IWS

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

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012
AND
CONTINUED SUSPENSION OF TRADING OF THE SHARES

Interim results

- Revenue decreased by 24% to HK$302.4 million
- Gross Profit increased by 42% to HK$54.5 million
- Loss for the period attributable to equity holders of the Company was HK$1.6 million
- Loss per share was HK0.1 cents

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012.

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 Interim 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 Announcements. 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. Although the interim result is not audited or reviewed by the new auditor, the result is announced after ensuring the accounting policy used is consistent with that in the audited financial statements for the year ended 31 March 2013.

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 ("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) 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 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.

II. INTERIM RESULTS

The Board would like to announce the unaudited consolidated results of the Group for the six months ended 30 September 2012. The audit committee of the Company (the "**Audit Committee**") has reviewed the results and the interim financial report of the Group for the six months ended 30 September 2012 prior to recommending them to the Board for approval.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 – UNAUDITED
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 September 2012 $'000	2011 $'000
Revenue	4	**302,446**	398,157
Cost of sales		**(247,930)**	(359,807)
Gross profit		**54,516**	38,350
Other income		**2,170**	798
Other (losses)/gains, net		**(3,805)**	10,908
Selling and distribution expenses		**(16,643)**	(17,816)
Administrative and other operating expenses		**(38,244)**	(25,610)
Operating (loss)/profit		**(2,006)**	6,630
Loss on de-consolidation of subsidiaries		**–**	(415,549)
Impairment/write-off of amounts due from the De-consolidated Subsidiaries		**(2,500)**	(1,590,608)
Finance income	5	**6,639**	4,994
Finance costs	5	**(203)**	(377)
Profit/(loss) before taxation	5	**1,930**	(1,994,910)
Income tax	6	**(3,485)**	(10,387)
Loss for the period attributable to equity holders of the Company		**(1,555)**	(2,005,297)
Basic and diluted loss per share for loss attributable to equity holders of the Company	8	**(0.1) cents**	(81.6) cents

Details of dividend payable to equity holders of the Company are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012 – UNAUDITED

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Loss for the period	**(1,555)**	(2,005,297)
Other comprehensive income:		
Release of exchange reserve upon de-consolidation of a subsidiary	–	(145,419)
Other comprehensive income for the period, net of tax	–	(145,419)
Total comprehensive income for the period attributable to equity holders of the Company	**(1,555)**	(2,150,716)

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2012 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	**30 September 2012 $'000 (Unaudited)**	31 March 2012 $'000 (Audited)
Non-current assets			
Property, plant and equipment		**100,731**	101,773
Land use rights		**28,656**	29,069
Intangible asset		**1,000**	1,000
Prepayments		**–**	803
Deferred tax assets		**–**	2,884
		130,387	135,529
Current assets			
Inventories		**4,035**	7,772
Trade and bills receivables	9	**53,869**	66,000
Other receivables, deposits and prepayments		**25,965**	26,265
Amounts due from related companies		**1,217**	1,322
Amounts due from De-consolidated Subsidiaries		**686,179**	532,172
Bank deposits and cash		**577,644**	748,445
Restricted and pledged bank deposits		**–**	910
		1,348,909	1,382,886
Current liabilities			
Trade payables	10	**14,502**	20,774
Other payables and accruals	10	**29,202**	25,194
Bank loans and overdrafts		**–**	30,078
Amounts due to related companies		**6,258**	12,081
Taxation payable		**10,322**	10,363
		60,284	98,490
Net current assets		**1,288,625**	1,284,396

	Note	30 September 2012 $'000 (Unaudited)	31 March 2012 $'000 (Audited)
Total assets less current liabilities		**1,419,012**	1,419,925
Non-current liabilities			
Deferred tax liabilities		**1,275**	633
NET ASSETS		**1,417,737**	1,419,292
CAPITAL AND RESERVES			
Share capital	11	**241,117**	241,117
Reserves		**1,176,620**	1,178,175
TOTAL EQUITY		**1,417,737**	1,419,292

NOTES TO THE INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

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") 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 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.

This interim financial report is presented in Hong Kong dollars (HK$), unless otherwise stated. This interim financial report has been approved for issue by the Board of Directors on 23 August 2013.

The Interim Financial Report has not been audited or reviewed by the auditors pursuant to Hong Kong Standards on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity".

2 Basis of preparation

The interim financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2012.

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

Given the loss of a substantial portion of the accounting books and records and the fact that most of the key accounting personnel and previous management left the Group and are now not contactable, the Board believes that, as at the date of this interim report, it is almost impossible, and not practical, to ascertain the transactions and balances of Huizhou Fook Woo for inclusion in the interim financial report 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 interim financial report as at and for the six months ended 30 September 2012. As such, the results, assets and liabilities of the De-consolidated Subsidiaries have not been included in the interim financial report 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 interim financial report for the six months ended 30 September 2011.

Moreover, as at 30 September 2011, 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 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$1,590,608,000 were recognised in the interim financial report for the six months ended 30 September 2011.

During the six months ended 30 September 2012, the Group has waived the amounts due from De-consolidated Subsidiaries of HK$2,500,000 and accordingly, these amounts has been written off and charged to the consolidated income statement of the Group for the six months ended 30 September 2012.

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 interim financial report, the Directors have presented the carrying value of the balances due from De-consolidated Subsidiaries at 30 September 2012 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 for the six months ended 30 September 2012.

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 interim financial report.

Except for the matters referred to above, including the non-consolidation of the De-consolidated Subsidiaries, the interim financial report of the Group has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial report has 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 interim financial report.

3 Accounting policies

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 March 2012 except the changes mentioned below.

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 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.

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 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 People's Republic of China (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 consists of the following:

	Unaudited Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Sales of recovered paper and materials	**180,908**	280,853
Sales of tissue paper products	**118,427**	110,250
Sales of recycled greyboard	**143**	4,626
Provision of CMDS	**2,968**	2,428
	302,446	398,157

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	
	2012	2011
	$'000	*$'000*
Hong Kong	**302,446**	398,157

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 2012 are as follows:

	Recovered paper and materials	Tissue paper products	Recycled greyboard	CMDS	Group
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Revenue	180,908	118,427	143	2,968	302,446
Cost of sales	(139,694)	(105,890)	(138)	(2,208)	(247,930)
Segment gross profit	41,214	12,537	5	760	54,516
Loss on de-consolidation of subsidiaries					–
Impairment loss/write-off of amounts due from De-consolidated Subsidiaries					(2,500)
Unallocated operating costs					(56,522)
Finance income					6,639
Finance cost					(203)
Profit before taxation					1,930
Income tax					(3,485)
Loss for the period					(1,555)

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

	Recovered paper and materials	Tissue paper products	Recycled greyboard	CMDS	Group
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Revenue	280,853	110,250	4,626	2,428	398,157
Cost of sales	(255,280)	(97,988)	(4,474)	(2,065)	(359,807)
Segment gross profit	25,573	12,262	152	363	38,350
Loss on de-consolidation of subsidiaries					(415,549)
Impairment/write-off of amounts due from De-consolidated Subsidiaries					(1,590,608)
Unallocated operating costs					(31,720)
Finance income					4,994
Finance cost					(377)
Loss before taxation					(1,994,910)
Income tax					(10,387)
Loss for the period					(2,005,297)

5 Profit/(loss) before taxation

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

	Unaudited Six months ended 30 September	
	2012	2011
	$'000	*$'000*
(a) Finance costs		
Interest expenses on bank loans wholly repayable within 5 years	**203**	377
(b) Other items		
Cost of inventories sold	**211,370**	319,592
Amortisation of land use rights	**413**	413
Depreciation of property, plant and equipment	**4,274**	4,923
Loss on disposal of property, plant and equipment	**889**	939
Write-off of property, plant and equipment	**–**	157
Operating lease charges in respect of land and buildings	**6,795**	6,120
Provision for impairment of trade receivables	**–**	1,141
Exchange loss/(gain), net	**2,915**	(12,394)
Interest income from bank deposits	**(6,639)**	(4,994)

6 Income tax

	Unaudited Six months ended 30 September	
	2012	2011
	$'000	*$'000*
Current income tax		
Hong Kong Profits Tax	**825**	267
(Over)/under provision in prior periods		
Current income tax	**–**	4,959
Penalty surcharge and interest	**(866)**	5,554
	(41)	10,780
Deferred tax		
Origination and reversal of temporary differences	**3,526**	(393)
Income tax expense	**3,485**	10,387

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2011: 16.5%) to the six months ended 30 September 2012.

7 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 September 2012 (2011: Nil).

8 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss 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	
	2012	2011
	$'000	*$'000*
Loss attributable to equity holders of the Company	**(1,555)**	(2,005,297)
Weighted average number of ordinary shares in issue (thousand shares)	**2,411,167**	2,458,551
Basic loss per share	**(0.1) cents**	(81.6) cents

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the period (2011: Nil).

9 Trade and bills receivables

	30 September 2012	31 March 2012
	$'000	*$'000*
	(Unaudited)	(Audited)
Trade and bills receivables	**58,860**	70,991
Less: Provision for impairment	**(4,991)**	(4,991)
Trade and bills receivables, net	**53,869**	66,000

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

	30 September 2012	31 March 2012
	$'000	*$'000*
	(Unaudited)	(Audited)
0 – 30 days	**35,372**	42,629
31 – 60 days	**10,526**	16,881
61 – 90 days	**5,228**	3,318
91 – 120 days	**1,710**	1,981
Over 120 days	**6,024**	6,182
	58,860	70,991
Less: Provision for impairment	**(4,991)**	(4,991)
	53,869	66,000

10 Payables and accruals

	30 September 2012	31 March 2012
	$'000	*$'000*
	(Unaudited)	(Audited)
Trade payables	**14,502**	20,774
Other payables and accruals	**29,202**	25,194
	43,704	45,968

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

	30 September 2012	31 March 2012
	$'000	*$'000*
	(Unaudited)	(Audited)
Current	**8,260**	16,948
1 – 30 days	**2,076**	1,277
31 – 60 days	**197**	140
61 – 90 days	**1,104**	65
91 – 120 days	**356**	49
Over 120 days	**2,509**	2,295
	14,502	20,774

11 Share capital and share premium

	Number of shares	**Ordinary share**	**Share premium**	**Total**
	(thousands)	*$'000*	*$'000*	*$'000*
As at 1 April 2012 and 30 September 2012 (unaudited)	2,411,167	241,117	2,862,358	3,103,475

12 Treasury shares

During the six months 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.

During the six months ended 30 September 2012, the Company did not repurchase any share on the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Over the course of the six months ended 30 September 2012, Integrated Waste Solutions Group Holdings Limited (defined as the "Company", formerly known as Fook Woo Group Holdings Limited) and its subsidiaries (collectively referred to as the "Group") has focused on strengthening its financial position, enhancing its corporate governance practices and internal controls in order to protect the interests of the shareholders. On the operational front, the Group's turnover was affected by a reduction in waste paper demand due to tightened controls imposed by the Mainland Authorities. The results of the Group for the six months ended 30 September 2012 are set out in the consolidated income statement for the six months ended 30 September 2012.

FINANCIAL REVIEW

Operating Results

The loss attributable to equity holders of the Company for the six months ended 30 September 2012 was approximately HK$1.6 million (same period of 2011: loss of HK$2,005.3 million).

The Group's revenue for the six months ended 30 September 2012 amounted to HK$302.4 million, representing a decrease of 24% as compared with the same period of last year's HK$398.2 million. Gross profit increased by 42% in the current period to approximately HK$54.5 million as compared with the same period of last year's HK$38.4 million.

Liquidity and Financial Resources

As at 30 September 2012, the Group had bank deposits and cash of approximately HK$577.6 million (31 March 2012: HK$748.4 million). There was no bank loans and overdrafts of the Group as at 30 September 2012 (31 March 2012: HK$30.1 million).

As at 30 September 2012, the Group had net current assets of approximately HK$1,288.6 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 22.4 as at 30 September 2012 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 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.

During the six months ended 30 September 2012, the Group recorded a net foreign exchange loss of HK$2.9 million (same period of 2011: exchange gain of HK$12.4 million). The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Major Capital Expenditure and Commitments

As at 30 September 2012, the Group incurred HK$77.0 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

No restricted bank deposit was pledged as at 30 September 2012. The restricted bank deposits amounted to HK$0.9 million as at 31 March 2012 were pledged to the bank for issue bank guarantee to a supplier to secure material supply.

Capital Structure

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

Contingent Liabilities

At 30 September 2012, 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 30 September 2012, the Group had approximately 220 employees employed in Hong Kong. Employee costs, excluding directors' emoluments, totalled HK$25.7 million for the six months ended 30 September 2012 (same period of 2011: HK$23.9 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 period, 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 name. The name change 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 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.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (30 September 2011: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the period and the Company has not redeemed any of its shares during the period.

EVENT AFTER THE REPORTING PERIOD

On 31 January 2013, Wealthy Peaceful Company Limited ("Wealthy Peaceful"), a wholly owned subsidiary of the Company, commenced voluntary liquidation by a resolution of the members, and the voluntary liquidators were appointed on the same date.

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 six months ended 30 September 2012 (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 six months ended 30 September 2012.

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 six months ended 30 September 2012 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 Rule**").

The Company has complied with the code provision set out in the CG Code during the six months ended 30 September 2012 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.

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.

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.

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 six months ended 30 September 2012 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 six months ended 30 September 2012.

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 Group 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 interim financial report on a going concern basis.

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 six months ended 30 September 2012 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 2012.

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.

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 INTERIM RESULTS AND INTERIM REPORT

The results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.iwsgh.com). The interim report of the Company for the six months ended 30 September 2012 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board
INTEGRATED WASTE SOLUTIONS GROUP HOLDINGS LIMITED
Cheng Chi Ming, Brian
Chairman

Hong Kong, 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.