福和集團控股有限公司
FOOK WOO GROUP HOLDINGS LIMITED

Fook Woo Group Holdings Limited
福和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 923)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

AND

CONTINUED SUSPENSION OF TRADING OF THE SHARES

Interim results

Reference is made to the announcements of the Company dated 29 November 2011, 2 December 2011, 30 December 2011, 28 June 2012 and 1 November 2012 respectively. The Company's delay in announcing the unaudited interim results for the six months ended 30 September 2011 was primarily due to the Incident which led to the Forensic Review and the Financial Analysis.

The following sets forth summary of the unaudited consolidated interim results of the Group for the six months ended 30 September 2011:–

– Revenue decreased by 58.1% to HK$398 million
– Gross profit decreased by 81.7% to HK$59 million
– Loss for the period attributable to equity holders of the Company was HK$2,005 million (same period of 2010: Profit HK$169 million)
– Loss per share was HK81.6 cents (same period of 2010: Earnings per share HK8.1 cents)

The Board does not recommend the payment of any dividend in respect of the six months ended 30 September 2011.

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.

I. BACKGROUND

Delay in Interim Results

Delay in announcing the unaudited consolidated interim results of Fook Woo Group Holdings Limited (the "**Company**", together with its subsidiaries from time to time, collectively the "**Group**") for the six months ended 30 September 2011 was mainly caused by the Incident (as detailed below). Time is then required for conducting the related forensic review (the "**Forensic Review**") and financial analysis (the "**Financial Analysis**").

The Incident

On 2 December 2011, the Company announced that in the course of preparing the interim results for the six months ended 30 September 2011, it was unable to ascertain details of transaction(s) involving the Company's remittance and receipt of respective amounts equivalent to RMB100 million (the "**Incident**"), and that the board (the "**Board**") of directors (the "**Directors**") of the Company resolved to set up a special committee (the "**Special Committee**"), comprising Mr. Cheng Chi Ming, Brian, Mr. Chung Wai Kwok, Jimmy, Mr. Chan Kong, Mr. Lee Kwok Chung and Mr. Lau Shun Chuen, to investigate the matter and review the internal control system of the Company with assistance from an independent accounting firm. Baker Tilly Hong Kong Business Services Limited ("**Baker Tilly**") was subsequently engaged by the Company to perform the same. Baker Tilly's preliminary investigations into the Incident revealed that an unauthorized loan of RMB100 million (the "**Unauthorized Loan**") had been made by certain former employees of a subsidiary of the Company (including the sister of the former chairman of the Company, Mr. Leung Kai Kuen) to a third party without the knowledge of the Board.

Apart from the investigation conducted by Baker Tilly, the Forensic Review and the Financial Analysis have also been conducted in response to the Incident.

Forensic Review

On 27 April 2012, the Board has engaged one of the big-four accounting firms (the "**Independent Accounting Firm**") to assist the Special Committee to conduct the Forensic Review. The Forensic Review was completed on 31 October 2012. In the course of the Forensic Review, apart from the findings relating to the Incident, other irregularities have been detected. The Incident and other irregularities mainly concern the Group's operations in the PRC involving its indirect wholly-owned subsidiary, 惠州福和紙業有限公司 (Huizhou Fook Woo Paper Company Limited) ("**HZFW**").

Based on the results of the Forensic Review, the Board concluded that (i) the Unauthorized Loan was not in fact made and the Unauthorized Loan was not transferred out of the accounts of HZFW and a number of documents related to the Incident were fabricated; (ii) a substantial portion of the books and records of HZFW for the year ended 31 March 2012 and prior periods were missing; (iii) there were possible misstatements of certain transactions and balances recorded in the books and records of HZFW; (iv) there were possible fabrication of certain documents and records in relation to HZFW; and (v) there existed different sets of financial statements for HZFW which were un-reconcilable.

In addition, the Forensic Review has revealed, among other things, certain irregular transactions entered into by HZFW in relation to the purchase of machineries and acquisition of trademark and distribution network, possible overstatement of sales transactions, as well as existence of discrepancies between intercompany balances between HZFW and the other subsidiaries of the Group in Hong Kong.

Financial Analysis

In parallel with the Forensic Review, the Company has also engaged the financial advisory team of the Independent Accounting Firm to conduct a financial analysis of the Group. A summary of the material findings of the results of the Financial Analysis was announced on 17 January 2013. The findings mainly concern the Group's operation in the PRC involving HZFW including incomplete books and records of HZFW, poor performance of the tissue paper operation of HZFW, off-book bank accounts in HZFW's records, undisclosed affiliated companies of HZFW, HZFW's capital commitments as of 31 March 2012 and potential undisclosed related party transactions between HZFW and some entities.

Restructuring

As reflected by the Forensic Review and Financial Analysis, the irregularities mainly concern the Group's operations in the PRC involving its indirect wholly-owned subsidiary, HZFW. In order to ring-fence the business and assets of the Group from HZFW and to facilitate the Company to continue expanding its existing business and operations, the board of directors of Wealthy Peaceful Company Limited ("**Wealthy Peaceful**") (an indirect wholly-owned subsidiary of the Company, which controls 100% equity interests in HZFW through its 100% shareholding in Golddoor Company Limited ("**Golddoor**")) resolved to voluntarily wind up Wealthy Peaceful on 31 January 2013.

Given these circumstances, the Directors have not consolidated the financial position and results of HZFW, Wealthy Peaceful and Golddoor (the "**De-consolidated Subsidiaries**") in the Group's condensed consolidated interim financial information as at and for the six months ended 30 September 2011.

The voluntary winding up of Wealthy Peaceful will effectively carve out Wealthy Peaceful and its subsidiaries including Golddoor and HZFW from the existing structure of the Group, thus allowing the retained group (the "**Retained Group**") to continue its business and operations whilst limiting its exposures over matters relating to HZFW. Notwithstanding the voluntary winding up, the Retained Group intends to, subject to sales and supply terms, retain HZFW 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.

Following the commencement of the winding-up of Wealthy Peaceful, on 31 January 2013, Wealthy Peaceful has ceased to be a subsidiary of the Company.

III. INTERIM RESULTS

The Board would like to announce the unaudited consolidated interim results of the Group for the six months ended 30 September 2011. The audit committee of the Company (the "**Audit Committee**") has reviewed the results and the financial statements of the Group for the six months ended 30 September 2011 prior to recommending them to the Board for approval.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2011

	Note	**Unaudited 30 September 2011** *HK$'000*	Audited 31 March 2011 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**53,589**	1,286,316
Land use rights		**29,481**	71,773
Intangible asset	10	**1,000**	–
Prepayments		**–**	433,853
Deferred income tax assets		**1,897**	2,391
Total non-current assets		**85,967**	1,794,333
Current assets			
Inventories		**4,295**	88,164
Trade and bills receivables	11	**63,789**	703,328
Prepayments, deposits and other receivables		**41,365**	88,228
Amounts due from De-consolidated Subsidiaries		**532,172**	–
Amounts due from related companies		**1,536**	1,186
Tax recoverable		**1,009**	1,022
Cash and cash equivalents		**982,163**	1,494,122
Restricted bank deposits		**5,324**	–
Total current assets		**1,631,653**	2,376,050
Total assets		**1,717,620**	4,170,383
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	13	**245,928**	245,928
Share premium	13	**2,940,531**	2,940,531
Treasury shares	14	**(27,114)**	–
Capital reserve		**(964,044)**	(964,044)
Other reserves		**(572,720)**	1,577,996
Total equity		**1,622,581**	3,800,411

	Note	**Unaudited 30 September 2011** *HK$'000*	Audited 31 March 2011 *HK$'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**–**	14,286
Deferred income tax liabilities		**626**	434
Total non-current liabilities		**626**	14,720
Current liabilities			
Trade and other payables	12	**45,341**	196,250
Short-term bank borrowings		**35,139**	102,505
Current portion of long-term borrowings		**–**	14,286
Amount due to a related company		**3,216**	–
Current income tax liabilities		**10,717**	42,211
Total current liabilities		**94,413**	355,252
Total liabilities		**95,039**	369,972
Total equity and liabilities		**1,717,620**	4,170,383
Net current assets		**1,537,240**	2,020,798
Total assets less current liabilities		**1,623,207**	3,815,131

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

		Unaudited Six months ended 30 September	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Revenue	4	**398,157**	949,822
Cost of sales	5	**(339,013)**	(627,212)
Gross profit		**59,144**	322,610
Other income		**798**	2,747
Other losses, net	5	**(404,641)**	(23,473)
Administrative expenses	5	**(1,641,657)**	(66,028)
Selling expenses	5	**(13,171)**	(33,667)
Operating (loss)/profit		**(1,999,527)**	202,189
Finance income	6	**4,994**	1,669
Finance costs	6	**(377)**	(4,800)
(Loss)/profit before income tax		**(1,994,910)**	199,058
Income tax expense	7	**(10,387)**	(29,634)
(Loss)/profit for the period attributable to equity holders of the Company		**(2,005,297)**	169,424
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to equity holders of the Company	9	**(HK81.6 cents)**	HK8.1 cents
Dividends	8	**–**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Unaudited Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(2,005,297)**	169,424
Other comprehensive income:		
Exchange translation differences	**–**	57,904
Release of exchange reserve upon de-consolidation of a subsidiary	**(145,419)**	–
Other comprehensive (loss)/income for the period, net of tax	**(145,419)**	57,904
Total comprehensive (loss)/income for the period attributable to equity holders of the Company	**(2,150,716)**	227,328

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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") on 31 March 2010. 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 (except for the "De-consolidated Subsidiaries" as defind in Note 2 below) 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 provision of confidential materials destruction services.

This condensed consolidated interim financial information is presented in thousands of units of HK dollars (HK$'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 22 March 2013.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2011 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting" issued by the International Accounting Standards Board.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011.

In the course of preparing its interim financial information for the six months ended 30 September 2011, the Board of Directors of the Company (the "Board") were made aware of evidence indicating the existence of potential irregularities with respect to a deposit placed with a third party 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 approximately HK$120,000,000 (the "Deposit") from a former executive director, at which time the Board was uncertain about the nature of such deposit. 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 independent 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) recorded in the books of Huizhou Fook Woo was not in fact made and the amount was not transferred out of the accounts of Huizhou Fook

Woo and a number of documents related to the Incident were fabricated. In addition, the Forensic Review has revealed, among other things, certain other 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 books and records of Huizhou Fook Woo for the year ended 31 March 2012 and prior periods were missing.

As of the date of this report, the directors have used its best effort, to the extent commercially practicable, to reconstruct the accounting records of Huizhou Fook Woo for the year ended 31 March 2012, applying their best estimates and judgement based on the information of the Group that are available to the directors. However, given the loss of a substantial portion of books and records and the fact that most of the key accounting personnel and previous management of Huizhou Fook Woo left the Group and now not contactable, the Board believes that, as at the date of the report, it is almost impossible, and not practical, to ascertain the transactions and balances of Huizhou Fook Woo for inclusion in the consolidated financial statements of the Group.

Furthermore, on 31 January 2013, Wealthy Peaceful Company Limited ("Wealthy Peaceful"), a wholly owned subsidiary of the Group, commenced members' voluntary liquidation, and provisional liquidators were appointed on the same date. The liquidation would involve the liquidation of Wealthy Peaceful, and its wholly owned subsidiaries, namely Golddoor Company Limited ("Golddoor") and Huizhou Fook Woo (Wealthy Peaceful, together with its wholly owned subsidiaries, namely 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 condensed consolidated interim financial information as at and for the six months ended 30 September 2011. 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 condensed consolidated interim financial information for the six months ended 30 September 2011.

Moreover, as at 31 March 2012, the total amounts due from the De-consolidated Subsidiaries to the Group before any impairment provision amounted to approximately HK$2,122,780,000. The directors have assessed the recoverability of these balances based on the valuation of the plant and machineries, 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$1,590,608,000 were recognised in the condensed consolidated interim financial information for the six months ended 30 September 2011.

In the opinion of the directors, the condensed consolidated interim financial information as at and for the six months ended 30 September 2011 prepared on the aforementioned basis is the most appropriate way of presenting the results and state of affairs of the Group as the Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the De-consolidated Subsidiaries. However, the non-consolidation of the De-consolidated Subsidiaries is not in compliance with the requirements of International Accounting Standards ("IAS") 27 "Consolidated and Separate Financial Statements". Given the aforementioned circumstances, the directors are unable to ascertain the impact of the potential irregularities with respect to the accounting records and transactions of Huizhou Fook Woo, if any, and the non-consolidation of the De-consolidated Subsidiaries on the condensed consolidated interim financial information.

Except for the matters referred to above, including the de-consolidation of the De-consolidated Subsidiaries, the consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information have been prepared under the historical cost convention.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following amendments to standards are mandatory and relevant to the Group for the financial year beginning 1 April 2011:

IFRSs (Amendments)	Improvements to IFRSs 2010

The application of the above amendments to standards did not affect the Group's results and financial position.

New standards, amendments and interpretations to existing standards that are not effective and have not been early adopted by the Group

The following new standards, amendments and interpretations to existing standards have not been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted by the Group:

IAS 1 (Amendment)(3)	Presentation of Financial Statements
IAS 12 (Amendment)(2)	Deferred Tax: Recovery of Underlying Assets
IAS 19 (Amendment)(4)	Employee Benefits
IAS 27 (Revised 2011)(4)	Separate Financial Statements
IAS 28 (Revised 2011)(4)	Investments in Associates and Joint Ventures
IAS 32 (Amendment)(5)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
IFRS 1 (Amendment)(1)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 1 (Amendment)(4)	First Time Adoption of Government Loans
IFRS 7 (Amendment)(1)	Financial Instruments: Disclosures – Transfers of Financial Assets
IFRS 7 (Amendment)(4)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 9(6)	Financial Instruments
IFRS 7 and HKFRS 9 (Amendments)(6)	Mandatory Effective Date and Transition Disclosures
IFRS 10(4)	Consolidated Financial Statements
Amendments to IFRSs 10, 11 and 12(4)	Transitional Guidance
IFRS 11(4)	Joint Arrangements

IFRS 12[4]	Disclosure of Interests in Other Entities
IFRS 13[4]	Fair Value Measurement
IFRIC - Int 20[4]	Stripping Costs in the Production Phase of a Surface Mine

(1) Effective for financial periods beginning on or after 1 July 2011
(2) Effective for financial periods beginning on or after 1 January 2012
(3) Effective for financial periods beginning on or after 1 July 2012
(4) Effective for financial periods beginning on or after 1 January 2013
(5) Effective for financial periods beginning on or after 1 January 2014
(6) Effective for financial periods beginning on or after 1 January 2015

The Group is in the process of assessing the impact of these standards, amendments and interpretations to existing standards and does not expect these will be a material impact on the condensed consolidated interim financial information of the Group.

4 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 papers
- 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 People's Republic of China (the "PRC") and overseas markets, the chief operating decision maker of the Group regularly reviews the Group financial results by business segments to assess performance and make resources allocation decisions.

Revenue consists of sales of recovered papers, tissue paper products and recycled greyboard and provision of confidential materials destruction services. The Group's revenue consists of the following:

	Unaudited Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Sales of recovered paper	**280,853**	552,161
Sales of tissue paper products	**110,250**	372,328
Sales of recycled greyboard	**4,626**	23,376
Provision of CMDS	**2,428**	1,957
	398,157	949,822

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

	Unaudited Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**398,157**	267,891
The PRC	**–**	681,931
	398,157	949,822

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

The segment results and other segment items included in the loss for the six months ended 30 September 2011 are as follows:

	Recovered paper	**Tissue paper products**	**Recycled greyboard**	**CMDS**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	280,853	110,250	4,626	2,428	398,157
Cost of sales	(235,242)	(97,909)	(4,474)	(1,388)	(339,013)
Segment gross profit	45,611	12,341	152	1,040	59,144
Unallocated operating costs					(2,058,671)
Finance income, net					4,617
Loss before income tax					(1,994,910)
Income tax expense					(10,387)
Loss for the period					(2,005,297)

The segment results and other segment items included in the profit for the six months ended 30 September 2010 are as follows:

	Recovered paper	**Tissue paper products**	**Recycled greyboard**	**CMDS**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	552,161	372,328	23,376	1,957	949,822
Cost of sales	(380,573)	(224,437)	(20,843)	(1,359)	(627,212)
Segment gross profit	171,588	147,891	2,533	598	322,610
Unallocated operating costs					(120,421)
Finance income, net					(3,131)
Profit before income tax					199,058
Income tax expense					(29,634)
Profit for the period					169,424

5 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging/crediting the following:

	Unaudited Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
Charging:		
Auditor's remuneration	**1,981**	1,118
Amortisation of land use rights	**413**	434
Cost of inventories sold	**319,592**	558,889
Depreciation	**4,923**	37,375
Loss on disposals of property, plant and equipment	**939**	–
Write off of property, plant and equipment	**157**	–
Operating lease charges in respect of land and buildings	**6,120**	3,622
Employee benefit expense	**19,090**	36,554
Directors' emoluments	**4,822**	2,956
Transportation costs	**15,294**	36,604
Exchange loss, net	**–**	23,681
Provision for impairment of trade receivables	**1,141**	–
Provision for impairment of amounts due from De-consolidated Subsidiaries	**1,590,608**	–
Loss on de-consolidation	**415,549**	–
Crediting:		
Gain on disposals of property, plant and equipment	**–**	70
Write back of provision for impairment of trade receivables	**–**	562
Exchange gain, net	**12,394**	–

6 FINANCE INCOME AND COSTS

	Unaudited Six months ended 30 September **2011** ***HK$'000***	 2010 *HK$'000*
Finance income	**4,994**	1,669
Finance costs		
Interest expenses on bank borrowings	**(377)**	(3,803)
Others	**–**	(997)
	(377)	(4,800)

7 INCOME TAX EXPENSE

	Unaudited Six months ended 30 September **2011** ***HK$'000***	 2010 *HK$'000*
Current income tax		
– Hong Kong profits tax	**267**	276
– PRC corporate income tax	**–**	28,587
Under provision in prior periods		
– Current income tax	**4,959**	–
– Penalty surcharge and interests	**5,554**	–
	10,780	28,863
Deferred tax		
Origination and reversal of temporary differences	**(393)**	771
Income tax expense	**10,387**	29,634

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2011 (2010: 16.5%).

For the six months ended 30 September 2010, Huizhou Fook Woo Paper Company Limited ("FWHZ"), a subsidiary operating in the PRC, was eligible for a 50% reduction in corporate income tax rate from 1 January 2008 to 31 December 2010. The applicable corporate income tax rate for FWHZ for the six months ended 30 September 2010 was 12.5%.

8 DIVIDENDS

No dividends had been paid or declared by the Company for the six months ended 30 September 2011 (2010: HK$Nil).

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the (loss)/profit for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 September	
	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders of the Company	**(2,005,297)**	169,424
Weighted average number of ordinary shares in issue (thousand shares)	**2,458,551**	2,088,934
	(HK81.6 cents)	HK8.1 cents

Diluted (loss)/earnings per share are equal to basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding during the period (2010: same).

10 INTANGIBLE ASSET

	HK$'000
Six months ended 30 September 2011	
Opening net book amount as at 1 April 2011	–
Additions [(i)]	1,000
Closing net book amount as at 30 September 2011 (unaudited)	1,000

[(i)] On 27 July 2011, the Group purchased club debenture with indefinite useful life in Hong Kong of HK$1,000,000.

11 TRADE AND BILLS RECEIVABLES

	Unaudited	Audited
	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Trade and bills receivables	**68,631**	711,897
Less: provision for impairment	**(4,842)**	(8,569)
Trade and bills receivables – net	**63,789**	703,328

Payment terms granted to customers are mainly cash on delivery and on credit. The average credit period ranges from 10 days to 90 days. As at 30 September 2011 and 31 March 2011, the ageing analysis of trade and bill receivables based on due date were as follows:

	Unaudited	Audited
	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Current	**42,266**	400,008
1 – 30 days	**14,847**	149,420
31 – 60 days	**2,276**	83,076
61 – 90 days	**220**	42,378
91 – 120 days	**2,013**	24,085
Over 120 days	**7,009**	12,930
	68,631	711,897
Less: Provision for impairment	**(4,842)**	(8,569)
	63,789	703,328

12 TRADE AND OTHER PAYABLES

	Unaudited	Audited
	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Trade payables	**21,995**	74,346
Other payables and accruals	**23,346**	121,904
	45,341	196,250

The ageing analysis of the Group's trade payables based on due date were as follows:

	Unaudited	Audited
	30 September 2011	31 March 2011
	HK$'000	*HK$'000*
Current	**19,432**	62,294
1 – 30 days	**286**	5,939
31 – 60 days	**71**	790
61 – 90 days	**35**	236
91 – 120 days	**126**	150
Over 120 days	**2,045**	4,937
	21,995	74,346

13 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares *(thousands)*	Ordinary Share *HK$'000*	share premium *HK$'000*	Total *HK$'000*
As at 1 April 2011 and 30 September 2011 (unaudited)	2,459,275	245,928	2,940,531	3,186,459

14 TREASURY SHARES

During the period ended 30 September 2011, the Company repurchased 17,880,000 shares on the Stock Exchange. The total amount paid to acquire the shares was approximately HK$27,114,000. The shares were held as treasury shares as at 30 September 2011 as they had not been cancelled as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period under review, the Group's revenue decreased by 58.1% to HK$398.2 million (2011: HK$949.8 million). The results of the Group for the six months ended 30 September 2011 are set out in the condensed consolidated interim income statement.

Financial Review

Operating Results

The loss attributable to equity holders of the Company for the six months ended 30 September 2011 was approximately HK$2,005.3 million (same period of 2010: profit of HK$169.4 million).

The Group's revenue for the six months ended 30 September 2011 amounted to HK$398.2 million, representing a decrease of 58.1% as compared with the same period of last year's HK$949.8 million. Gross profit also reduced by 81.7% in the current period to approximately HK$59.1 million as compared with the same period of last year's HK$322.6 million.

Liquidity and Financial Resources

As at 30 September 2011, the Group had cash and cash equivalents of approximately HK$982.2 million (31 March 2011: 1,494.1 million). Short term bank borrowings and total bank borrowings of the Group with floating rates amounted to approximately HK$35.1 million as at 30 September 2011 (31 March 2011: 131.1 million).

As at 30 September 2011, the Group had net current assets of approximately HK$1,537.2 million, as compared to net current assets of approximately HK$2,020.8 million as at 31 March 2011. The current ratio of the Group was 17.28 as at 30 September 2011 as compared to 6.69 as at 31 March 2011.

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 the 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.

As at 30 September 2011, the Group recorded a net foreign exchange gain of HK$12.4 million (same period of 2010: exchange loss of 23.7 million). The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Pledge of Assets

Borrowings totalling HK$33.6 million (31 March 2011: HK$129.5 million) were secured by corporate guarantees by certain subsidiaries as of 30 September 2011.

Capital Structure

Details of the capital structure of the Company are set out in note 13.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 September 2011.

Employees

At 30 September 2011, the Group had 190 employees employed in Hong Kong. Employee costs, excluding directors' emoluments, totalled HK$19.1 million for the six months ended 30 September 2010 (same period of 2010: HK$36.6 million). All of the Group companies are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The Group operates a defined contribution mandatory provident fund retirement benefits for its employees in Hong Kong. The Company has also adopted a share option scheme on 11 March 2010. During the period, no share option was granted. The Group did not experience any significant labour disputes or substantial changes in the number of employees that led to any disruption of its normal business operations.

Prospects

The Group has a very solid foundation in waste recycling business in Hong Kong and China. Despite the fact that the Group has come across various internal control issues in the past, it has not impaired the solid track record and business foundation of the Group. The Group's management is very confident of the waste recycling business model and the profitability potential has yet been fully explored. The Group's management has a strong commitment on enhancing the corporate governance and internal control system of the Group continuously. While pursuing the continuous growth of our business in the future, the Group's management commits that the corporate governance and the social responsibility would never be overlooked. The Group has to further reinforce its internal control and operational system to ensure that the Group can accommodate the external challenge under the fluctuating economy outlook. Nonetheless, the Group's management takes those challenges as the learning curve for the Group to develop itself as a more mature and long-lasting enterprise that can cope with the ever-changing era in the future.

In the future, the Group will continue to operate the core business of the Group, namely (i) waste 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 oversea countries.

The Group currently operates more than 10 waste collecting and packaging depots in Hong Kong and the waste paper processing capacity is more than 250,000 tons per annum. The Group will continue with its provision of CMDS in Hong Kong through its factory in Hong Kong and it is the only factory in Hong Kong that is accredited with AAA by National Association for Information Destruction, Inc. for plant-based operation. The Group's existing CMDS customers include most of the multi-national financial institutions, governmental bodies, printing companies, etc.

Making use of its well established network and operation experience, the Group will also continue marketing and selling of both virgin pulp and recycled tissue paper products in Hong Kong, Macau and other overseas countries. It would provide a stable cash flow for the Group's management to further explore other waste recycling business opportunities.

As part of the Group's expansion plan disclosed in the prospectus of the Company in 2010, the Company has undertaken to develop a workshop and office in Tseung Kwan O ("**TKO**"), Hong Kong to facilitate (a) the logistic of its recycling business; (b) the establishment of the converting process facilities for paper product business; (c) the expansion of the confidential materials destruction facilities; (d) the research and development of the advanced waste recycling technology; and (e) the office and administrative functions. Upon completion of the TKO facilities, the CMDS handling capacity of the Group will substantially increase from currently around 2,200 tons per month to more than 4,000 tons per month afterwards. The converting process facilities for paper product business in the TKO facilities will also create an additional income source for the Group, thus allows the Group to have a more secured and balanced income. With the centralized office and administrative functions at the TKO facility, a greater efficiency and cost savings are expected, which would contribute positively to both the financial and operational performance of the Group. With the advanced research environment in the TKO facilities and the experienced management team, the Group will further expand its waste recycling business from solely waste paper recycling to various solid wastes recycling including waste plastic, waste electrical appliances and waste chemicals in Hong Kong and the other regions that allow our Group to do the recycling business.

With the shareholders' strong support in the business and financial aspects, the Group will be able to reinforce its foundation in waste recycling and horizontally expand its business scope.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2011 (30 September 2010: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2011, pursuant to the mandate to repurchase shares of the Company obtained from the Company's shareholders at the 2011 annual general meeting held on 6 September 2011, the Company repurchased an aggregate of 17,880,000 shares on the Stock Exchange and accounted for approximately 0.73% of its total issued share capital as at 30 September 2011. The highest repurchase price was HK$1.55 per share, and the lowest repurchase price was HK$1.48 per share, with an aggregate consideration of approximately HK$27,114,440. All these repurchased shares during the period were pending for cancellation by the Company until 7 October 2011.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period.

After the period, the Company repurchased a total of 30,228,000 shares of its own shares from 3 October 2011 to 7 October 2011 on the Stock Exchange for an aggregate consideration of approximately HK$55,869,560. All these repurchased shares after the period were cancelled by the Company on 19 October 2011.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

EVENT AFTER THE REPORTING PERIOD

On 31 January 2013, Wealthy Peaceful, a wholly owned subsidiary of the Group, commenced members' voluntary liquidation, and provisional liquidators were appointed on 31 January 2013. The liquidation would involve the liquidation of Wealthy Peaceful, and its wholly owned subsidiaries, namely Golddoor and HZFW. The liquidation is still in progress as at the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

After making specific inquiries with the former Directors who were Directors in the six months ended 30 September 2011 (except (i) Mr. Leung Kai Kuen who left the Company and the Company was not able to reach him as at the date of this announcement; and (ii) Mr. Cheng Chun Keung, Thomas and Mr. Chan Kong who left the Company and did not respond to the Company's inquiries as at the date of this announcement), those former Directors confirmed that they had complied with the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the six months ended 30 September 2011. The Board has established written guidelines on no less exacting terms than the Model Code for Directors in respect of their dealings in the securities of 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. Lee Kwok Chung; and one non-executive Director, namely Mr. Cheng Chi Ming, Brian, has reviewed the financial statements of the Group for the six months ended 30 September 2011 and discussed with the management 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 complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the previous Listing Rules during the six months ended 30 September 2011 save for the deviations from code provisions A.2.1, A.2.3, A.5.4, A.6.2, C.1.1, C.1.2, C.1.3, C.2.1, C.2.2 and D.1.1. Particulars of the deviations and the reasons thereof are summarized below:

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Leung Kai Kuen was both the Chairman and Chief Executive Officer during the six months ended 30 September 2011.

At present, the roles of chairman and chief executive officer are separate. The Chairman is Mr. Cheng Chi Ming, Brian, while the Chief Executive Officer is Mr. Suen Wing Yip.

Code Provision A.2.3

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

As Mr. Leung Kai Kuen (former chairman in the six months ended 30 September 2011) left the Company and could not 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 Kai Kuen discharged his duties in ensuring that the previous members of the Board received adequate information, which was complete and reliable, in a timely manner during the six months ended 30 September 2011.

Code Provision A.5.4

Code provision A.5.4 stipulates that directors must comply with their obligations under the Model Code and, in addition, the Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees in respect of their dealings in the securities of the issuer.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. For compliance with the Model Code by the previous members of the Board in the six months ended 30 September 2011, please refer to the section headed "Compliance with the Model Code for Securities Transactions by Directors" above.

Code Provisions A.6.2 and C.1.1

Under code provisions A.6.2 and C.1.1, 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 six months ended 30 September 2011 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 during the six months ended 30 September 2011.

Code Provisions C.1.2 and C.1.3

The principle underlying the code provisions C.1.2 and C.1.3 is that the board should present a balanced, clear and comprehensive assessment of the issuer's performance, position and prospects.

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 2012.

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

Code Provisions C.2.1 and C.2.2

The principle underlying the code provisions C.2.1 and C.2.2 is that the board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

As reflected by the Forensic Review and Financial Analysis in relation to the Incident, the present members of the Board considers that there is room for improvement in the previous internal control systems of the Company for the six months ended 30 September 2011.

The existing members of the Board and management has undertaken measures to enhance internal control and corporate governance procedures of the Group.

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.

As some former members of the management in the six months ended 30 September 2011 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 six months ended 30 September 2011.

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 2012, 30 December 2011, 30 January 2012, 29 February 2012, 30 March 2012, 28 June 2012 and 2 November 2012 respectively, for further details in relation to the suspension.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.fookwoo.com). The interim report of the Company for the six months ended 30 September 2011 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board
Fook Woo Group Holdings Limited
Cheng Chi Ming, Brian
Chairman

Hong Kong, 22 March 2013

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Suen Wing Yip, Mr. Lau Sai Cheong and Mr. Lai Hau Yin; 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. Lee Kwok Chung.