant of the importance of transparency and timely disclosure of corporate information, which would enable Shareholders and investors to make their best investment decisions. The Company's website at www.iwsgh.com is an effective communication platform to keep Shareholders and investors, abreast of the information and updates on the Group's business developments and operations, financial and ESG information, announcements, circulars, notices of general meetings, and other information are available for public access. Shareholders and investors put forward their enquiries about the Company to the Board at the Company's principal place of business in Hong Kong or by email to info@iwsgh.com. Shareholders should direct their questions about their shareholdings or means of receipt of Corporate Communications to the Company's branch share registrar, Tricor Investor Services Limited.

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 address questions from the Shareholders in the general meetings.

Based on the information set out above, the implementation of the shareholders' communication policy which is subject to regular review, is considered to be effective.

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

The Company's amended and restated memorandum and articles of association are available on the Company's website as well as the designated website of the Stock Exchange. During the year ended 31 March 2024, there was no alteration to the Company's constitutional documents.

DIVIDEND POLICY

The Board has adopted a dividend policy, setting out the guidelines for determining whether dividends are to be declared and paid, and the level of profits to be distributed to the shareholders of the Company. It is the policy of the Company, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to meet the working capital requirements and to finance the future growth of the Group.

The Board will consider the following factors before declaring or recommending dividends:

a. the actual and expected financial performance of the Group;

b. the retained earnings and distributable reserves of the Company;

c. the current and future operations, liquidity position and capital requirements of the Group;

d. the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth of the Group;

e. return on equity and any relevant financial covenants;

f. economic conditions and other internal or external factors that may have an impact on the Group's business, financial performance and position; and

g. any other factors that the Board deems appropriate.

The Board will review the dividend policy as appropriate to ensure its effectiveness.

SHAREHOLDERS' RIGHTS

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 Wednesday, 28 August 2024 (the "2024 AGM"). Details are set out in the notice of the 2024 AGM which constitutes part of the circular to Shareholders sent together with this Annual Report. Notice of the 2024 AGM and proxy form are also available on the website of the Company.

- There are no provisions allowing 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 voting rights (on one vote per share basis) in the share capital of the Company (the "Eligible Shareholder(s)") shall at all times have the right to make a requisition in writing to the Board or the Company Secretary, to convene an EGM and/or add resolutions to the agenda of a meeting.

- 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.

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 to info@iwsgh.com.

KPMG

Independent auditor's report to the shareholders of
Integrated Waste Solutions Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

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 54 to 119, which comprise the consolidated statement of financial position as at 31 March 2024, 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 notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Assessment of impairment of property, plant and equipment ("PP&E") and right-of-use ("ROU") assets

Refer to note 12 to the financial statements and the accounting policies on page 71 to 72.

The Key Audit Matter

As at 31 March 2024, the carrying values of the Group's PP&E and ROU assets amounted to HK$540,820,000.

In view of the losses incurred by the Group over the past few years and the significant difference between the Group's market capitalisation and its net asset value as reflected in the consolidated financial statements as at 31 March 2024, management considered that indicators of impairment of the Group's PP&E and ROU assets existed at the reporting date.

As at 31 March 2024, the Group's PP&E and ROU assets mainly comprised land and buildings of the Group's corporate headquarter (includes office and workshop) ("land and buildings") amounted to HK$526,322,000, being 97% of the total carrying value.

Management performed impairment assessments of the Group's land and buildings by comparing the carrying values with the value-in-use or fair value less costs of disposal, whichever was higher, to determine whether impairment was required.

Management engaged an independent firm of surveyors ("surveyors") to assist in the estimation of the fair value of land and buildings as at 31 March 2024. The estimation of fair value less costs of disposal of the Group's land and buildings involves the exercise of significant judgement in respect of the assumptions applied in the valuation of the Group's land and buildings, particularly in estimating the building costs applied in determining the surrender value of the Group's land and buildings under the land lease agreement.

We identified assessing impairment of PP&E and ROU assets as a key audit matter because of the significant judgement and estimation required to be exercised, particularly in respect of estimating building costs and also because of the selection of assumption applied in the valuation could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess the impairment of PP&E and ROU assets included the following:

- evaluating management's process and procedures for the identification of indicators of impairment of the Group's PP&E and ROU assets;
- obtaining and inspecting the valuation report prepared by the surveyors on which directors' assessment of the fair value less costs of disposal of the Group's land and buildings was based;
- evaluating the surveyors' experience, competence, capability and objectivity;
- engaging our internal valuation specialists to assist us in evaluating the methodology adopted by the surveyors in their valuation and in comparing the major assumptions applied by the surveyors in the assessment of the fair value less costs of disposal of the Group's land and buildings, particularly in estimating the building costs applied in determining the surrender value of the Group's land and buildings under the land lease agreement, with available market data; and
- considering the Group's disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Ka Nang.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Revenue	5	**42,698**	42,338
Cost of sales and services		**(17,350)**	(17,340)
Gross profit		**25,348**	24,998
Other revenue	6	**5,682**	9,543
Other net loss	7	**(1,927)**	(4,021)
Selling and distribution expenses		**(11,382)**	(11,888)
Administrative and other operating expenses		**(64,005)**	(61,144)
Impairment of amount due from a joint venture	14	**(22,185)**	–
Operating loss		**(68,469)**	(42,512)
Finance income	8(b)	**5,177**	4,539
Finance costs	8(c)	**(1,155)**	(11)
Share of loss of associates	13(d)	**(8,726)**	(2,111)
Share of profit/(loss) of joint ventures	14(d)	**8,154**	(532)
Loss before taxation	8	**(65,019)**	(40,627)
Income tax	9(a)	**–**	–
Loss for the year		**(65,019)**	(40,627)
Attributable to:			
Equity shareholders of the Company	11	**(64,732)**	(39,800)
Non-controlling interests		**(287)**	(827)
Loss for the year		**(65,019)**	(40,627)
Basic and diluted loss per share	11	**(1.3) cent**	(0.8) cent

The notes on pages 60 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	2024	2023
	$'000	$'000
Loss for the year	**(65,019)**	(40,627)
Other comprehensive income for the year (net of nil tax):		
Item that may be reclassified subsequently to profit or loss		
Exchange difference on translation of financial statements of:		
– an associate operating outside Hong Kong	**(1,313)**	(1,564)
Other comprehensive income for the year	**(1,313)**	(1,564)
Total comprehensive income for the year	**(66,332)**	(42,191)
Attributable to:		
Equity shareholders of the Company	**(66,045)**	(41,364)
Non-controlling interests	**(287)**	(827)
Total comprehensive income for the year	**(66,332)**	(42,191)

The notes on pages 60 to 119 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Non-current assets			
Property, plant and equipment and right-of-use assets	12	**540,820**	561,783
Interests in associates	13	**133,376**	84,976
Interests in joint ventures	14	**14,164**	12,797
Deposits and prepayments	17	**1**	12
		688,361	659,568
Current assets			
Inventories	15	**432**	359
Trade receivables	16	**4,058**	3,158
Other receivables, deposits and prepayments	17	**10,813**	14,385
Amount due from an associate	13	**17,091**	18,639
Amounts due from joint ventures	14	**140**	20,170
Amount due from a related company	18	**12**	12
Bank deposits and cash	19(a)	**50,677**	74,399
		83,223	131,122
Current liabilities			
Trade payables	20	**826**	635
Other payables and accruals	20	**9,959**	12,924
Amount due to a related company	18	**10**	10
		10,795	13,569
Net current assets		**72,428**	117,553
Total assets less current liabilities		**760,789**	777,121
Non-current liabilities			
Loan from a controlling shareholder	21	**50,000**	–
NET ASSETS		**710,789**	777,121

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
CAPITAL AND RESERVES			
Share capital	24(b)	**482,301**	482,301
Reserves	25	**228,631**	294,676
Total equity attributable to equity shareholders of the Company		**710,932**	776,977
Non-controlling interests	28(a)	**(143)**	144
TOTAL EQUITY		**710,789**	777,121

Approved and authorised for issue by the Board of Directors on 26 June 2024.

Cheng Chi Ming, Brian
Chairman

Lam King Sang
Director

The notes on pages 60 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital (Note 24) $'000	Share premium (Note 25 (b)(i)) $'000	Capital reserve (Note 25 (b)(ii)) $'000	Share-based capital reserve (Note 25 (b)(iii)) $'000	Exchange reserve (Note 25 (b)(iv)) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests (Note 28(a)) $'000	Total equity $'000
Balance at 1 April 2022	482,301	3,092,937	(964,044)	4,958	1,613	(1,799,424)	818,341	971	819,312
Changes in equity for 2023:									
Loss for the year	–	–	–	–	–	(39,800)	(39,800)	(827)	(40,627)
Share of other comprehensive income of									
- an associate operating outside Hong Kong	–	–	–	–	(1,564)	–	(1,564)	–	(1,564)
Total comprehensive income for the year	–	–	–	–	(1,564)	(39,800)	(41,364)	(827)	(42,191)
Share options lapsed	–	–	–	(4,958)	–	4,958	–	–	–
Balance at 31 March 2023 and 1 April 2023	482,301	3,092,937	(964,044)	–	49	(1,834,266)	776,977	144	777,121
Changes in equity for 2024:									
Loss for the year	–	–	–	–	–	(64,732)	(64,732)	(287)	(65,019)
Share of other comprehensive income of									
- an associate operating outside Hong Kong	–	–	–	–	(1,313)	–	(1,313)	–	(1,313)
Total comprehensive income for the year	–	–	–	–	(1,313)	(64,372)	(66,045)	(287)	(66,332)
Balance at 31 March 2024	**482,301**	**3,092,937**	**(964,044)**	**-**	**(1,264)**	**(1,898,998)**	**710,932**	**(143)**	**710,789**

The notes on pages 60 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Operating activities			
Cash used in operations	19(b)	**(19,239)**	(13,604)
Net cash used in operating activities		**(19,239)**	(13,604)
Investing activities			
Payment for purchase of property, plant and equipment		**(5,209)**	(232)
Proceeds from disposal of property, plant and equipment		**35**	168
Repayment of loans from a joint venture	14(b)	**1,500**	–
Advances to joint ventures		**(6,743)**	(8,168)
Repayment from an associate		**1,731**	978
Interest received		**5,144**	4,539
Dividends received from joint ventures	14(d)	**9,875**	13,875
Investment in an associate	13(a)	**(59,024)**	–
Loan to an associate	13(b)	**(804)**	–
Net cash (used in)/generated from investing activities		**(53,495)**	11,160
Financing activities			
Loan from a controlling shareholder	19(c)	**50,000**	–
Loan from non-controlling interests shareholder	19(c)	**–**	392
Interest paid on loan from a controlling shareholder	19(c)	**(976)**	–
Interest paid on loan from non-controlling interests shareholder	19(c)	**(12)**	(11)
Net cash generated from financing activities		**49,012**	381
Net decrease in cash and cash equivalents		**(23,722)**	(2,063)
Cash and cash equivalents at the beginning of the year		**74,399**	76,462
Cash and cash equivalents at the end of the year	19(a)	**50,677**	74,399

The notes on pages 60 to 119 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1 General information

Integrated Waste Solutions Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 11 November 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is an investment holding company and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered address of the Company is Windward 3, Regatta Office Park, 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, provision of logistics services and investment holding.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these development to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2024 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements (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.

(c) Changes in accounting policies

(i) New and amended IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

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:

Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

2 Material accounting policies (continued)

(c) Changes in accounting policies (continued)

(i) New and amended IFRSs (continued)

Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability. The change in accounting policy does not have any material impact to the Group's consolidated financial statements.

2 Material accounting policies (continued)

(d) 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.

Investments in subsidiaries are 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 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.

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(e)).

2 Material accounting policies (continued)

(e) Associates and joint ventures

An associate is an entity in which the Group or the 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 the 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 (or included in a disposal Group that 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. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. 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)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the 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 any other long-term interests that in substance form part of the Group's net investment in the joint venture.

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.

If an investment in a joint venture becomes an associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over 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.

2 Material accounting policies (continued)

(f) Property, plant and equipment and right-of-use assets

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)):

– right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(g)).

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.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings held for own use situated on leasehold land	26 - 33 years
– Leasehold improvements	5 years or unexpired lease term, whichever is shorter
– Plant and machineries	3 - 15 years
– Furniture, fixtures and equipment	3 – 5 years
– Motor vehicles	3 - 15 years

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.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

2 Material accounting policies (continued)

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f) and 2(h)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

2 Material accounting policies (continued)

(g) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occured as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Lease*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within 12 months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The licence fee income from operating leases is recognised in accordance with note 2(r)(iv).

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including cash and cash equivalents, trade receivables, other receivables, amount due from an associate, amounts due from joint ventures and amount due from a related company).

Financial assets measured at fair value, if any, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls of fixed-rate financial assets, trade and other receivables and contract assets are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 365 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income ("FVOCI") recycling, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(r)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

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

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

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

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current 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, including right-of-use assets;
- interests in associates;
- interests in joint ventures; and
- interests in subsidiaries 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest Group of cash-generating units if otherwise.

- *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 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 (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 measurable) or value-in-use (if determinable).

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

– *Reversals of impairment losses*
An impairment loss is reversed if there has been a favourable change in the estimate used to determine the recoverable amount.

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 notes 2(h)(i) and (ii)).

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

2 Material accounting policies (continued)

(j) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(r)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(k)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(r)(iii)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are stated at amortised cost using the effective interest method and including allowance for credit losses (see note 2(h)(i)).

(l) 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. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(h)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2 Material accounting policies (continued)

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(s).

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit plan obligations

The Group has the following category of defined benefit plan:

– LSP under the Hong Kong Employment Ordinance.

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed by using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

2 Material accounting policies (continued)

(o) Employee benefits (continued)

(iii) 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.

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).

(iv) 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 the costs of restructuring which involves the payment of termination benefits.

(p) 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.

2 Material accounting policies (continued)

(p) Income tax (continued)

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.

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.

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.

2 Material accounting policies (continued)

(q) 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 some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

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.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

The Group's revenue from sale of goods is attributable to sales of recovered paper and materials and tissue paper products. Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services. Then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract on a relative stand-alone selling price basis.

(ii) Rendering of services

The Group's revenue from rendering of services is attributable to provision of confidential material destruction services and logistics services. Revenue from rendering of services is recognised at a point in time when control of these services is transferred to the customer.

2 Material accounting policies (continued)

(r) Revenue and other income (continued)

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see 2(h)(i)).

(iv) Licence fee income from operating leases

Licence fee income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

(v) Subsidy income

Subsidy income is 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. Subsidy income 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. Subsidy income 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.

(vi) Management fee income

Management fee income is recognised in at a point in time when control of these services is transferred to customers.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 Material accounting policies (continued)

(t) 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.

(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.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated 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.

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.

2 Material accounting policies (continued)

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

3 Financial risk management

(a) Financial risk factors

Exposure to currency, credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(i) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD") and Renminbi ("RMB"). The amounts of assets and liabilities denominated in the corresponding currencies are disclosed in note 13,17,19 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.

The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("the PRC"). The Group manages its foreign currency risk by closely monitoring the movement of foreign currency rates.

As at 31 March 2024, if RMB had weakened/strengthened by 5% against HK$ with all other variables held constant, pre-tax loss for the year would have been approximately $1,900,000 lower/higher (2023: $2,615,000 lower/higher), mainly as a result of the foreign exchange losses/gains arising from the translation of loans to an associate, cash and bank deposits, receivable on profit guarantee arrangement and amount due from an associate denominated in RMB. The analysis is performed on the same basis for 2023.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to its trade receivables and cash at banks. 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 of good credit ratings.

Trade receivables

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 receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different loss customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2024				
	Gross carrying amount $'000	Provision on individual basis $'000	ECL rates	ECLs $'000	Trade receivables after loss allowance $'000
Current and within payment terms	2,732	–	0.07%	(2)	2,730
1 - 30 days past due	1,135	–	0.26%	(3)	1,132
31 - 60 days past due	105	–	1.90%	(2)	103
61 - 90 days past due	57	–	5.26%	(3)	54
91 - 120 days past due	29	–	17.24%	(5)	24
Over 120 days past due	638	(619)	21.05%	(4)	15
	4,696	(619)		(19)	4,058

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

	2023				
	Gross carrying amount $'000	Provision on individual basis $'000	ECL rates	ECLs $'000	Trade receivables after loss allowance $'000
Current and within payment terms	2,472	–	0.08%	(2)	2,470
1 - 30 days past due	517	–	0.19%	(1)	516
31 - 60 days past due	89	–	2.25%	(2)	87
61 - 90 days past due	34	–	2.94%	(1)	33
91 - 120 days past due	42	–	14.29%	(6)	36
Over 120 days past due	642	(623)	15.79%	(3)	16
	3,796	(623)		(15)	3,158

ECL rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 **$'000**	2023 $'000
Balance at 1 April	**638**	638
Provision for loss allowances	**19**	15
Uncollectable amounts written off during the year	**(19)**	(15)
Balance at 31 March	**638**	638

The following changes in the gross carrying amounts of trade receivables contributed to the change in the loss allowance:

– origination of new trade receivables net of those settled resulted in an increase in loss allowance of $19,000 (2023: $15,000);

– a write-off of trade receivables with a gross carrying amount of $19,000 (2023: $15,000); and

resulted in no change of loss allowance (2023: resulted in no change of loss allowance).

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(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 except for the loan from a controlling shareholder. The total contractual undiscounted cash outflows of these financial liabilities equal to their carrying amount on the consolidated statement of financial position.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its bank deposits, loans to joint ventures, loans to an associate, loan from non-controlling interests shareholder and loan from a controlling shareholder.

– *Interest rate risk profile*

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's lending at the end of the reporting period:

	Notional amount	
	2024	2023
	$'000	$'000
Fixed rate lending:		
Loans to an associate *(note 13(b))*	**32,481**	32,918
Loan from non-controlling interests shareholder (*note 20(c)*)	**(392)**	(392)
Variable rate lending:		
Loans to joint ventures *(note 14(b))*	**18,000**	19,500
Loan from a controlling *shareholder (note 21)*	**(50,000)**	–

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.

– *Sensitivity analysis*

At 31 March 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's pre-tax loss and accumulated losses by approximately $1,600,000 (2023: decreased/increased by $975,000).

3 Financial risk management (continued)

(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 payable 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 a loan from non-controlling interests shareholder of $392,000 (2023: $392,000) and a loan from a controlling shareholder of $50,000,000 (2023: Nil) at 31 March 2024.

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) Provision for impairment of property, plant and equipment and right-of-use ("ROU") assets

If circumstances indicate that carrying value of property, plant and equipment and ROU assets 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.

5 Revenue and 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:

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

– Logistics services: provision of logistics services

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

– Tissue paper products: sales of tissue paper products

Although the Group's products and services are sold/rendered to Hong Kong only, 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 or losses.

Revenue from contracts with customers within the scope of IFRS 15

	2024	2023
	$'000	$'000
Disaggregated by major products or service lines		
– Provision of CMDS	**17,899**	15,848
– Provision of logistics services	**2,298**	3,618
– Sales of recovered paper and materials	**21,510**	22,063
– Sales of tissue paper products	**991**	809
	42,698	42,338

Specified non-current assets by geographic locations

	2024	2023
	$'000	$'000
Hong Kong	**559,478**	592,763
Mainland China	**128,883**	66,805
	688,361	659,568

For the year ended 31 March 2024, revenue of approximately $16,157,000 (2023: $12,379,000) is derived from two (2023: one) external customer(s) which individually accounted for greater than 10% of the Group's total revenue.

5 Revenue and segment information (continued)

The segment results and other segment items included in the loss for the years ended 31 March 2024 and 31 March 2023 are as follows:

— **For the year ended 31 March 2024**

	CMDS $'000	Logistics services $'000	Recovered paper and materials $'000	Tissue paper products $'000	Total $'000
Segment revenue:					
Sales to external customers	**17,899**	**2,298**	**21,510**	**991**	**42,698**
Inter-segment sales	**–**	**7,450**	**–**	**–**	**7,450**
Reportable segment revenue	**17,899**	**9,748**	**21,510**	**991**	**50,148**
Elimination of inter-segment revenue	**–**	**(7,450)**	**–**	**–**	**(7,450)**
	17,899	**2,298**	**21,510**	**991**	**42,698**
Segment results:					
Reportable segment profit/(loss)	**12,904**	**(605)**	**12,698**	**(200)**	**24,797**
Elimination of inter-segment loss					**551**
Reportable segment profit derived from the Group's external customers					**25,348**
Other revenue					**5,682**
Other net loss					**(1,927)**
Selling and distribution expenses					**(11,382)**
Administrative and other operating expenses					**(64,005)**
Impairment of amount due from a joint venture					**(22,185)**
Finance income					**5,177**
Finance costs					**(1,155)**
Share of loss of associates					**(8,726)**
Share of profit of joint ventures					**8,154**
Loss before taxation					**(65,019)**
Income tax					**–**
Loss for the year					**(65,019)**

5 Revenue and segment information (continued)

The segment results and other segment items included in the loss for the years ended 31 March 2024 and 31 March 2023 are as follows: (continued)

— For the year ended 31 March 2023

	CMDS $'000	Logistics services $'000	Recovered paper and materials $'000	Tissue paper products $'000	Total $'000
Segment revenue:					
Sales to external customers	15,848	3,618	22,063	809	42,338
Inter-segment sales	–	8,713	–	3	8,716
Reportable segment revenue	15,848	12,331	22,063	812	51,054
Elimination of inter-segment revenue	–	(8,713)	–	(3)	(8,716)
	15,848	3,618	22,063	809	42,338
Segment results:					
Reportable segment profit/(loss)	11,253	216	13,411	(680)	24,200
Elimination of inter-segment loss					798
Reportable segment profit derived from the Group's external customers					24,998
Other revenue					9,543
Other net loss					(4,021)
Selling and distribution expenses					(11,888)
Administrative and other operating expenses					(61,144)
Finance income					4,539
Finance costs					(11)
Share of loss of an associate					(2,111)
Share of loss of joint ventures					(532)
Loss before taxation					(40,627)
Income tax					–
Loss for the year					(40,627)

6 Other revenue

	2024	2023
	$'000	$'000
Licence fee income	**3,500**	4,200
Service income	**65**	74
Management fee income	**1,262**	1,514
Subsidy income *(note(i))*	**43**	2,660
Others	**812**	1,095
	5,682	9,543

(i) For the year ended 31 March 2023, the Group successfully applied funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by The Government of the Hong Kong Special Administrative Region. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant, which amounted to government grants of $2,620,000. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

7 Other net loss

	2024	2023
	$'000	$'000
Gain on disposals of property, plant and equipment, net	**68**	133
Foreign exchange loss, net	**(1,995)**	(4,154)
	(1,927)	(4,021)

8 Loss before taxation

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

		2024	2023
		$'000	$'000
(a)	**Staff costs (including directors' emoluments)**		
	Salaries, wages and other benefits *(note (i))*	**41,542**	39,207
	Contributions to defined contribution retirement plan	**1,123**	1,204
		42,665	40,411
	Staff costs included in:		
	– Cost of sales and services	**7,418**	7,608
	– Selling and distribution expenses	**9,636**	10,223
	– Administrative and other operating expenses	**25,611**	22,580
		42,665	40,411
(b)	**Finance income**		
	Interest income from banks deposits	**(2,202)**	(1,455)
	Interest income from loans to a joint venture	**(1,323)**	(1,183)
	Interest income from loans to an associate	**(1,652)**	(1,901)
		(5,177)	(4,539)
(c)	**Finance costs**		
	Interest on loan from non-controlling interests shareholder	**12**	11
	Interest on loan from a controlling shareholder	**1,143**	–
		1,155	11
(d)	**Other items**		
	Cost of inventories sold *(note 15)*	**9,447**	9,335
	Depreciation charge *(note 12)*		
	– Owned property, plant and equipment	**24,680**	24,440
	– Right-of-use assets	**1,090**	1,090
	Provision for loss allowances on trade receivables *(note 3(a)(ii))*	**19**	15
	Auditor's remuneration:		
	– Audit services	**2,020**	1,940
	– Other services	**318**	310

Note:

(i) The amount includes provision of long service payment.

9 Income tax

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

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) for the year ended 31 March 2024. No provision for Hong Kong Profits Tax for the years ended 31 March 2024 and 31 March 2023 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.

Corporate Income Tax ("CIT") in the PRC is calculated at 25% of the estimated assessable profits of the relevant subsidiary.

(b) Reconciliation between income tax and loss before taxation at applicable tax rates:

	2024 $'000	2023 $'000
Loss before taxation	**(65,019)**	(40,627)
Notional tax on loss before taxation, calculated at rates applicable to losses in the jurisdictions concerned	**(10,728)**	(6,703)
Tax effects of non-taxable income	**(2,035)**	(2,730)
Tax effects of non-deductible expenses	**6,268**	2,758
Tax effects of tax losses not recognised	**8,513**	8,557
Tax effects of utilisation of tax losses previously not recognised	**(2,018)**	(1,882)
Income tax	**–**	–

(c) Tax effects relating to each component of other comprehensive income

The tax effect relating to each component of other comprehensive income for the year ended 31 March 2024 is Nil (2023: Nil).

10 Emoluments for directors and individuals with highest emoluments

(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 2024				
	Fees	Salaries, allowance and benefits in kind	Discretionary bonus	Retirement schemes contributions	Total
	$'000	$'000	$'000	$'000	$'000
Executive directors					
Mr. Lam King Sang	348	2,660	1,084	18	4,110
Mr. Tam Sui Kin, Chris	348	2,660	1,084	18	4,110
Non-executive directors					
Mr. Cheng Chi Ming, Brian	696	–	–	–	696
Mr. Lee Chi Hin, Jacob	348	–	–	–	348
Independent non-executive directors					
Mr. Chow Shiu Wing, Joseph	348	–	–	–	348
Mr. Chan Ting Bond, Michael	348	–	–	–	348
Mr. Wong Man Chung, Francis	348	–	–	–	348
	2,784	5,320	2,168	36	10,308

10 Emoluments for directors and individuals with highest emoluments (continued)

(a) Directors' emoluments (continued)

	For the year ended 31 March 2023				
	Fees $'000	Salaries, allowance and benefits in kind $'000	Discretionary bonus $'000	Retirement schemes contributions $'000	Total $'000
Executive directors					
Mr. Lam King Sang	348	2,509	534	18	3,409
Mr. Tam Sui Kin, Chris	348	2,540	534	18	3,440
Non-executive directors					
Mr. Cheng Chi Ming, Brian	696	–	–	–	696
Mr. Lee Chi Hin, Jacob	348	–	–	–	348
Mr. Tsang On Yip, Patrick *(note (a))*	145	–	–	–	145
Independent non-executive directors					
Mr. Chow Shiu Wing, Joseph	348	–	–	–	348
Mr. Chan Ting Bond, Michael	348	–	–	–	348
Mr. Wong Man Chung, Francis	348	–	–	–	348
	2,929	5,049	1,068	36	9,082

Note:

(a) Retired as non-executive director on 30 August 2022.

During the years ended 31 March 2024 and 31 March 2023, 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.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2024 **$'000**	2023 $'000
Salaries, allowance and benefits in kind	**2,312**	2,181
Discretionary bonus	**221**	244
Retirement schemes contributions	**54**	54
	2,587	2,479

10 Emoluments for directors and individuals with highest emoluments (continued)

(b) Five highest paid individuals (continued)

The emoluments of the above individuals are within the following bands:

$	**2024 Number of individuals**	2023 Number of individuals
Nil - 1,000,000	**2**	3
1,000,001 – 2,000,000	**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 notes 10(a) and 10(b).

11 Loss per share

The calculation of the basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company of $64,732,000 (2023: $39,800,000) and the weighted average number of 4,823,009,000 (2023: 4,823,009,000) ordinary shares in issue during the year.

(a) Basic loss per share

Weighted average number of ordinary shares

	2024 '000	2023 '000
Issued ordinary shares at 1 April and weighted average number of ordinary shares at 31 March	**4,823,009**	4,823,009

(b) Diluted loss per share

No adjustment had been made to the basic loss per share presented for the years ended 31 March 2024 and 31 March 2023 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share presented.

12 Property, plant and equipment and right-of-use assets

(a) Reconciliation of carrying amount

	Ownership interests in buildings held for own use carried at depreciated cost $'000	Leasehold improvements $'000	Plant and machineries $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Subtotal $'000	Ownership interests in leasehold land held for own use and other properties leased for own use $'000	Total $'000
Cost:								
At 1 April 2022	697,972	331	67,312	12,360	23,506	801,481	38,690	840,171
Additions	–	–	1,520	195	–	1,715	–	1,715
Disposals	–	–	–	(17)	(320)	(337)	–	(337)
Written off	–	–	–	(14)	–	(14)	–	(14)
At 31 March 2023 and 1 April 2023	697,972	331	68,832	12,524	23,186	802,845	38,690	841,535
Additions	–	–	4,343	466	–	4,809	–	4,809
Disposals	–	–	(19,963)	(159)	(178)	(20,300)	–	(20,300)
Written off	–	–	–	(25)	–	(25)	–	(25)
At 31 March 2024	**697,972**	**331**	**53,212**	**12,806**	**23,008**	**787,329**	**38,690**	**826,019**
Accumulated depreciation and impairment:								
At 1 April 2022	153,907	221	64,549	9,724	15,010	243,411	11,159	254,570
Charge for the year	21,547	30	844	654	1,365	24,440	1,090	25,530
Written back on disposals	–	–	–	(14)	(320)	(334)	–	(334)
Written off	–	–	–	(14)	–	(14)	–	(14)
At 31 March 2023 and 1 April 2023	175,454	251	65,393	10,350	16,055	267,503	12,249	279,752
Charge for the year	21,547	3	1,160	625	1,345	24,680	1,090	25,770
Written back on disposals	–	–	(19,963)	(157)	(178)	(20,298)	–	(20,298)
Written off	–	–	–	(25)	–	(25)	–	(25)
At 31 March 2024	**197,001**	**254**	**46,590**	**10,793**	**17,222**	**271,860**	**13,339**	**285,199**
Net book value:								
At 31 March 2024	**500,971**	**77**	**6,622**	**2,013**	**5,786**	**515,469**	**25,351**	**540,820**
At 31 March 2023	522,518	80	3,439	2,174	7,131	535,342	26,441	561,783

12 Property, plant and equipment and right-of-use assets (continued)

(b) Impairment loss

No impairment loss was recognised nor reversed during the year ended 31 March 2024 and 31 March 2023.

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset are as follows:

	Note	**2024** **$'000**	2023 $'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	(i)	**25,351**	26,441

The analysis of expense items in relation to leases recognised in profit or loss are as follows:

	2024 **$'000**	2023 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Ownership interests in leasehold land held for own use	**1,090**	1,090
Expense relating to short-term leases and other leases with remaining lease term ending on or before the end of reporting period	**1,933**	1,846

During the year, additions to right-of-use assets were Nil (2023: Nil).

(i) Ownership interests in leasehold land held for own use

The Group has obtained the right to use leasehold land as its office and workshop through land premium paid. The land use right held an unexpired lease term of 23 years.

13 Interests in associates

	2024	2023
	$'000	$'000
Share of net assets	**117,537**	68,517
Loans to an associate *(note 13(b))*	**32,481**	32,918
Amount due from an associate *(note 13(c))*	**449**	2,180
	150,467	103,615
Represented by:		
Non-current portion	**133,376**	84,976
Current portion	**17,091**	18,639
	150,467	103,615

(a) Details of the Group's interests in associates which are accounted for using the equity method in the consolidated financial statements are as follows:

				Proportion of ownership interest			
Name of associates	Form of business structure	Place of incorporation and business	Particulars of issued and registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Dugong IWS HAZ Limited	Incorporated	Hong Kong	100,000 ordinary shares	40%	–	40%	Investment holding
Lianyungang Lvrun Environmental Protection Technology Co., Ltd. (note (i)) 連雲港綠潤環保科技有限公司	Established	The PRC	Registered capital RMB63,600,000	20.4%	–	20.4%	Provision of hazardous waste treatment services
Dugong Environment Resource (Kaifeng) Co., Ltd. (note (i)) 大公環境資源 (開封) 有限公司	Established	The PRC	Registered capital RMB90,000,000	20.4%	–	20.4%	Provision of hazardous waste collection, treatment and disposal services
An Jie Supply Chain Management Co., Ltd. 廣東安捷供應鏈管理股份有限公司	Established	The PRC	Registered capital RMB42,600,000	13.16%	–	13.16%	Provision of comprehensive logistics and warehousing services and transportation of hazardous waste

13 Interests in associates (continued)

(a) Details of the Group's interests in associates which are accounted for using the equity method in the consolidated financial statements are as follows: (continued)

Notes:

(i) The company name in English is a direct translation of the registered Chinese name for the purpose of identification.

(ii) During the year ended 31 March 2020, the Group entered into an agreement with a third party (the "Seller") to acquire 40% issued shares in Dugong IWS HAZ Limited, which in turn holds 51% equity interests in Lianyungang Lvrun Environmental Protection Technology Co., Ltd. ("Lvrun") and Dugong Environment Resource (Kaifeng) Co., Ltd. (together "Dugong IWS").

The acquisition was completed on 23 January 2020. The total consideration of $69,000,000 was fully paid to the Seller by cash at completion date.

A profit guarantee arrangement is included in the agreement. Under the arrangement, the Seller agreed to guarantee the aggregated net income audited in accordance with the Generally Accepted Accounting Principles of the People's Republic of China ("PRC GAAP") generated by Lvrun would not be less than RMB90,000,000 for the three years ended 31 December 2021. The Seller shall compensate the Group for any shortfall of the deemed profit attributable to the Group calculated in accordance with the shareholders' agreement.

Based on the audited financial statements of Lvrun prepared in accordance with the PRC GAAP, the aggregate audited net income of Lvrun for the three years ended 31 December 2021 was approximately RMB69,124,000. Therefore, the Group has become entitled to receive from the Seller a sum of approximately RMB4,259,000 (equivalent to approximately $4,684,000) as a result of a shortfall of approximately RMB20,876,000 between RMB90,000,000 and RMB69,124,000. As at 31 March 2024 and 31 March 2023, the profit guarantee receivable from the Seller was recognised as other receivables, deposits and prepayments in the consolidated statement of financial position (see note 17).

(iii) During the year ended 31 March 2024, the Group entered into an agreement with a third party to acquire 13.16% issued shares in An Jie Supply Chain Management Co., Ltd. ("An Jie"). The acquisition was completed on 19 January 2024. The total consideration of RMB50,000,000 (equivalent to approximately $54,995,000) was fully paid to the third party ("the Vendor") by cash.

(b) Loans to an associate

At 31 March 2024, loans to an associate comprised:

– Loan of RMB15,130,000 (equivalent to approximately $16,642,000) (2023: RMB14,400,000 (equivalent to approximately $16,459,000)) which is unsecured, interest-bearing at the rate of 5.46% (2023: 5%) per annum. The loan will be repayable on 16 March 2025; and

– Loan of RMB14,400,000 (equivalent to approximately $15,839,000) (2023: RMB14,400,000 (equivalent to approximately $16,459,000)) which is unsecured, interest-bearing at the rate of 5% per annum. According to the supplemental agreement entered into on 15 March 2024, the loan with the remaining outstanding interests accrued on or arising from the loan will be repayable on 28 September 2025.

13 Interests in associates (continued)

(c) Amount due from an associate

The amount due from an associate at 31 March 2024 and 31 March 2023, which is denominated in RMB, is unsecured, interest-free and has no fixed terms of repayment.

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

	2024	2023
	$'000	$'000
Gross amounts of Dugong IWS:		
Current assets	**103,674**	92,529
Non-current assets	**774,191**	736,663
Current liabilities	**(436,341)**	(368,858)
Non-current liabilities	**(38,047)**	(75,061)
Net assets	**403,477**	385,273
Attributable to non-controlling interests	**256,822**	213,980
Attributable to the associate's shareholders	**146,655**	171,293
Included in the above assets and liabilities:		
Cash and cash equivalents	**11,085**	32,368
Current financial liabilities (excluding trade and other payables and provisions)	**(302,270)**	(275,949)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(38,047)**	(75,061)
Revenue	**93,725**	69,310
Loss for the year	**(21,355)**	(5,277)
Other comprehensive income for the year	**(3,283)**	(3,910)
Total comprehensive income for the year	**(24,638)**	(9,187)
Group's effective interest	**40%**	40%
Group's share of loss of Dugong IWS	**(8,542)**	(2,111)
Group's share of other comprehensive income of Dugong IWS	**(1,313)**	(1,564)
Included in the above loss:		
Depreciation and amortisation	**(35,519)**	(13,348)
Interest income	**176**	100
Interest expense	**(5,807)**	(1,959)
Income tax credit	**7,477**	8,765

13 Interests in associates (continued)

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

	2024 $'000	2023 $'000
Reconciled to the Group's interest in Dugong IWS:		
Gross amounts of net assets of Dugong IWS	**146,655**	171,293
Group's effective interest	**40%**	40%
Group's share of net assets of Dugong IWS	**58,662**	68,517
Loans to Dugong IWS *(note 13(b))*	**32,481**	32,918
Amount due from Dugong IWS *(note 13(c))*	**449**	2,180
Carrying amount in the consolidated financial statements	**91,592**	103,615

(d) (ii) Summarised financial information of An Jie and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2024 $'000
Gross amounts of An Jie:	
Current assets	**297,348**
Non-current assets	**92,801**
Current liabilities	**(126,296)**
Non-current liabilities	**(5,049)**
Net assets	**258,804**
Attributable to non-controlling interests	**224,745**
Attributable to the associate's shareholders	**34,059**
Included in the above assets and liabilities:	
Cash and cash equivalents	**14,571**
Current financial liabilities (excluding trade and other payables and provisions)	**(32,792)**
Non-current financial liabilities (excluding trade and other payables and provisions)	**(5,049)**

13 Interests in associates (continued)

(d) (ii) Summarised financial information of An Jie and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below: (continued)

	Period from 19 January 2024 to 31 March 2024 $'000
Revenue	**50,506**
Loss for the period	**(1,397)**
Total comprehensive income for the period	**(1,397)**
Group's effective interest	**13.16%**
Group's share of loss of An Jie	**(184)**
Included in the above loss:	
Depreciation and amortisation	**(5,795)**
Interest income	**6**
Interest expense	**(309)**
Income tax expense	**(307)**
Reconciled to the Group's interest in An Jie:	
Gross amounts of net assets of An Jie	**258,804**
Group's effective interest	**13.16%**
Group's share of net assets of An Jie	**34,059**
Goodwill	**24,816**
Carrying amount in the consolidated financial statements	**58,875**

14 Interests in joint ventures

	2024 $'000	2023 $'000
Share of net liabilities	**(23,072)**	(21,351)
Loans to a joint venture *(note 14(b))*	**18,000**	19,500
Amounts due from joint ventures *(note 14(c))*	**41,561**	34,818
Less: Impairment	**(22,185)**	–
	14,304	32,967
Represented by:		
Non-current portion	**14,164**	12,797
Current portion	**140**	20,170
	14,304	32,967

(Expressed in Hong Kong dollars)

14 Interests in joint ventures (continued)

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

Name of joint ventures	Form of business structure	Place of incorporation and business	Particulars of issued and registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
ALBA Integrated Waste Solutions (Hong Kong) Limited ("ALBA IWS")	Incorporated	Hong Kong	10,000 ordinary shares	25%	–	25%	Treatment of waste electrical and electronic equipment
RGF Environmental New Material Limited ("RGF")	Incorporated	Hong Kong	36,122,449 ordinary shares	49%	–	49%	Manufacturing of plastic products
Smart City Logistics Hong Kong Limited ("Smart City")	Incorporated	Hong Kong	10,000 ordinary shares	25%	–	25%	Liquidation (2023: Logistics services)

During the year ended 31 March 2024, Smart City was in process of voluntary winding up.

The Group is entitled to share 25%, 49% and 25% of the financial results of ALBA IWS, RGF and Smart City respectively. Notwithstanding the 25%, 49% and 25% of paid up capital and the profit sharing arrangements of ALBA IWS, RGF and Smart City, the Group accounts for the investment in ALBA IWS, RGF and Smart City as joint ventures as the Group has joint control over the financial and operating decisions of ALBA IWS, RGF and Smart City.

(b) Loans to a joint venture

At 31 March 2024, loans to a joint venture of $18,000,000 (2023: $19,500,000) are unsecured, interest-bearing at the rate of HIBOR plus 4% per annum and repayable on demand.

During the year ended 31 March 2024, loans of $18,000,000 were impaired and $1,500,000 was repaid from a joint venture to the Group.

(c) Amounts due from joint ventures

The amounts due from joint ventures at 31 March 2024 and 31 March 2023 are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 Interests in joint ventures (continued)

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

	2024	2023
	$'000	$'000
Gross amounts of ALBA IWS:		
Current assets	**176,798**	188,012
Non-current assets	**37,915**	41,101
Current liabilities	**(77,467)**	(65,517)
Non-current liabilities	**(80,611)**	(113,981)
Net assets	**56,635**	49,615
Included in the above assets and liabilities:		
Cash and cash equivalents	**133,500**	155,850
Current financial liabilities (excluding trade and other payables and provisions)	**(39,830)**	(38,771)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(80,375)**	(113,639)
Revenue	**273,967**	273,852
Profit for the year	**45,020**	49,024
Total comprehensive income for the year	**45,020**	49,024
Dividend received from ALBA IWS	**9,500**	10,000
Group's effective interest	**25%**	25%
Group's share of profit of ALBA IWS	**11,255**	12,256
Included in the above profit:		
Depreciation and amortisation	**(12,497)**	(14,064)
Interest income	**1,074**	101
Interest expense	**(10,706)**	(9,080)
Income tax expense	**(9,436)**	(9,172)
Reconciled to the Group's interest in ALBA IWS:		
Gross amounts of net assets of ALBA IWS	**56,635**	49,615
Group's effective interest	**25%**	25%
Group's share of net assets of ALBA IWS	**14,159**	12,404
Amount due from ALBA IWS *(note 14(c))*	**140**	185
Carrying amount in the consolidated financial statements	**14,299**	12,589

14 Interests in joint ventures (continued)

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

	2024	2023
	$'000	$'000
Gross amounts of RGF:		
Current assets	**283**	810
Non-current assets	**3**	2,776
Current liabilities	**(76,278)**	(73,276)
Net liabilities	**(75,992)**	(69,690)
Included in the above assets and liabilities:		
Cash and cash equivalents	**21**	358
Current financial liabilities (excluding trade and other payables and provisions)	**(63,609)**	(57,439)
Revenue	**(3,276)**	5,232
Loss for the year	**(6,302)**	(27,365)
Total comprehensive income for the year	**(6,302)**	(27,365)
Group's effective interest	**49%**	49%
Group's share of loss of RGF	**(3,088)**	(13,409)
Included in the above loss:		
Depreciation	**(2,894)**	(6,648)
Interest expense	**(1,536)**	(1,616)
Reconciled to the Group's interest in RGF:		
Gross amounts of net liabilities of RGF	**(75,992)**	(69,690)
Group's effective interest	**49%**	49%
Group's share of net liabilities of RGF	**(37,236)**	(34,148)
Loans to RGF *(note 14(b))*	**18,000**	19,500
Amount due from RGF *(note 14(c))*	**41,421**	34,633
Impairment *(note 14)*	**(22,185)**	–
Carrying amount in the consolidated financial statements	**–**	19,985

14 Interests in joint ventures (continued)

(d) (iii) Summarised financial information of Smart City and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2024	2023
	$'000	$'000
Gross amounts of Smart City:		
Current assets	109	1,850
Current liabilities	(90)	(279)
Net assets	19	1,571
Included in the above assets and liabilities:		
Cash and cash equivalents	–	1,850
Revenue	–	9,129
(Loss)/profit for the year	(52)	2,483
Total comprehensive income for the year	(52)	2,483
Dividend received from Smart City	375	1,875
Group's effective interest	25%	25%
Group's share of (loss)/profit of Smart City	(13)	621
Included in the above (loss)/profit:		
Depreciation	–	(5)
Interest income	1	1
Income tax expense	(6)	(487)
Reconciled to the Group's interest in Smart City:		
Gross amounts of net assets of Smart City	19	1,571
Group's effective interest	25%	25%
Group's share of net assets of Smart City	5	393
Carrying amount in the consolidated financial statements	5	393

15 Inventories

	2024	2023
	$'000	$'000
Raw materials	80	85
Finished goods	352	274
	432	359

The cost of inventories recognised as expense and included in "cost of sales and services" amounted to approximately $9,447,000 (2023: $9,335,000) for the year ended 31 March 2024.

16 Trade receivables

	2024 $'000	2023 $'000
Trade receivables	**4,696**	3,796
Less: Loss allowance *(note 3(a)(ii))*	**(638)**	(638)
Trade receivables, net	**4,058**	3,158

(a) Ageing analysis

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

	2024 $'000	2023 $'000
0 - 30 days	**3,867**	2,989
31 - 60 days	**105**	89
61 - 90 days	**57**	34
91 - 120 days	**29**	42
Over 120 days	**638**	642
	4,696	3,796
Less: Loss allowance	**(638)**	(638)
	4,058	3,158

Payment terms granted to customers are mainly cash on delivery or on credit. The average credit period ranges from 10 days to 90 days. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 3(a)(ii).

(b) The carrying amounts of trade receivables are denominated in the following currencies:

	2024 $'000	2023 $'000
HK$	**4,058**	3,158

At 31 March 2024 and 31 March 2023, the fair values of the trade 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

	2024	2023
	$'000	$'000
Non-current portion		
Other deposits and prepayments	**1**	12
Current portion		
Deposits placed with suppliers	**64**	4,146
Utility and other deposits	**3,336**	3,336
Prepayments	**1,531**	1,423
Other receivables	**1,198**	612
Receivable on profit guarantee arrangement *(note 13(a)(ii))*	**4,684**	4,868
Total	**10,813**	14,385

At 31 March 2024 and 31 March 2023, 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.

Except for receivable on profit guarantee arrangement which is denominated in RMB, the carrying amounts of other receivables, deposits and prepayments are denominated in HK$.

18 Amounts due from/(to) a related company

Amounts due from/(to) a related company are unsecured, interest-free and repayable on demand.

19 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

	2024	2023
	$'000	$'000
Deposits with banks	**39,972**	64,359
Cash at bank	**10,653**	9,985
Cash in hand	**52**	55
Cash and cash equivalents in the consolidated statement of cash flows	**50,677**	74,399

19 Cash and cash equivalents and other cash flow information (continued)

(a) Cash and cash equivalents comprise: (continued)

Bank deposits and cash are denominated in the following currencies:

	2024 $'000	2023 $'000
HK$	**43,574**	52,657
RMB	**384**	12,942
USD	**6,703**	8,784
EURO	**16**	16
	50,677	74,399

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

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	2024 $'000	2023 $'000
Loss before taxation		**(65,019)**	(40,627)
Adjustments for:			
Depreciation of property, plant and equipment	8(d),12	**24,680**	24,440
Depreciation of right-of-use assets	8(d),12	**1,090**	1,090
Gain on disposals of property, plant and equipment, net	7	**(68)**	(133)
Finance income	8(b)	**(5,177)**	(4,539)
Finance costs	8(c)	**1,155**	11
Share of loss of associates	13(d)	**8,726**	2,111
Share of (profit)/loss of joint ventures	14(d)	**(8,154)**	532
Foreign exchange loss, net		**1,425**	2,656
Provision for loss allowances on trade receivables	8(d)	**19**	15
Impairment of amount due from a joint venture	14	**22,185**	–
Operating loss before working capital changes		**(19,138)**	(14,444)
Inventories		**(73)**	282
Trade receivables		**(919)**	(326)
Other receivables, deposits and prepayments		**3,832**	1,458
Payables and accruals		**(2,941)**	(574)
Cash used in operations		**(19,239)**	(13,604)

19 Cash and cash equivalents and other cash flow information (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	Loan from non-controlling interests shareholder (note 20(c)) $'000	Loan from a controlling shareholder (note 21) $'000	Total $'000
At 1 April 2022	–	–	–
Changes from financing cash flows:			
Loan from non-controlling interests shareholder	392	–	392
Interest paid on loan from non-controlling interests shareholder	(11)	–	(11)
Total changes from financing cash flows	381	–	381
Other changes:			
Interest expenses	11	–	11
Total other changes	11	–	11
At 31 March 2023 and 1 April 2023	392	–	392
Changes from financing cash flows:			
Loan from a controlling shareholder	–	50,000	50,000
Interest paid on loan from non-controlling interests shareholder	(12)	–	(12)
Interest paid on loan from a controlling shareholder	–	(976)	(976)
Total changes from financing cash flows	(12)	49,024	49,012
Other changes:			
Interest expenses	12	976	988
Total other changes	12	976	988
At 31 March 2024	**392**	**50,000**	**50,392**

20 Payables and accruals

	Note	2024 $'000	2023 $'000
Trade payables	(a)	**826**	635
Other payables and accruals			
– Building construction and maintenance costs payable		**2,858**	6,845
– Accrued expenses		**3,007**	3,253
– Contract liabilities		**94**	654
– Staff salaries and MPF payable		**775**	757
– Long service payment liabilities		**2,048**	82
– Loan from non-controlling interests shareholder	(c)	**392**	392
– Others		**785**	941
		9,959	12,924
		10,785	13,559

(a) Ageing analysis

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

	2024 $'000	2023 $'000
Current	**275**	147
1 - 30 days	**123**	54
31 - 60 days	**102**	36
61 - 90 days	**20**	10
91 - 120 days	**11**	14
Over 120 days	**295**	374
	826	635

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

	2024 $'000	2023 $'000
HK$	**10,767**	13,407
USD	**18**	152
	10,785	13,559

As at 31 March 2024 and 31 March 2023, the fair values of the payables and accruals approximate their carrying amounts.

20 Payables and accruals (continued)

(c) Loan from non-controlling interests shareholder

Loan from non-controlling interests shareholder is unsecured, interest-bearing at the rate of 3% per annum and repayable on demand.

21 Loan from a controlling shareholder

Loan from a controlling shareholder, Chow Tai Fook Nominee Limited, is unsecured, interest-bearing at the rate of HIBOR plus 2.5% per annum and repayable on 15 December 2026.

22 Post-employment benefits

The Group operates a MPF scheme for the employees. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment ("LSP") if the eligibility criteria are met.

The LSP is defined benefit plans. The analysis of the carrying amount of defined benefit plan obligation is as follows:

	2024	2023
	$'000	$'000
Long service payment liabilities *(note 22(b))*	**2,048**	82

(a) MPF scheme

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(b) Long service payment liabilities

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at $22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme or ORSO plans, with an overall cap of $390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

22 Post-employment benefits (continued)

(b) Long service payment liabilities (continued)

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date. Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The Group has accounted the offsetting mechanism and its abolition as disclosed in notes 2(c)(ii) and 2(o)(ii).

23 Income tax in the consolidated statement of financial position

(a) Deferred tax assets and liabilities recognised:

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

	Future benefits of tax losses $'000	Depreciation allowance in excess of the related depreciation $'000	Total $'000
At 1 April 2022	34,848	(34,848)	–
Credited/(charged) to profit or loss *(note 9(a))*	1,205	(1,205)	–
At 31 March 2023 and 1 April 2023	36,053	(36,053)	–
Credited/(charged) to profit or loss *(note 9(a))*	1,686	(1,686)	–
At 31 March 2024	**37,739**	**(37,739)**	**–**

(b) Deferred tax assets not recognised

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses of $705,564,000 (2023: $666,202,000) sustained in the operations of certain subsidiaries as the availability of future taxable profits against which the assets can be utilised is uncertain. At 31 March 2024, the tax losses do not expire under current tax legislation.

24 Share capital

(a) Authorised share capital of the Company

	2024	2023
	$'000	$'000
Authorised:		
7,500,000,000 (2023: 5,000,000,000) ordinary shares of $0.10 each *(Note)*	**750,000**	500,000

Note:

In order to provide the Company with sufficient authorised shares which may fall to be issued under the options that may be granted under the Share Option Scheme (note 24(c)) and to accommodate the future growth of the Group, the Board proposed to increase the authorised share capital of the Company from $500,000,000 divided into 5,000,000,000 Shares to $750,000,000 divided into 7,500,000,000 Shares (the "Increase in Authorised Share Capital"), and the relevant ordinary resolution was duly passed by the shareholders at the annual general meeting held on 30 August 2023. The Increase in Authorised Share Capital became effective on 30 August 2023.

(b) Issued share capital of the Company

	Number of ordinary shares	**Amount**
	'000	**$'000**
Issued and fully paid:		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**4,823,009**	**482,301**

(c) Equity settled share-based transactions

Pursuant to the resolutions passed by the shareholders of the Company on 30 August 2023, the Company adopted a share option scheme ("Share Option Scheme") on 30 August 2023. The Share Option Scheme is valid and effective for a period of 10 years commencing from 30 August 2023 and the number of share options available for grant under the Share Option Scheme mandate is 482,300,900. Under the Share Option Scheme, no option has been granted, exercised nor cancelled since its adoption and up to 31 March 2024.

No expenses related to equity settled share-based payment transactions was recognised by the Group during the year ended 31 March 2024 (2023: Nil).

25 Reserves

(a) Movements in components of equity

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:

	Share capital $'000	Share premium $'000	Share-based capital reserve $'000	Accumulated losses $'000	Reserves $'000	Total $'000
Balance at 1 April 2022	482,301	3,092,937	4,958	(2,672,647)	425,248	907,549
Share options lapsed	–	–	(4,958)	4,958	–	–
Loss and total comprehensive income for the year	–	–	–	(48,808)	(48,808)	(48,808)
Balance at 31 March 2023 and 1 April 2023	482,301	3,092,937	–	(2,716,497)	376,440	858,741
Loss and total comprehensive income for the year	–	–	–	(151,174)	(151,174)	(151,174)
Balance at 31 March 2024	**482,301**	**3,092,937**	**–**	**(2,867,671)**	**225,266**	**707,567**

(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(o)(iii).

(iv) Exchange reserve

The exchange reserve comprises all exchange differences arising from the translation of the financial statements of operations outside Hong Kong as well as the effective portion of any exchange differences arising from hedges of the net investment in these operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(v).

25 Reserves (continued)

(c) Dividends

No dividends had been paid or declared by the Company for the year ended 31 March 2024 (2023: Nil).

(d) Distributable reserves

The aggregate amounts of distributable reserves of the Company was $225,266,000 (2023: $376,440,000) as at 31 March 2024.

26 Contingent liabilities

Litigation with former directors and employees

At 31 March 2024, the Group has lodged certain claims against its former directors and employees. The outcome of these claims and the recovery of loss and damages from these claims cannot yet be reliably estimated.

27 Material related party transactions

(a) Key management personnel remunerations

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

(b) Transactions with related parties

In addition to the transactions disclosed elsewhere in the notes to the financial statements, the Group entered into the following material related party transactions during the year:

	2024	2023
	$'000	$'000
Interest income received from a joint venture	**1,323**	1,183
Interest income received from an associate	**1,652**	1,901
Logistics service income received from joint ventures	**2,297**	3,583
Licence fee income received from a joint venture	**3,500**	4,200
Management fee income received from a joint venture	**1,262**	1,514
Dividend income received from joint ventures	**9,875**	11,875
Interest expense paid to a controlling shareholder	**1,143**	–
Purchase of property, plant and equipment from a joint venture	**4,187**	–

28 Company-level statement of financial position

	Note	**2024**	2023
		$'000	$'000
Non-current assets			
Interests in subsidiaries		**713,971**	788,201
Current assets			
Receivables and prepayments		**1,876**	1,931
Bank deposits and cash		**43,065**	69,712
		44,941	71,643
Current liabilities			
Payables and accruals		**1,345**	1,103
		1,345	1,103
Net current assets		**43,596**	70,540
Total assets less current liabilities		**757,567**	858,741
Non-current liabilities			
Loan from a controlling shareholder	21	**50,000**	–
NET ASSETS		**707,567**	858,741
Share capital	24	**482,301**	482,301
Reserves	25	**225,266**	376,440
TOTAL EQUITY		**707,567**	858,741

Approved and authorised for issue by the Board of Directors on 26 June 2024.

Cheng Chi Ming, Brian
Chairman

Lam King Sang
Director

(Expressed in Hong Kong dollars)

28 Company-level statement of financial position (continued)

(a) Principal subsidiaries held by the Group

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital	Effective interest held	Principal activities and place of operation
Directly held				
IWS Global Limited	British Virgin Islands ("BVI")/ 16 March 2007	5,003,000 ordinary shares of US$0.01 each	100%	Investment holding/ Hong Kong
Indirectly held				
IWS Waste Management (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
IWS Assorted Paper (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
IWS Environmental Technologies (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
CMDS (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
IWS Waste Management Company Limited	Hong Kong/ 28 September 1993	10,000 ordinary shares	100%	Trading of recovered paper and materials/ Hong Kong
IWS Assorted Paper Company Limited	Hong Kong/ 15 December 1997	1,000,000 ordinary shares	100%	Trading of tissue paper products/ Hong Kong
Confidential Materials Destruction Service Limited	Hong Kong/ 22 June 1979	100 ordinary shares	100%	Provision of confidential materials destruction service and trading of recovered paper and materials/ Hong Kong

(Expressed in Hong Kong dollars)

28 Company-level statement of financial position (continued)

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

Name	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital	Effective interest held	Principal activities and place of operation
Indirectly held (continued)				
IWS Environmental Technologies Limited	Hong Kong/ 23 October 2002	1,000,000 ordinary shares	100%	Investment holding and provision of management services/Hong Kong
IWS Promotion Limited	Hong Kong/ 17 September 2010	1 ordinary share	100%	Development of recycling facilities at Tseung Kwan O/ Hong Kong
IWS Logistics Limited	Hong Kong/ 26 February 2013	1 ordinary share	100%	Provision of logistics services/ Hong Kong
IWS Waste Management (Asia) Limited	Hong Kong/ 25 November 2014	10,000 ordinary shares	100%	Manufacturing of plastic products/ Hong Kong
IWS Waste Management (International) Limited	Hong Kong/ 5 August 2014	10,000 ordinary shares	100%	Investment holding/ Hong Kong
IWS Engineering Company Limited	Hong Kong/ 22 April 2015	10,000 ordinary shares	100%	Investment holding/ Hong Kong
Integrated Waste Solutions Services Limited	Hong Kong/ 25 February 2020	10,000 ordinary shares	100%	Investment holding/ Hong Kong
IWS Investment (Zhuhai Hengqin) Company Limited* (note (a)) 綜環投資(珠海橫琴)有限公司	The PRC/ 13 October 2023	Registered capital RMB50,200,000	100%	Investment holding/ The PRC
I-Talent Paper Product (HK) Limited ("I-Talent") (note (b))	Hong Kong/ 24 September 2020	5,800,000 ordinary shares	51%	Trading and manufacturing of assorted paper products/ Hong Kong

* The company name in English is a direct translation of the registered Chinese name for the purpose of identification.

28 Company-level statement of financial position (continued)

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

Notes:

(a) IWS Investment (Zhuhai Hengqin) Company Limited was incorporated on 13 October 2023.

(b) The following table lists out the information relating to I-Talent, the only subsidiary of the Group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2024	2023
	$'000	$'000
Current assets	**408**	407
Non-current assets	**1,611**	2,007
Current liabilities	**(2,001)**	(1,482)
Non-current liabilities	**(311)**	(639)
Net (liabilities)/assets	**(293)**	293
Carrying amount of NCI at NCI percentage of 49%	**(143)**	144
Revenue	**989**	822
Loss for the year	**(586)**	(1,688)
Total comprehensive income for the year	**(586)**	(1,688)
Loss allocated to NCI at NCI percentage of 49%	**(287)**	(827)
Cash flows from operating activities	**411**	(469)
Cash flows from investing activities	**–**	50
Cash flows from financing activities	**(384)**	173

29 Immediate and ultimate controlling party

At 31 March 2024, the directors consider the immediate parent 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.

30 Commitments

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements were as follows:

	2024	2023
	$'000	$'000
Contracted but not provided for		
Acquisition of property, plant and equipment	**–**	567

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new and amended standards, which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements: Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments 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				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	104,295	51,326	42,124	42,338	**42,698**
Gross profit	19,211	29,085	25,160	24,998	**25,348**
Loss before taxation	(77,589)	(24,115)	(29,228)	(40,627)	**(65,019)**
Income tax	–	–	–	–	–
Loss for the year	(77,589)	(24,115)	(29,228)	(40,627)	**(65,019)**
Other comprehensive income for the year (net of nil tax)	12	1,140	461	(1,564)	**(1,313)**
Total comprehensive income for the year	(77,577)	(22,975)	(28,767)	(42,191)	**(66,332)**
Attributable to:					
Equity shareholders of the Company	(77,577)	(22,753)	(27,118)	(41,364)	**(66,045)**
Non-controlling interests	–	(222)	(1,649)	(827)	**(287)**
Total comprehensive income for the year	(77,577)	(22,975)	(28,767)	(42,191)	**(66,332)**

ASSETS AND LIABILITIES

	As at 31 March				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	892,093	862,295	833,028	790,690	**771,584**
Total liabilities	23,881	15,098	13,716	13,569	**60,795**
Total equity	868,212	847,197	819,312	777,121	**710,789**

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

This Annual Report is printed on environmentally friendly paper