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

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013 AND CONTINUED SUSPENSION OF TRADING OF THE SHARES

Annual results

- Revenue decreased by 23.6% to HK\$573.3 million
- Gross profit increased by 16.8% to HK\$89.5 million
- Loss for the year attributable to equity holders of the Company was HK\$5.6 million
- Loss per share was HK0.2 cents

The Board does not recommend the payment of any dividend for the year ended 31 March 2013.

Auditor's adverse opinion

The Auditor has informed the Company that they will issue an adverse opinion in the Auditor's report to the Shareholders. The Auditor considers that the exclusion of the financial position, results and cash flows of the De-consolidated Subsidiaries (namely Wealthy Peaceful Company Limited ("Wealthy Peaceful"), Golddoor Company Limited ("Golddoor") and 惠州福和紙業有限公司 ("Huizhou Fook Woo")) from the consolidated financial statements is a departure from the requirements of International Accounting Standard 27 "Consolidated and Separate Financial Statements". The full text of the basis for adverse opinion is set out in this announcement.

Shareholders should read the Auditor's report which will be included in the 2013 Annual Report.

Continued suspension of trading of the Shares

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 28 November 2011. The trading in the shares of the Company will remain suspended until further notice.

* Chinese name for identification purpose

I. BACKGROUND

Delay in Annual Results

Reference is made to the annual results announcement of Integrated Waste Solutions Group Holdings Limited (the “**Company**”, together with its subsidiaries from time to time, collectively the “**Group**”) for the year ended 31 March 2012 dated 22 March 2013 (the “**2012 Results Announcement**”). Capitalised terms in this announcement shall have the same respective meanings given to them in the 2012 Results Announcement. It was disclosed that the delay in announcing the 2012 Results Announcement was mainly caused by the Incident (as defined in the 2012 Results Announcement). Time was then required for conducting related Forensic Review and the Financial Analysis as well as for the previous auditor of the Company to complete the audit process in relation to the financial statements for the year ended 31 March 2012.

The 2012 annual report of the Company was published on 15 May 2013. Further to publication of the 2012 annual report, the 2012 annual general meeting of the Company (“**2012 AGM**”) was held on 21 June 2013. At the 2012 AGM, the appointment of the new auditor of the Company for the year ended 31 March 2013 was approved. Time was then required for the new auditor of the Company to complete the audit process in relation to the financial statements for the year ended 31 March 2013.

Restructuring

As reflected by the Forensic Review and Financial Analysis, the irregularities mainly concern the Group’s previous operations in the PRC involving its then existing indirect wholly-owned subsidiary, 惠州福和紙業有限公司 (“Huizhou Fook Woo”). In order to ring-fence the business and assets of the Group from Huizhou Fook Woo and to facilitate the Company to continue expanding its existing business and operations, the board of directors of Wealthy Peaceful (an indirect wholly-owned subsidiary of the Company, which controls 100% equity interests in Huizhou Fook Woo through its 100% shareholding in Golddoor Company Limited (“Golddoor”)) resolved to voluntarily wind up Wealthy Peaceful on 31 January 2013.

The voluntary winding up of Wealthy Peaceful has effectively carved out the Wealthy Peaceful Group from the existing structure of the Group, thus allowing the Retained Group to continue its business and operations whilst limiting its exposures over matters relating to Huizhou Fook Woo. Notwithstanding the voluntary winding up, the Retained Group intends to, subject to sales and supply terms, retain Huizhou Fook Woo as one of its external customers for recovered paper, as well as one of its external suppliers for tissue paper products. Whilst the Retained Group continues seeking out more independent suppliers and customers, the Board does not foresee the voluntary winding up of Wealthy Peaceful will lead to material adverse impact on the operation of the Retained Group, as the Group has been sourcing tissue paper products from and supplying recovered paper to external parties.

II. AUDITOR'S ADVERSE OPINION

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

BASIS FOR ADVERSE OPINION

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

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

Given these circumstances, in preparing these financial statements, the directors of the Company have excluded Wealthy Peaceful, together with its wholly owned subsidiaries Golddoor Company Limited (“Golddoor”) and Huizhou Fook Woo (collectively referred to as “the De-consolidated Subsidiaries”) from the Group’s consolidated financial position as at 31 March 2012 and 31 March 2013, consolidated financial results and consolidated cash flows for the years then ended.

These events and actions taken by the Directors of the Company, further details of which are set out in Note 2(a), have given rise to the following matters which form the basis for our adverse opinion:

(a) Non-compliance with International Accounting Standard 27

In our opinion, the exclusion of the financial position, results and cash flows of the De-consolidated Subsidiaries from the consolidated financial statements is a departure from the requirements of International Accounting Standard 27 “Consolidated and Separate Financial Statements”. Given the loss of certain accounting books and records of Huizhou Fook Woo mentioned above, we are unable to ascertain the financial impact of the potential irregularities with respect to the accounting records and transactions with the De-consolidated Subsidiaries, if any, and the non-consolidation of the De-consolidated Subsidiaries on the consolidated financial statements. However, had the De-consolidated Subsidiaries been consolidated, many elements in the consolidated financial statements would have been materially affected.

(b) Limitation in the scope of the audit in respect of balances and transactions with the De-consolidated Subsidiaries, impairment losses of balances due from the De-consolidated Subsidiaries and loss on de-consolidation of the De-consolidated Subsidiaries

As set out in Notes 2(a) and 27 to the consolidated financial statements of the Group for the year ended 31 March 2013, the Group and the Company recorded amounts due from the De-consolidated Subsidiaries of approximately HK\$532,172,000 as at 31 March 2012. Such receivables were recorded net of impairment provisions of approximately HK\$1,730,505,000 and HK\$625,673,000 in the consolidated and Company financial statements respectively, which were determined based on the valuation of the plant and machinery, properties and land use rights of Huizhou Fook Woo performed by independent valuers as at 30 September 2012.

The Group undertook certain sales and purchases transactions with the De-consolidated Subsidiaries totalling HK\$171,909,000 (2012: HK\$243,942,000) and HK\$202,367,000 (2012: HK\$225,153,000) respectively during the year ended 31 March 2013.

In addition, the Group recorded a loss on de-consolidation of approximately HK\$415,549,000 in the consolidated income statement for the year ended 31 March 2012.

As at 31 March 2013, the liquidation of Wealthy Peaceful is still in progress and the Directors were not able to obtain sufficient documentary information to satisfy themselves about the transactions and balances with the De-consolidated Subsidiaries in prior years. Accordingly, the Directors consider it to be more practicable to present the carrying value of the balances due from De-consolidated Subsidiaries at 31 March 2013 as the sum of the opening balance as at 1 April 2012 of HK\$532,172,000 plus the net movement of the current account with the De-consolidated Subsidiaries resulting from the transactions during the year ended 31 March 2013.

Because of the loss of certain accounting books and records of Huizhou Fook Woo and the de-consolidation of the De-consolidated Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to determine whether these balances with the De-consolidated Subsidiaries at 31 March 2012 and 31 March 2013 and transactions with the De-consolidated Subsidiaries were free from material misstatement and whether any adjustments were necessary in respect of the amounts due from the De-consolidated Subsidiaries as at 31 March 2012 and 31 March 2013. In addition, we have not been able to obtain sufficient appropriate audit evidence to determine whether the impairment losses of the amounts due from the De-consolidated Subsidiaries and the loss on de-consolidation were free from material misstatement.

(c) Comparative information

The comparative figures disclosed in the consolidated financial statements are based on the audited financial statements of the Group and the Company for the year ended 31 March 2012 in respect of which the predecessor auditor's report dated 22 March 2013 expressed an adverse opinion. The matters which resulted in that adverse opinion included (a) de-consolidation of certain subsidiaries and (b) balances due from De-consolidated Subsidiaries, being the same unresolved issues which are set out above. Therefore the comparative figures shown may not be

comparable and any adjustments to the opening balances as at 1 April 2012 would have consequential effect on the loss for the year ended 31 March 2013 and/or the net assets of the Group and the Company as at 31 March 2013.

Adverse opinion

Notwithstanding the above noted limitations in the scope of our audit, in our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraphs, the consolidated financial statements do not give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Shareholders should read the Auditor's report which will be included in the 2013 Annual Report.

III. ANNUAL RESULTS

The Board would like to announce the consolidated results of the Group for the year ended 31 March 2013. The audit committee of the Company (the "Audit Committee") has reviewed the results and the financial statements of the Group for the year ended 31 March 2013 prior to recommending them to the Board for approval.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013
(Expressed in Hong Kong dollars)

	Note	2013 \$'000	2012 \$'000
Revenue	3	573,274	750,230
Cost of sales		(483,766)	(673,610)
Gross profit		89,508	76,620
Other income		7,538	916
Other gains, net		6,315	18,051
Selling and distribution expenses		(34,281)	(34,568)
Administrative and other operating expenses		(81,375)	(68,132)
Operating loss		(12,295)	(7,113)
Loss on de-consolidation of subsidiaries		–	(415,549)
Impairment/write-off of amounts due from the De-consolidated Subsidiaries		(2,500)	(1,730,505)
Finance income	4	14,397	10,752
Finance costs	4	(216)	(719)
Share of loss of an associate		(56)	–
Loss before taxation	4	(670)	(2,143,134)
Income tax	5	(4,952)	(9,582)
Loss for the year attributable to equity holders of the Company		(5,622)	(2,152,716)
Basic and diluted loss per share for loss attributable to equity holders of the Company	7	(0.2) cents	(88.4) cents

Details of dividend payable to equity holders of the Company are set out in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

(Expressed in Hong Kong dollars)

	Note	2013 \$'000	2012 \$'000
Loss for the year		(5,622)	(2,152,716)
Other comprehensive income			
Release of exchange reserve upon de-consolidation of a subsidiary		—	(145,419)
Other comprehensive income for the year, net of tax		—	(145,419)
Total comprehensive income for the year attributable to equity holders of the Company		(5,622)	(2,298,135)

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2013

(Expressed in Hong Kong dollars)

	Note	2013 \$'000	2012 \$'000
Non-current assets			
Property, plant and equipment		175,976	101,773
Land use rights		28,244	29,069
Intangible asset		–	1,000
Interests in an associate		844	–
Prepayments		5,640	803
Deferred tax assets		–	2,884
		210,704	135,529
Current assets			
Inventories		8,095	7,772
Trade and bills receivables	8	57,545	66,000
Other receivables, deposits and prepayments		36,924	26,265
Amounts due from related companies		601	1,322
Amounts due from De-consolidated Subsidiaries	10	641,089	532,172
Bank deposits and cash		548,041	748,445
Restricted and pledged bank deposits		1,650	910
		1,293,945	1,382,886
Current liabilities			
Trade payables	9	14,397	20,774
Other payables and accruals	9	66,688	25,194
Bank loans and overdrafts		–	30,078
Amounts due to related companies		5,273	12,081
Taxation payable		2,704	10,363
		89,062	98,490
Net current assets		1,204,883	1,284,396
Total assets less current liabilities		1,415,587	1,419,925

	Note	2013 \$'000	2012 \$'000
Non-current liabilities			
Deferred tax liabilities		<u>1,917</u>	<u>633</u>
NET ASSETS		<u>1,413,670</u>	<u>1,419,292</u>
CAPITAL AND RESERVES			
Share capital	11	241,117	241,117
Reserves		<u>1,172,553</u>	<u>1,178,175</u>
TOTAL EQUITY		<u>1,413,670</u>	<u>1,419,292</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013
(Expressed in Hong Kong dollars)

	Share capital <i>(Note 11)</i> \$'000	Share premium \$'000	Capital reserve \$'000	Statutory reserve \$'000	Exchange reserve \$'000	Retained earnings/ (accumulated losses) \$'000	Total \$'000
At 1 April 2011	245,928	2,940,531	(964,044)	96,487	145,419	1,336,090	3,800,411
Loss for the year	-	-	-	-	-	(2,152,716)	(2,152,716)
Other comprehensive income:							
– Release of exchange reserve upon de-consolidation of a subsidiary	-	-	-	-	(145,419)	-	(145,419)
Total comprehensive income for the year ended 31 March 2012	-	-	-	-	(145,419)	(2,152,716)	(2,298,135)
Reclassification of statutory reserve upon de-consolidation of a subsidiary	-	-	-	(96,487)	-	96,487	-
Transactions with owners							
– Repurchase of shares <i>(note 11(c))</i>	(4,811)	(78,173)	-	-	-	-	(82,984)
At 31 March 2012	<u>241,117</u>	<u>2,862,358</u>	<u>(964,044)</u>	<u>-</u>	<u>-</u>	<u>(720,139)</u>	<u>1,419,292</u>
At 1 April 2012	241,117	2,862,358	(964,044)	-	-	(720,139)	1,419,292
Loss and total comprehensive income for the year	-	-	-	-	-	(5,622)	(5,622)
At 31 March 2013	<u>241,117</u>	<u>2,862,358</u>	<u>(964,044)</u>	<u>-</u>	<u>-</u>	<u>(725,761)</u>	<u>1,413,670</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

(All amounts in Hong Kong dollars unless otherwise stated)

1 General information

Integrated Waste Solutions Group Holdings Limited (formerly known as Fook Woo 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 was listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered address of the Company is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

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

These consolidated financial statements are presented in Hong Kong dollars (HK\$), unless otherwise stated.

2 Basis of preparation

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

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

On 29 November 2011, the Company received a cash deposit of RMB100,000,000 (approximately HK\$120,000,000) (the “Deposit”). In December 2011 and January 2012, the Group further received cash deposits totalling HK\$2,567,000. The Board represented that the Deposit was placed by a former Director of the Company. The Deposit was recorded as amount due to Huizhou Fook Woo in the consolidated balance sheet and the Company’s balance sheet as at 31 March 2012. On 2 December 2011, the Board established an independent special committee (the “Special Committee”) to conduct an investigation into the Incident and the Deposit and to review the internal control system of the Company with the assistance of an independent accounting firm. On 27 April 2012, the Special Committee engaged another accounting firm to conduct a forensic review into the Incident and the Deposit (the “Forensic Review”) following the preliminary investigation results of the previous independent accounting firm.

Based on the results of the Forensic Review, the Board concluded that the deposit of RMB100,000,000 (approximately HK\$120,000,000) was not in fact made and the Deposit was not transferred out of the accounts of Huizhou Fook Woo and a number of documents related to the Incident were fabricated. In addition, the Forensic Review has revealed, among other things, certain irregular transactions entered into by Huizhou Fook Woo. Based on the results of the Forensic Review, the Board further concluded that, among other things, a substantial portion of the accounting books and records of Huizhou Fook Woo for the year ended 31 March 2012 and prior periods were missing.

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

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

Given these circumstances, the Directors have not consolidated the financial statements of the De-consolidated Subsidiaries in the Group’s consolidated financial statements as at and for the years ended 31 March 2012 and 31 March 2013. As such, the results, assets and liabilities of the De-consolidated Subsidiaries have not been included in the consolidated financial statements of the Group since 1 April 2011. The resulting loss on de-consolidation of approximately HK\$415,549,000, which is determined based on the net asset value of the De-consolidated Subsidiaries as at 1 April 2011, has been recognised in the consolidated income statement for the year ended 31 March 2012.

Moreover, as at 31 March 2012, the total amounts due from the De-consolidated Subsidiaries to the Group and the Company before any impairment provision amounted to approximately HK\$2,262,677,000 and HK\$1,157,845,000 respectively. The Directors have assessed the recoverability of these balances based on the valuation of the plant and machinery, properties and land use rights of Huizhou Fook Woo performed by independent valuers as at 30 September 2012, as the Directors consider this to be the earliest practicable date for such a valuation given the aforementioned circumstances. Accordingly, impairment losses on balances due from the De-consolidated Subsidiaries of approximately HK\$1,730,505,000 and HK\$625,673,000 were recognised in the consolidated income statement and the Company’s financial statements for the year ended 31 March 2012 respectively.

During the year ended 31 March 2013, the Group has waived the amounts due from De-consolidated Subsidiaries of HK\$2,500,000 and accordingly, these amounts had been written off and charged to the consolidated income statement of the Group for the year ended 31 March 2013.

As at 31 March 2013, the liquidation process of Wealthy Peaceful is still in progress and the Directors were not able to obtain sufficient documentary information to satisfy themselves about the transactions and balances with the De-consolidated Subsidiaries in prior years. Given this limitation, to avoid undue costs and delays in finalising the consolidated financial statements, the Directors have presented the carrying value of the balances due from De-consolidated Subsidiaries at 31 March 2013 as the sum of the opening balance as at 1 April 2012 of HK\$532,172,000 plus the net movement of the current account with the De-consolidated Subsidiaries resulting from the transactions during the year ended 31 March 2013.

The Group undertook certain sales and purchases transactions with De-consolidated Subsidiaries totalling HK\$171,909,000 (2012: HK\$243,942,000) and HK\$202,367,000 (2012: HK\$225,153,000) respectively during the year ended 31 March 2013.

The non-consolidation of the De-consolidated Subsidiaries is not in compliance with the requirements of International Accounting Standard (“IAS”) 27, *Consolidated and separate financial statements*. Given the aforementioned circumstances, the Directors are unable to ascertain the impact of the non-consolidation of the De-consolidated Subsidiaries on the consolidated financial statements.

Except for the matters referred to above, including the non-consolidation of the De-consolidated Subsidiaries, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

With effect from 1 April 2012, the Group has adopted the below amendment to IFRSs, which is relevant to the Group’s financial statements:

- Amendment to IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

The Group has assessed the impact of the adoption of this amendment and considered that there was no significant impact on the Group’s results for the years ended 31 March 2012 and 31 March 2013 and financial position or any substantial changes in the Group’s accounting policies.

None of the other developments are relevant to the Group’s financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment information

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

- Recovered paper – sales of recovered paper and materials
- Tissue paper products – manufacturing and sales of tissue paper products
- Recycled greyboard – manufacturing and sales of recycled greyboard
- Confidential materials destruction service (“CMDS”) – provision of confidential materials destruction services

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

Revenue consists of sales of recovered paper and materials, tissue paper products and recycled greyboard and provision of confidential materials destruction services. The Group's revenue is comprised as follows:

	2013	2012
	\$'000	\$'000
Sales of recovered paper and materials	339,103	498,414
Sales of tissue paper products	228,912	240,010
Sales of recycled greyboard	143	6,520
Provision of confidential materials destruction services	5,116	5,286
	573,274	750,230

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

	2013	2012
	\$'000	\$'000
Hong Kong	573,274	750,230

The geographical location of non-current assets other than deferred tax assets are determined based on the countries of domicile of the subsidiaries.

The total of non-current assets other than deferred tax assets located in Hong Kong as of 31 March 2013 was approximately HK\$210,704,000 (2012: HK\$132,645,000). There are no non-current assets located in other countries as at 31 March 2013 (2012: Nil).

The segment results and other segment items included in the loss for the year ended 31 March 2013 are as follows:

	Recovered paper and materials	Tissue paper products	Recycled greyboard	CMDS	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	339,103	228,912	143	5,116	573,274
Cost of sales	(275,814)	(202,598)	(138)	(5,216)	(483,766)
Segment gross profit/(loss)	63,289	26,314	5	(100)	89,508
Loss on de-consolidation of subsidiaries					-
Impairment/write-off of amounts due from the De-consolidated Subsidiaries					(2,500)
Unallocated operating costs					(101,803)
Share of loss of an associate					(56)
Finance income					14,397
Finance costs					(216)
Loss before taxation					(670)
Income tax					(4,952)
Loss for the year					<u>(5,622)</u>

The segment results and other segment items included in the loss for the year ended 31 March 2012 are as follows:

	Recovered paper and materials	Tissue paper products	Recycled greyboard	CMDS	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	498,414	240,010	6,520	5,286	750,230
Cost of sales	(450,126)	(213,268)	(6,142)	(4,074)	(673,610)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment gross profit	48,288	26,742	378	1,212	76,620
Loss on de-consolidation of subsidiaries					(415,549)
Impairment/write-off of amounts due from the De-consolidated Subsidiaries					(1,730,505)
Unallocated operating costs					(83,733)
Finance income					10,752
Finance costs					(719)
					<hr/>
Loss before taxation					(2,143,134)
Income tax					(9,582)
					<hr/>
Loss for the year					<u><u>(2,152,716)</u></u>

4 Loss before taxation

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

	2013	2012
	\$'000	\$'000
(a) Finance costs		
Interest expenses on bank loans wholly repayable within 5 years	216	719
(b) Staff costs (excluding directors' emoluments)		
Salaries, wages and other benefits	57,751	40,771
Contributions to defined contribution retirement plan	2,096	2,044
	59,847	42,815
Staff costs included in:		
– Cost of sales	30,413	24,993
– Selling and distribution expenses	10,042	7,696
– Administrative and other operating expenses	19,392	10,126
	59,847	42,815
(c) Other items		
Amortisation of land use rights	825	825
Depreciation of property, plant and equipment	8,839	11,013
Impairment losses:		
– property, plant and equipment	–	8,908
– trade receivables (note 8)	1	1,291
– deposits and prepayments to suppliers	–	178
Operating lease charges in respect of land and buildings	18,249	11,317
Cost of inventories sold	401,976	596,918
Auditor's remuneration		
– Audit services	3,780	3,800
– Other services	1,116	1,081
Legal and professional fees	24,910	7,616
Interest income from bank deposits	(14,397)	(10,752)

5 Income tax

(a) Taxation in the consolidated income statement represents:

	2013	2012
	\$'000	\$'000
Current income tax		
– Hong Kong profits tax	1,650	442
(Over)/under-provision in respect of prior years		
– Current income tax	–	4,959
– Penalty surcharge and interest	(866)	5,554
	784	10,955
Deferred tax		
– Origination and reversal of temporary differences	4,168	(1,373)
Income tax expense	4,952	9,582

- (i) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year ended 31 March 2013 (2012: 16.5%).
- (ii) In prior years, certain subsidiaries of the Group received notices of additional assessments from the Hong Kong Inland Revenue Department (“IRD”) for the years of assessment 2002/2003 to 2005/2006 demanding total additional profits tax payments amounting to HK\$20,115,000 in respect of disputes over the deductibility of certain expenses made by subsidiaries of the Group. Notices of objections have been served for these notices of additional assessments. In prior years, the IRD granted unconditional holdover orders in respect of additional tax payments of HK\$16,925,000. The remaining amounts of HK\$3,190,000 could be held over on the condition that an equal amount of tax reserve certificate was purchased. As at 31 March 2012, the Group purchased tax reserve certificates totalling HK\$3,190,000.

In February 2013, the Group reached a settlement with the IRD and the total claim (including the penalty surcharge and interest) amounted to HK\$9,055,000 of which HK\$8,443,000 was settled during the year ended 31 March 2013, by additional cash payments of HK\$5,253,000 and tax reserve certificates of HK\$3,190,000 already purchased in prior years. The Group made a provision of HK\$9,921,000 in respect of the tax assessments and penalties in prior years and accordingly, the over-provision of tax in the consolidated income statement amounted to HK\$866,000 for the year ended 31 March 2013.

- (iii) The Company has entered into a deed of indemnity in which the indemnifiers have agreed to indemnify on a joint and several basis each member of the Group in respect of the cash payment for any additional tax assessment for the year of assessment 2002/2003 and any other notices of additional assessment that may be received by any member of the Group for and including the 2003/2004, 2004/2005 and 2005/2006 tax years through the year of assessment 2009/2010.

Given the circumstances as disclosed in Note 2 and the uncertainties about the likelihood of recovering such payments from the indemnifiers, the incremental tax liability has been recorded as the Group's income tax liabilities as at 31 March 2012 and charged to the consolidated income statement of the Group in prior years despite the above mentioned indemnity arrangement.

Subsequent to the reporting period end, the Group is in the process of submitting the claim to the indemnifiers in respect of the tax indemnity on the above matter arrangement.

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

	2013	2012
	\$'000	\$'000
Loss before taxation	(670)	(2,143,134)
Tax calculated at tax rate of 16.5% (2012: 16.5%)	(111)	(353,617)
Tax effects of non-taxable income	(3,563)	(6,710)
Tax effect of non-deductible expenses	8,799	357,365
Tax effect of tax losses not recognised	1,398	–
Tax effect of unrecognised tax losses utilised	(2,465)	–
Penalty surcharge and interest	(866)	5,554
Under provision in respect of prior years	–	4,959
Others	1,760	2,031
Income tax expense	4,952	9,582

6 Dividends

No dividends had been paid or declared by the Company for the year ended 31 March 2013 (2012: Nil).

7 Basic and diluted loss per share

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

	2013	2012
	\$'000	\$'000
Loss attributable to the equity holders of the Company	(5,622)	(2,152,716)
Weighted average number of ordinary shares in issue (thousand shares)	2,411,167	2,435,252
Basic loss per share (cents)	(0.2) cents	(88.4) cents

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the year (2012: Nil).

8 Trade and bills receivables

	2013	2012
	\$'000	\$'000
Trade and bills receivables	62,537	70,991
Less: provision for impairment	(4,992)	(4,991)
Trade and bills receivables – net	57,545	66,000

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

	2013	2012
	\$'000	\$'000
0 – 30 days	36,495	42,629
31 – 60 days	7,918	16,881
61 – 90 days	5,571	3,318
91 – 120 days	3,396	1,981
Over 120 days	9,157	6,182
	62,537	70,991
Less: Provision for impairment	(4,992)	(4,991)
	57,545	66,000

As at 31 March 2013, trade receivables of approximately HK\$30,016,000 (2012: HK\$20,598,000) were past due but not impaired. These relate to a number of independent customers with no history of credit default. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered as fully recoverable. The ageing analysis of these trade receivables based on due date is as follows:

	2013	2012
	\$'000	\$'000
1 – 30 days	24,168	16,996
31 – 60 days	3,569	2,230
61 – 90 days	391	106
91 – 120 days	1,575	196
Over 120 days	313	1,070
	30,016	20,598

As at 31 March 2013, trade receivables of approximately HK\$4,992,000 (2012: HK\$4,991,000) were impaired and fully provided for. The individually impaired receivables mainly related to smaller customers which were in financial difficulties. The ageing analysis of these non-recoverable receivables based on due date is as follows:

	2013	2012
	\$'000	\$'000
31 – 60 days	–	38
61 – 90 days	–	55
Over 120 days	4,992	4,898
	4,992	4,991

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

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

	2013	2012
	\$'000	\$'000
At 1 April	4,991	8,569
De-consolidation of a subsidiary	–	(4,869)
Provision recognised in the consolidated income statement	1	1,291
At 31 March	4,992	4,991

9 Payables and accruals

	2013	2012
	\$'000	\$'000
Trade payables	14,397	20,774
Other payables and accruals:		
– Construction cost payables	28,148	30
– Accrued expenses	32,368	23,378
– Receipts in advance from customers	4,888	1,775
Others	1,284	11
	66,688	25,194
	81,085	45,968

The ageing analysis of trade payables based on due date at the balance sheet date is as follows:

	2013	2012
	\$'000	\$'000
Current	8,964	16,948
1 – 30 days	1,554	1,277
31 – 60 days	997	140
61 – 90 days	123	65
91 – 120 days	21	49
Over 120 days	2,738	2,295
	14,397	20,774

10 Amounts due from De-consolidated Subsidiaries

	2013	2012
	\$'000	\$'000
Due from De-consolidated Subsidiaries	2,371,594	2,262,677
Less: provision for impairment	(1,730,505)	(1,730,505)
	641,089	532,172

As explained in note 2, due to the loss of a substantial portion of books and records and serious doubt over the authenticity of certain accounting records of Huizhou Fook Woo, the financial results of the De-consolidated Subsidiaries have not been included in the consolidated financial statements of the Group since 1 April 2011.

11 Share capital

(a) Authorised share capital of the Company

	2013	2012
	\$'000	\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.10 each	500,000	500,000

(b) Issued share capital of the Company

	Note	Number of ordinary shares	Ordinary shares \$
Issued and fully paid:			
At 1 April 2011		2,459,275,000	245,927,500
Repurchase of shares	11(c)	(48,108,000)	(4,810,800)
At 31 March 2012, 1 April 2012 and 31 March 2013		2,411,167,000	241,116,700

- (c) During the year ended 31 March 2012, the Company repurchased a total of 48,108,000 of its own shares on the Stock Exchange at prices ranging from HK\$1.48 to HK\$1.88 per share, for a total consideration, before expenses, of HK\$82,984,000. The repurchase shares were cancelled. The premium of approximately HK\$78,173,000 paid on the repurchase shares was debited to the share premium account.

During the year ended 31 March 2013, the Company did not repurchase any share on the Stock Exchange.

12 Comparatives

Certain comparatives including (a) cost of sales, (b) selling and distribution expenses and (c) administrative and other operating expenses have been reclassified to conform with current year's presentation. The reclassification of items is largely related to:

- In prior years, majority of the staff costs were included under "administrative and other operating expenses". In the current year, staff costs are classified into income statement items by reference to the nature and functions and the comparative figures have been reclassified accordingly.
- In prior years, certain overheads directly attributable to the production were included under "administrative and other operating expenses". In the current year, these costs are classified as "cost of sales" or "selling and distribution expenses" and the comparative figures have been reclassified accordingly.

	2012 (As originally presented) \$'000	2012 (Reclassification adjustments) \$'000	2012 (As reclassified) \$'000
Cost of sales			
Staff costs	12,526	12,467	24,993
Other direct overheads	622,289	26,328	648,617
	<u>634,815</u>	<u>38,795</u>	<u>673,610</u>
Selling and distribution expenses			
Staff costs	249	7,447	7,696
Others	25,337	1,535	26,872
	<u>25,586</u>	<u>8,982</u>	<u>34,568</u>
Administrative and other operating expenses			
Staff costs	28,627	(18,501)	10,126
Others	87,282	(29,276)	58,006
	<u>115,909</u>	<u>(47,777)</u>	<u>68,132</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the fiscal year ended 31 March 2013, Integrated Waste Solutions Group Holdings Limited (the “Company”, formerly known as Fook Woo Group Holdings Limited) and its subsidiaries (collectively referred to as the “Group”) have gone through a period of consolidation and restructuring. Although the Group has experienced certain difficult times over the course of last year, it continues to maintain focus on strengthening the financial position of the Group and enhancing its corporate governance practices and internal control in order to protect the interests of the shareholders.

Financial Review

The loss of the Group for the year ended 31 March 2013 (the “Current Year”) amounted to HK\$5.6 million, a reduction of HK\$2,147.1 million or 99.7% when compared to the net loss for the year ended 31 March 2012 (the “Last Year”). The reduction of loss was a corollary to the substantial loss of HK\$415.5 million registered after the de-consolidation of certain subsidiaries, and impairment of amounts due from the De-consolidated Subsidiaries of HK\$1,730.5 million in the Last Year.

Understandably, the performance of the Group for the Current Year was affected by the incurrence of legal and professional fees amounting to HK\$24.9 million. The exceptional fees were mainly incurred in the investigation and forensic review of the Group’s unfortunate irregularities of prior years, and overview of internal control systems of the Group. Seen in context, however, they are justifiably spent to uphold the best interests of shareholders.

In regard to the operational front, the turnover of the Group for the Current Year has reduced by HK\$176.9 million, or 23.6%, to HK\$573.3 million. This was as a result of a reduction in waste paper demand in Mainland China concomitant of the tightened controls imposed by the Mainland Authorities.

Liquidity and Financial Resources

As at 31 March 2013, the Group had bank deposits and cash of approximately HK\$548.0 million (2012: HK\$748.4 million). The Group had no bank loans and overdrafts as at 31 March 2013 (2012: HK\$30.1 million). The effective interest rate for short term borrowings as at 31 March 2012 was 2.35% per annum.

The gearing ratio, which is calculated as total debt (including current and non-current borrowings) divided by total equity, was 0.0% as at 31 March 2013 (2012: 2.1%).

As at 31 March 2013, the Group had net current assets of approximately HK\$1,204.9 million, as compared to net current assets of approximately HK\$1,284.4 million as at 31 March 2012. The current ratio of the Group was 14.5 as at 31 March 2013 as compared to 14.0 as at 31 March 2012.

Foreign Exchange Exposure

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

For the year ended 31 March 2013, the Group recorded a net foreign exchange gain of HK\$5.0 million (2012: HK\$29.2 million). The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Acquisitions and Disposals

In October 2012, the Group entered into an agreement with three independent parties to set up a company, Fook Fung Loi Company Limited ("Fook Fung"), of which the Group held 30% equity interests in Fook Fung and injected capital of HK\$900,000 into Fook Fung.

Major Capital Expenditure and Commitments

As at 31 March 2013, the Group incurred HK\$144.0 million for the construction expenditure in respect of the proposed industrial development in Tseng Kwan O which is expected to complete in late 2014.

Pledge of Assets

The restricted bank deposits amounted to HK\$1.7 million (2012: HK\$0.9 million) were pledged as a guarantee to suppliers to secure supply.

Capital Structure

Details of the capital structure of the Company are set out in Note 11.

Contingent Liabilities

At 31 March 2013, the contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdrafts, short term loans and credit facilities were nil (2012: HK\$28,800,000). The Company has not recognised any deferred income for the guarantees given in respect of borrowings and other banking facilities for subsidiaries as their fair value cannot be reliably measured using observable market data and their transaction price was nil.

At 31 March 2013, the directors do not consider it is probable that a claim will be made against the Company under any of the guarantees.

At 31 March 2013, the Group has lodged certain claims against its former director and employee. In the opinion of the legal counsel, it is too early to evaluate the outcome of these claims and the recovery of loss and damages from these claims cannot be reliably estimated.

Employees

As at 31 March 2013, the Group had approximately 260 employees employed in Hong Kong. Employee costs, excluding directors' emoluments, totaled HK\$59.8 million for the year ended 31 March 2013 (2012: HK\$42.8 million). All of the Group companies are equal opportunity employers, with the selection and promotion of employees based on suitability for the position offered. The Group operates a defined contribution mandatory provident fund retirement benefits scheme for its employees in Hong Kong. The Company has also adopted a share option scheme on 11 March 2010. During the year under review, no share option was granted. The Group did not experience any significant labour disputes that led to any disruption of its normal business operations.

Prospects

Notwithstanding the current external challenges from a turbulent economic environment and internal control deficiency reported in 2012 annual report, the Group continues to operate its core business, including (i) waste materials collecting and packaging depots in Hong Kong; (ii) provision of confidential materials destruction services ("CMDS") in Hong Kong; and (iii) marketing and selling of tissue paper products in Hong Kong, Macau and other overseas countries. The incumbent management team endeavors to strengthen the Group's corporate governance and internal control to effect good business practices, monitoring, documentation, and authorization. With its de facto solid foundation in waste recycling business in Hong Kong and China, the Group strives to pursue the growth of its business model and believes its profitability potential has yet to be optimally realized. To mark its transitioning to a new

business development and direction as a strategic waste recycling and waste solutions provider, the Group has changed its name which will reflect the Group's resolve to achieve its mission to enhance profitability and become one of the largest integrated waste solutions providers in the Greater China.

Our Group has been undertaking the construction of piled foundation works for the construction of the proposed industrial development in Tseung Kwan O (the "Project TKO"), and the construction of piled foundation works is expected to be completed in or around October 2013. In July 2013, our Group has issued a tendering invitation for main works for the construction of the Project TKO and the contract period is estimated to be 270 calendar days.

The general state of the Group's finances, as detailed in this year's financial statements, has not been too favorably placed revenue-wise in the financial year 2012-2013, but things are improving in general subsequent to the formation of the incumbent Board of Directors. As can be seen, although the Group has yet to fully recover, it is at least convalescing. If this encouraging trend continues, as the incumbent Board of Directors feels sure it will, the balance sheet ought to show a healthy financial position in the not too distant future.

As regards the date for trading resumption which the Group believes is of all shareholders' significant concern, a final settlement has not yet been reached with The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Nevertheless, the present management team has been progressing reasonably well to satisfy all compliance and internal control requirements imposed by the Stock Exchange in order to achieve an early resumption in the best interests of shareholders and investors.

Dividend

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2013 (2012: Nil).

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 25 September 2013 to Monday, 30 September 2013 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible for attending and voting at the 2013 annual general meeting of the Company to be held on Monday, 30 September 2013, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 September 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's share during the year ended 31 March 2013.

EVENT AFTER THE REPORTING PERIOD

On 15 May 2013, the board of the Company proposed to change the name of the Company from Fook Woo Group Holdings Limited “福和集團控股有限公司” to Integrated Waste Solutions Group Holdings Limited and adopt a Chinese name “綜合環保集團有限公司” for identification. The certificate of incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands on 3 July 2013.

The change of company name has also been registered with the Registrar of Companies in Hong Kong. The certificate of registration of change of corporate name of non-Hong Kong company was issued by the Registrar of Companies in Hong Kong under Part XI of the Companies Ordinance (Cap.32 Laws of Hong Kong) on 8 August 2013.

The English and Chinese stock short names of the Company for trading in the Shares on the Stock Exchange were changed from “FOOK WOO GROUP” to “IWS” in English and “福和集團” to “綜合環保集團” in Chinese, respectively, with effect from 9:00 a.m. on 16 August 2013. The stock code of the Company remains as 923.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model” Code) as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors.

After making specific inquiries with the Directors (including the former Directors) in the year ended 31 March 2013 (except Mr. Leung Kai Kuen who left the Company and the Company was not able to reach him as at the date of this announcement), the Directors confirmed that they have complied with the Model Code during the year ended 31 March 2013.

The Company has also established the written guidelines on no less exacting terms than the Model Code (the “Written Guidelines”) for governing the securities transactions by employees who are likely to be in possession of unpublished inside information of the Company or its securities. No incident of non-compliance of the Written Guidelines by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Chung Wai Kwok, Jimmy (Chairman of the Audit Committee), Mr. Lau Shun Chuen and Mr. Nguyen Van Tu, Peter; and one non-executive Director, namely Mr. Cheng Chi Ming, Brian, has reviewed the financial statements of the Group for the year ended 31 March 2013 and discussed with the management and the Auditors on the accounting principles and practices adopted by the Group and internal controls and financial reporting matters.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has 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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company has complied with the code provision set out in the CG Code during the financial year ended 31 March 2013 save for the deviations from code provisions A.2.1, A.2.3, A.2.4, A.2.5, A.2.6, A.2.9, A7.2, C.1.3 and D.1.1. Key corporate governance principles and practices of the Company as well as the particulars of the foregoing deviations and the reasons thereof are detailed below.

The Company will continue to enhance its corporate governance practices that are appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the increasingly tightened regulatory requirements and to meet the expectations of Shareholders and investors.

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual.

During the period between 1 April 2012 and 30 April 2012, Mr. Leung Kai Kuen was both the Chairman and Chief Executive Officer.

Since 30 April 2012, the roles of chairman and chief executive officer are separate. Mr. Lau Shun Chuen, an independent non-executive Director of the Company, was appointed as the non-executive acting chairman of the Board on 30 April 2012 and resigned as the non-executive acting chairman of the Board on 16 October 2012. Mr. Cheng Chi Ming, Brian, a non-executive Director of the Company, was appointed as the chairman of the Board since 16 October 2012. Mr. Suen Wing Yip, an executive Director of the Company, was appointed as the chief executive officer since 30 April 2012.

Code Provisions A.2.3, A.2.4, A.2.5, A.2.6 and A.2.9

Under code provision A.2.3 of the CG Code, the chairman should be responsible for ensuring that directors receive adequate information, which must be complete and reliable, in a timely manner.

Under code provision A.2.4, one of the important roles of the chairman is to provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.

Under code provision A.2.5, the chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.

Under code provision A.2.6, the chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.

Under code provision A.2.9, the chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

As Mr. Leung Kai Kuen (former chairman during the period between 1 April 2012 and 30 April 2012) left the Company and cannot be reached by the Company as at the date of this announcement, the present members of the Board are not in a position to comment whether Mr. Leung discharged his duties stipulated under code provisions A.2.3, A.2.4, A.2.5, A.2.6 and A.2.9 during the period between 1 April 2012 and 30 April 2012.

Code Provision A.7.2

Under code provision A.7.2, management has an obligation to supply the board and its committees with adequate information in a timely manner to enable it to make informed decisions.

As some former members of the management in the year ended 31 March 2013 have left the Company, the present members of the Board are not in a position to comment whether such former members of the management discharged their duties to supply the previous Board and its committees with adequate information in a timely manner for the year ended 31 March 2013.

Code Provision C.1.3

The principle underlying the code provisions C.1.3 is that the directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts.

While the Directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group, Shareholders are advised that the auditor of the Company have informed the Company that they will issue an adverse opinion in respect of the audited consolidated financial statements of the Company for the year ended 31 March 2013.

The Board was not aware of any material uncertainties relating to events or conditions that might cause significant doubt upon the Group's ability to continue as a going concern. The Board has prepared the consolidated financial statements on a going concern basis.

Code Provision D.1.1

Code provision D.1.1 requires that when the board delegates to management, it must give clear directions as to the powers of the management, in particular, with respect to the circumstances where management should report back and obtain prior approval of the board before making decisions or entering into any commitments on behalf of the issuer.

Again, as some former members of the management in the year ended 31 March 2013 have left the Company, the present members of the Board are not in a position to comment whether such former members of the management discharged their duties to report back and obtain prior approval from the previous Board before making decisions or entering into any commitments on behalf of the Company for the year ended 31 March 2013.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended since 28 November 2011 and shall remain suspended until further notice. Please refer to the announcements of the Company dated 28 November 2011, 29 November 2011, 2 December 2011, 30 December 2011, 30 January 2012, 29 February 2012, 30 March 2012, 28 June 2012, 2 November 2012, 17 January 2013, 31 January 2013 and 22 March 2013 respectively, for further details in relation to the suspension.

PUBLICATION OF ANNUAL REPORT

The 2013 Annual Report containing information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.iwsg.hk) in due course.

By Order of the Board

INTEGRATED WASTE SOLUTIONS GROUP HOLDINGS LIMITED

Cheng Chi Ming, Brian

Chairman

Hong Kong, 23 August 2013

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Suen Wing Yip, Mr. Lau Sai Cheong, Mr. Lai Hau Yin and Mr. To Chun Wai; two non-executive directors, namely, Mr. Cheng Chi Ming, Brian (Chairman) and Mr. Tsang On Yip, Patrick; and three independent non-executive directors, namely, Mr. Lau Shun Chuen, Mr. Chung Wai Kwok, Jimmy and Mr. Nguyen Van Tu, Peter.