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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Financial Highlights

	6 months ended 30.09.2017 HK$'M	6 months ended 30.09.2016 HK$'M	Change HK$'M	%
(Unaudited)				
Revenue	97.4	104.2	(6.8)	(6.5%)
Gross Profit	18.6	18.1	0.5	2.8%
Loss attributable to equity shareholders of the Company	(27.1)	(28.0)	0.9	3.2%
Loss per share (HK cent)	(0.6)	(0.6)	–	0%

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 September 2017 – Unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
	Note	**2017**	2016
		$'000	*$'000*
Revenue	4	**97,375**	104,165
Cost of sales		**(78,738)**	(86,018)
Gross profit		**18,637**	18,147
Other revenue		**788**	5,304
Other net gain/(loss)		**1,421**	(1,296)
Selling and distribution expenses		**(13,270)**	(15,874)
Administrative and other operating expenses		**(36,410)**	(34,930)
Operating loss		**(28,834)**	(28,649)
Finance income	5	**4,693**	2,650
Share of loss of joint venture		**(2,924)**	(2,011)
Loss before taxation	5	**(27,065)**	(28,010)
Income tax	6	**–**	–
Loss and total comprehensive income for the period		**(27,065)**	(28,010)
Attributable to:	7		
Equity shareholders of the Company		**(27,065)**	(28,005)
Non-controlling interests		**–**	(5)
		(27,065)	(28,010)
Basic and diluted loss per share	7	**(0.6) cent**	(0.6) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2017 – Unaudited

(Expressed in Hong Kong dollars)

	Note	**At 30 September 2017 $'000**	At 31 March 2017 $'000
Non-current assets			
Property, plant and equipment		**713,066**	704,871
Land use rights		**32,437**	32,982
Interests in joint venture		**38,916**	16,840
Deposits and prepayments		**292**	22,284
		784,711	776,977
Current assets			
Inventories		**5,322**	4,550
Trade and bills receivables	10	**29,665**	41,657
Other receivables, deposits and prepayments		**19,039**	23,742
Amount due from a related company		**12**	12
Amounts due from joint venture		**12,207**	14,682
Taxation recoverable		**2,976**	2,976
Restricted and pledged bank deposits		**355**	17,876
Bank deposits and cash		**219,045**	219,102
		288,621	324,597
Current liabilities			
Trade payables	11	**5,326**	8,655
Other payables and accruals		**18,016**	18,439
Amount due to a related company		**10**	10
		23,352	27,104
Net current assets		**265,269**	297,493
NET ASSETS		**1,049,980**	1,074,470

	Note	At 30 September 2017 $'000	At 31 March 2017 $'000
CAPITAL AND RESERVES			
Share capital	12	**482,234**	482,234
Reserves		**567,746**	592,236
TOTAL EQUITY		**1,049,980**	1,074,470

NOTES

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General information

Integrated Waste Solutions Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 11 November 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is an investment holding company and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered address of the Company is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1 1108, Cayman Islands.

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

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

2 Basis of preparation

The unaudited interim financial results set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 September 2017 but is derived from that unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, promulgated by the International Accounting Standards Board ("IASB").

The interim financial report have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). The annual financial statements for the year ended 31 March 2017 are available from the Company's registered office.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standards on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the International Auditing and Assurance Standards Board.

3 Change in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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 and materials: sales of recovered paper and materials

– Tissue paper products: sales of tissue paper products

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

– Logistics services: provision of logistics services

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

	Six months ended 30 September	
	2017	2016
	$'000	*$'000*
Sales of recovered paper and materials	**87,216**	92,305
Sales of tissue paper products	**304**	2,270
Provision of CMDS	**9,751**	9,435
Provision of logistics services	**104**	155
	97,375	104,165

Substantially all of the Group's revenue from external customers are derived from sales originated from Hong Kong during the current and prior periods.

The segment results and other segment items included in the loss for the six months ended 30 September 2017 are as follows:

	Six months ended 30 September 2017				
	Recovered paper and materials	**Tissue paper products**	**CMDS**	**Logistics services**	**Group**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***
Segment revenue:					
Sales to external customers	**87,216**	**304**	**9,751**	**104**	**97,375**
Inter-segment sales	**–**	**–**	**–**	**10,558**	**10,558**
Reportable segment revenue	**87,216**	**304**	**9,751**	**10,662**	**107,933**
Elimination of inter-segment revenue	**–**	**–**	**–**	**(10,558)**	**(10,558)**
	87,216	**304**	**9,751**	**104**	**97,375**
Segment results:					
Reportable segment profit/(loss)	**15,258**	**(137)**	**6,207**	**1,662**	**22,990**
Elimination of inter-segment profits					**(4,353)**
Reportable segment profit derived from the Group's external customers					**18,637**
Unallocated operating costs					**(47,471)**
Finance income					**4,693**
Share of loss of joint venture					**(2,924)**
Loss for the period					**(27,065)**

The segment results and other segment items included in the loss for the six months ended 30 September 2016 are as follows:

	Six months ended 30 September 2016				
	Recovered paper and materials *$'000*	Tissue paper products *$'000*	CMDS *$'000*	Logistics services *$'000*	Group *$'000*
Segment revenue:					
Sales to external customers	92,305	2,270	9,435	155	104,165
Inter-segment sales	–	–	–	10,991	10,991
Reportable segment revenue	92,305	2,270	9,435	11,146	115,156
Elimination of inter-segment revenue	–	–	–	(10,991)	(10,991)
	92,305	2,270	9,435	155	104,165
Segment results:					
Reportable segment profit	15,467	198	5,291	1,697	22,653
Elimination of inter-segment profits					(4,505)
Reportable segment profit derived from the Group's external customers					18,148
Unallocated operating costs					(46,797)
Finance income					2,650
Share of loss of joint venture					(2,011)
Loss for the period					(28,010)

5 Loss before taxation

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

	Six months ended 30 September 2017 $'000	2016 $'000
(a) Finance income		
Interest income from banks deposits	**(1,332)**	(1,301)
Interest income from loans to joint venture	**(1,937)**	(1,165)
Financial guarantee income from joint venture	**(1,424)**	–
Finance lease income	**–**	(123)
Others	**–**	(61)
	(4,693)	(2,650)
(b) Other items		
Cost of inventories sold	**56,087**	63,217
Amortisation of land use rights	**545**	519
Depreciation of property, plant and equipment	**17,331**	17,049
Reversal of provision for impairment losses on trade and bills receivables (note 10)	**(10)**	(36)
Gain on disposal of property, plant and equipment	**(23)**	(880)
Write off of property, plant and equipment	**209**	307
Operating lease charges in respect of land and buildings	**3,058**	4,868
Equity settled share-based payment expenses (note 12(c))	**2,575**	413
Foreign exchange (gain)/loss, net	**(1,607)**	1,869

6 Income tax

No provision for Hong Kong Profits Tax for the six months ended 30 September 2017 and 30 September 2016 has been made in respect of the subsidiaries in Hong Kong as either the tax losses brought forward from previous years exceed the estimated assessable profits for the period or the subsidiaries have no estimated assessable profits in Hong Kong.

7 Loss per share

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to equity shareholders of the Company of $27,065,000 (six months ended 30 September 2016: $28,005,000) and the weighted average of 4,822,334,000 (2016: 4,822,334,000) ordinary shares in issue during the interim period.

(b) Diluted loss per share

No adjustment had been made to the basic loss per share presented for the six months ended 30 September 2017 and 30 September 2016 in respect of a dilution as the outstanding share options had an anti-dilutive effect on the basic loss per share presented.

8 Dividends

No dividends had been paid or declared by the Company for the six months ended 30 September 2017 (2016: $Nil).

9 Property, plant and equipment

During the six months ended 30 September 2017, the Group acquired items of property, plant and equipment with aggregate costs of $25,829,000 (2016: $10,297,000).

10 Trade and bills receivables

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Trade and bills receivables	**33,878**	50,215
Less: Impairment loss	**(4,213)**	(8,558)
Trade and bills receivables, net	**29,665**	41,657

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

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
0 – 30 days	**26,250**	39,471
31 – 60 days	**2,297**	499
61 – 90 days	**150**	435
91 – 120 days	**175**	289
Over 120 days	**793**	963
	29,665	41,657

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

11 Trade payables

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Trade payables	**5,326**	8,655

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

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Current	**2,077**	3,681
1 – 30 days	**454**	2,133
31 – 60 days	**28**	18
61 – 90 days	**16**	12
91 – 120 days	**13**	24
Over 120 days	**2,738**	2,787
	5,326	8,655

12 Share capital

(a) Authorised share capital of the Company

	At 30 September 2017 *$'000*	At 31 March 2017 *$'000*
Authorised:		
5,000,000,000 ordinary shares of $0.10 each	**500,000**	500,000

(b) Issued share capital of the Company

	Number of ordinary shares *'000*	**Amount** *$'000*
Issued and fully paid:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 30 September 2017	4,822,334	482,234

(c) Equity settled share-based transactions

Pursuant to the resolutions in writing passed by all shareholders of the Company on 11 March 2010, the Company adopted a share option scheme on 11 March 2010 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors and any advisers, consultants, suppliers, customers and agents (each "eligible participant"). The Board of Directors of the Company may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any eligible participant. The subscription price for shares granted pursuant to the Share Option Scheme shall be determined by the Board of Directors of the Company in its absolute discretion but shall not be less than the highest of:

- the closing price of the shares of the Company stated in the Stock Exchange's daily quotation sheet of the business day on which an offer is made to an eligible participant;
- the average of the closing prices of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which such offer is made; and
- the nominal value of a share of the Company.

On 7 September 2016, the Group announced that a total of 157,850,000 options under the Share Option Scheme to subscribe for the Company's shares were granted, subject to acceptance of the grantees. Each option shall entitle the holder to subscribe for one share upon exercise of such option at an initial exercise price of $0.128 per share. These options may be exercised from 7 September 2017 to 6 September 2022 (both dates inclusive) subject to respective vesting periods. At the end of the acceptance period, 152,150,000 options were accepted by the grantees.

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

			Number of share options			
Date of grant	**Initial exercise price**	**Exercisable period**	**Outstanding at 1 April 2017**	**Cancelled/ lapsed during the period**	**Outstanding and exercisable at 30 September 2017**	**Remaining contractual life**
	$		*'000*	*'000*	*'000*	
Directors						
7 September 2016	0.128	7 September 2017 to 8 September 2022	112,800	–	112,800	4.9 years
Employees						
7 September 2016	0.128	7 September 2017 to 8 September 2022	22,900	(2,550)	20,350	4.9 years
			135,700	(2,550)	133,150	

Vesting period: Tranche 1: 50% vesting in 1 year from the date of grant (7 September 2017 to 6 September 2022)

Tranche 2: 50% vesting in 2 years from the date of grant (7 September 2018 to 6 September 2022)

Share option expenses charged to the consolidated statement of profit or loss and other comprehensive income are determined using the binomial lattice model based on the following assumptions:

	Date of grant 7 September 2016
Fair value at measurement date	$0.057
Share price at measurement date	$0.128
Exercise price	$0.128
Expected volatility	50.00%
Risk-free interest rate (based on Exchange Fund Notes)	0.63%
Expected average life of options	6 years
Expected dividend yield	0%

The expected volatility is based on the historic volatility on the Company's shares (calculated based on the weighted average remaining life of the share options). Expected dividends are based on historic dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

13 Capital commitments

	At 30 September 2017 ***$'000***	At 31 March 2017 *$'000*
Contracted but not provided for		
– Property, plant and equipment	**116**	2,409

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Global economic activities continued to expand in the first half of 2017. The economic growth of Mainland China remained steady with its gross domestic product increased by 6.9% year-on-year. Amid the generally benign global economic environment, the Group has strived to stabilising our businesses and paving our way to a turnaround. However, the stringent environmental monitoring polices and stricter requirements on environmental protection in Mainland China have hindered our growth momentum. On 18 July 2017, the Chinese Government notified the World Trade Organisation that by the end of 2017, China would forbid the import of 4 classes, 24 kinds of solid wastes, including plastics waste from living sources, vanadium slag, unsorted waste paper and waste textile materials. Although the overall impact on the recycling industry in Hong Kong is yet to reveal, this certainly has exerted pressure on our business performance going forward.

Financial Review

The loss attributable to equity shareholders of the Company for the six months ended 30 September 2017 (the "Current Period") amounted to HK$27.1 million, a decrease in loss of HK$0.9 million when compared to the net loss for the six months ended 30 September 2016 (the "Last Period"). The reduction in loss was due to the management's continuous effort in the retrenchment of operating costs to an optimum level.

Performance of Business Segments

Revenue Analysis

	6 months ended 30.09.2017	6 months ended 30.09.2016	Fav/(Unfav) Change	
	HK$'000	*HK$'000*	*HK$'000*	%
Sales of Recovered Paper	**84,590**	91,891	(7,301)	(7.9%)
Sales of Tissue Paper Products	**304**	2,270	(1,966)	(86.6%)
CMDS service income	**9,751**	9,435	316	3.3%
Logistics service income	**104**	155	(51)	(32.9%)
Sales of Other Waste Materials	**2,626**	414	2,212	534.3%
	97,375	104,165	(6,790)	(6.5%)

During the Current Period, the sales of **Recovered Paper** has been continuously affected by the stringent environmental monitoring polices in Mainland China. The import restrictions in Mainland China has crippled the trading of recovered paper especially during August/September 2017. Total sales revenue of recovered paper amounted to approximately HK$84.6 million during the Current Period, a drop of approximately HK$7.3 million or 7.9% when compared to the Last Period. The sales volume have decreased by 30.8% while the average selling price per ton has increased by 33.0% due to the shortage of supply of recovered paper on a period-on-period basis. Notwithstanding, the gross profit margin of recovered paper trading has increased from 16.8% to 17.5% which was attributable to stringent cost control.

The sales of **Tissue Paper Products** dropped by approximately HK$2.0 million or 86.6%. The market for tissue paper products is highly competitive in the PRC, Hong Kong and internationally. The intensifying market competition and rising wood pulp prices had adversely impacted our tissue paper business which led to decreasing in sales volume and profit margin. Moreover, compared with local brands, international tissue paper manufacturers have greater resources in new product innovation and can afford excessive marketing. Accordingly, domestic brands, especially economy and private labels, are less likely to gain share from them. With limited production capacity and upsurge in the cost of production, the Group did not foresee the results of this segment would turn around in the near future. In view of the relatively insignificant contribution of the tissue paper business, the Group decided to cease this line of business in August 2017 and channel its resources to other solid waste management businesses.

Confidential Material Destruction Services ("CMDS") service income increased by 3.3% or HK$0.3 million. CMDS service income comes primarily from government authorities, financial and professional institutions and private companies. Total CMDS service income includes materials destruction services for both paper and non-paper products, which recorded an increase of 1.0% and 11.4% respectively over the Last Period. The increase in the public awareness of personal privacy has led to an increase in need of confidential destruction for both paper and non-paper products, we believe that the contribution from this segment would continue to grow in the long term.

Revenue from sales of **Other Waste Materials** was mainly derived from the Group's new project, Recycled Plastic Pellets, which was still at its pre-commissioning stage during the Current Period. It is expected that this would be one of the profit contributors in the coming years after its full commercial operation commences by the end of 2017.

Gross Profit

The gross profit margin of the Group for the Current Period has improved from 17.4% to 19.1% when compared to the Last Period. The increase in gross profit margin was attributable to an on-going cost efficiency exercise to reduce the direct cost of sales.

Selling, Distribution and Administrative Expenses

Selling, distribution and administrative expenses amounted to a total of approximately HK$49.7 million, representing a reduction of approximately HK$1.1 million or 2.2% when compared to the Last Period. The reduction in these expenditures was due to the stringent cost control measures adopted by the management throughout the Current Period.

Loss before interest, tax, depreciation and amortisation ("LBITDA")

Although the revenue of the Group has reduced, LBITDA for the Current Period has improved by approximately HK$0.6 million to HK$12.5 million when compared to HK$13.1 million of the Last Period. The improvement has reflected the determination of the management to maintain operating costs at an optimum level.

Liquidity and Financial Resources

As at 30 September 2017, the Group had unrestricted bank deposits and cash of approximately HK$219.0 million (31 March 2017: HK$219.1 million). The Group had no bank loans and overdrafts as at 30 September 2017 and 31 March 2017.

As at 30 September 2017, the Group had net current assets of approximately HK$265.3 million, as compared to net current assets of approximately HK$297.5 million as at 31 March 2017. The current ratio of the Group was 12.4 as at 30 September 2017 as compared to 12.0 as at 31 March 2017.

Foreign Exchange Exposure

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

For the six months ended 30 September 2017, the Group recorded a net foreign exchange gain of HK$1.6 million (six months ended 30 September 2016: exchange loss of HK$1.9 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

During the Current Period, the Group incurred HK$24.1 million for construction expenditure, I.T. infrastructure and purchase of plant and machineries in respect of the Headquarter of the Group in Tseung Kwan O Industrial Estate, Hong Kong. As at 30 September 2017, the Group has capital commitments of HK$0.1 million, which are mainly related to I.T. infrastructure development of the Headquarter.

Pledge of Assets

As at 30 September 2017, the Group had restricted bank deposits amounted to HK$0.4 million (31 March 2017: HK$17.9 million) which were pledged with banks for issuing guarantees to suppliers.

Capital Structure

Details of the capital structure of the Company are set out in Note 12 to the interim financial results.

Claims against former directors and employees

As at 30 September 2017, the Group has lodged certain claims against its former directors and employees. The outcome of these claims and the recovery of loss and damages from these claims cannot as yet be reliably estimated.

Employees and Remuneration Policies

The Group had employed approximately 194 employees in Hong Kong as at 30 September 2017. Employee costs, excluding directors' emoluments, amounted to HK$22.3 million for the six months ended 30 September 2017 (six months ended 30 September 2016: HK$22.1 million). All of the Group companies are equal opportunity employers, with the selection and promotion of employees based on suitability for the position offered. The Group believes that, with proper training and guidance, people with intellectual disabilities can be capable, loyal and conscientious workers to contribute to society. In this respect, the Group has recruited several employees through Hong Chi On-the-Job Training Program. By providing job opportunities to people with intellectual disabilities, we can enhance their social integration and assist them in seeking open employment.

In addition to the mandatory MPF contributions by both employer and employees, the Group offers all full-time employees a comprehensive benefits package which includes discretionary performance bonus, annual leave, sick leave, maternity and paternity leave, marriage leave and compassionate leave entitlements, healthcare benefits and labour insurance.

PROSPECTS

While working diligently on its core businesses, the Group is actively seeking new sources to expand its income base. Two new projects, Recycled Plastic Pellet and WEEE Treatment, coming into operation in the 3rd and 4th quarter of 2017 respectively will provide new sources of revenue to the Group. As part of a campaign against "foreign garbage" and environmental pollution, Mainland China will be implementing ban on importing waste materials from 1 January 2018 and this will boost the demand for recycled plastic pellets which are raw materials for manufacturing plastic products. It is expected that our Recycled Plastic Pellet project will be able to capture this market opportunity and benefit under such policy. Such policy, however, will be affecting our recovered paper business as a result of stringent monitoring measures. Although it is still uncertain on its long term impact, the Group had taken measures to mitigate the risk by exporting to other markets in the region.

The new municipal solid waste charging scheme introduced by the HKSAR Government has enhanced the prospect in developing new waste management projects. The Group will actively respond to these policies and aim at improving investment returns while contributing to environmental protection. The Group will actively participate in the tender for EPD's Glass Management Contractors contract in providing glass beverage bottle collection and treatment services. The Group will be well-prepared itself for any opportunity arises under this scheme promulgated by the HKSAR Government so as to contribute its effort to promote solid waste recycling in Hong Kong.

Looking ahead, with the continued effort in procuring new opportunities and enhancing its existing operations, e.g. equipment upgrading, efficiency improvements and cost controls, the Group is confident in its future to delivering quality waste management service and creating values to our customers.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2017 (2016 interim: HK$Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintain a high standard of corporate governance and has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has complied with the code provisions set out in the CG Code throughout the six months ended 30 September 2017.

The Company will continue improving its corporate governance that is conducive to conduct and growth of its business, and reviewing regularly its governance practices to ensure compliance with the regulatory requirements, thereby meeting the expectations of shareholders and investors.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Having made specific enquiries by the Company with the Directors, all Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2017.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES OF THE COMPANY

The Company has also adopted Code for Securities Transactions by Relevant Employees (the "Own Code") on no less exacting terms than the Model Code for governing securities transactions by relevant employees who are likely to be in possession of inside information of the Company or its securities. No incident of non-compliance of the Own Code by any relevant employee was noted by the Company during the six months ended 30 September 2017.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises of four independent non-executive Directors, namely, Mr. Wong Man Chung, Francis (Chairman of the Audit Committee), Mr. Nguyen Van Tu, Peter, Mr. Chow Shiu Wing, Joseph and Mr. Yeung Kwok Ki, Anthony and two non-executive Directors, namely Mr. Cheng Chi Ming, Brian and Mr. Tsang On Yip, Patrick.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial report of the Group for the six months ended 30 September 2017 with the management and the external auditor, KPMG. The unaudited interim financial report of the Group for the six months ended 30 September 2017 have been reviewed by the Company's external auditor, KPMG, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by International Auditing and Assurance Standards Board and International Accounting Standard 34 "Interim Financial Reporting" issued by International Accounting Standards Board.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2017.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Company's website (www.iwsgh.com) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 September 2017 containing all the information required by the Listing Rules will be despatched 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 November 2017

As at the date of this announcement, the Board comprises two executive Directors, namely, Messrs. Lam King Sang and Tam Sui Kin, Chris; four non-executive Directors, namely, Messrs. Cheng Chi Ming, Brian (Chairman), Tsang On Yip, Patrick, Lau Sai Cheong and To Chun Wai; and four independent non-executive Directors, namely, Messrs. Nguyen Van Tu, Peter, Chow Shiu Wing, Joseph, Wong Man Chung, Francis and Yeung Kwok Ki, Anthony.