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

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

ANNUAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Annual Results

- Revenue increased by 0.5%, to HK\$42.3 million
- Gross profit margin decreased from 59.7% to 59.0%
- Loss attributable to equity shareholders of the Company increased by 44.3% to HK\$39.8 million
- Basic loss per share was HK0.8 cent (FY2022: HK0.6 cent)

The Board does not recommend the payment of any dividend for the year ended 31 March 2023.

The board (the “Board”) of directors (the “Directors”) of Integrated Waste Solutions Group Holdings Limited (the “Company”) would like to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2023. The audit committee of the Company (the “Audit Committee”) has reviewed the results and the consolidated financial statements of the Group for the year ended 31 March 2023 prior to recommending them to the Board for approval.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong dollars)

| | <i>Note</i> | 2023 \$'000 | 2022 \$'000 |
|---|-------------|------------------------------|----------------|
| Revenue | 3 | 42,338 | 42,124 |
| Cost of sales and services | | (17,340) | (16,964) |
| Gross profit | | 24,998 | 25,160 |
| Other revenue | 4 | 9,543 | 12,179 |
| Other net (loss)/gain | | (4,021) | 2,362 |
| Selling and distribution expenses | | (11,888) | (13,220) |
| Administrative and other operating expenses | | (61,144) | (63,246) |
| Operating loss | | (42,512) | (36,765) |
| Finance income | 5(b) | 4,539 | 3,478 |
| Finance costs | 5(c) | (11) | (4) |
| Share of loss of an associate | | (2,111) | (2,373) |
| Share of (loss)/profit of joint ventures | | (532) | 6,436 |
| Loss before taxation | 5 | (40,627) | (29,228) |
| Income tax | 6(a) | – | – |
| Loss for the year | | (40,627) | (29,228) |
| Attributable to: | | | |
| Equity shareholders of the Company | 7 | (39,800) | (27,579) |
| Non-controlling interests | | (827) | (1,649) |
| | | (40,627) | (29,228) |
| Basic and diluted loss per share | 7 | (0.8) cent | (0.6) cent |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Hong Kong dollars)

| | 2023 | 2022 |
|--|------------------------|------------------------|
| | \$'000 | \$'000 |
| Loss for the year | (40,627) | (29,228) |
| Other comprehensive income for the year (net of nil tax): | | |
| Item that may be reclassified subsequently to profit or loss | | |
| Exchange difference on translation of financial statements of: | | |
| – an associate and a joint venture operating outside Hong Kong | <u>(1,564)</u> | <u>461</u> |
| Other comprehensive income for the year | (1,564) | 461 |
| Total comprehensive income for the year | <u>(42,191)</u> | <u>(28,767)</u> |
| Attributable to: | | |
| Equity shareholders of the Company | (41,364) | (27,118) |
| Non-controlling interests | (827) | (1,649) |
| Total comprehensive income for the year | <u>(42,191)</u> | <u>(28,767)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

(Expressed in Hong Kong dollars)

| | <i>Note</i> | 2023 \$'000 | 2022 \$'000 |
|---|-------------|------------------------------|----------------|
| Non-current assets | | | |
| Property, plant and equipment and right-of-use assets | 9 | 561,783 | 585,601 |
| Interests in an associate | 10 | 84,976 | 78,121 |
| Interests in joint ventures | 11 | 12,797 | 11,795 |
| Deposits and prepayments | | 12 | 1,492 |
| | | 659,568 | 677,009 |
| Current assets | | | |
| Inventories | | 359 | 641 |
| Trade receivables | 12 | 3,158 | 2,847 |
| Other receivables, deposits and prepayments | | 14,385 | 15,843 |
| Amount due from an associate | 10 | 18,639 | 32,803 |
| Amounts due from joint ventures | 11 | 20,170 | 27,411 |
| Amount due from a related company | | 12 | 12 |
| Bank deposits and cash | | 74,399 | 76,462 |
| | | 131,122 | 156,019 |
| Current liabilities | | | |
| Trade payables | 13 | 635 | 756 |
| Other payables and accruals | | 12,924 | 12,950 |
| Amount due to a related company | | 10 | 10 |
| | | 13,569 | 13,716 |
| Net current assets | | 117,553 | 142,303 |
| NET ASSETS | | 777,121 | 819,312 |
| CAPITAL AND RESERVES | | | |
| Share capital | 14(b) | 482,301 | 482,301 |
| Reserves | | 294,676 | 336,040 |
| Total equity attributable to equity shareholders of the Company | | 776,977 | 818,341 |
| Non-controlling interests | | 144 | 971 |
| TOTAL EQUITY | | 777,121 | 819,312 |

NOTES

(Expressed in Hong Kong dollars)

1 General information

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

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

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

2 Significant accounting policies

(a) Basis of preparation

The financial results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 March 2023 but are extracted from those consolidated financial statements.

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

The principal accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022 except for the changes stated as below.

(b) Changes in accounting policies

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

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendment to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 April 2022, and has concluded that none of them is onerous.

3 Revenue and segment information

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

- Confidential materials destruction service ("CMDS"): provision of confidential materials destruction services
- Logistics services: provision of logistics services
- Recovered paper and materials: sales of recovered paper and materials
- Tissue paper products: sales of tissue paper products

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

Revenue from contracts with customers within the scope of IFRS 15

| | 2023 | 2022 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Disaggregated by major products or service lines | | |
| – Provision of CMDS | 15,848 | 15,944 |
| – Provision of logistics services | 3,618 | 4,431 |
| – Sales of recovered paper and materials | 22,063 | 20,110 |
| – Sales of tissue paper products | 809 | 1,639 |
| | 42,338 | 42,124 |

Specified non-current assets by geographic locations

| | 2023 | 2022 |
|----------------|----------------|---------|
| | \$'000 | \$'000 |
| Hong Kong | 592,763 | 604,302 |
| Mainland China | 66,805 | 72,707 |
| | 659,568 | 677,009 |

For the year ended 31 March 2023, revenue of approximately \$12,379,000 (2022: \$18,410,000) is derived from one (2022: two) external customer(s) which individually accounted for greater than 10% of the Group's total revenue.

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

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

The segment results and other segment items included in the loss for the year ended 31 March 2022 are as follows:

| | <i>CMDS</i> \$'000 | Logistics services \$'000 | Recovered paper and materials \$'000 | Tissue paper products \$'000 | Total \$'000 |
|--|-----------------------|---------------------------------|---|---------------------------------------|-----------------|
| <i>Segment revenue:</i> | | | | | |
| Sales to external customers | 15,944 | 4,431 | 20,110 | 1,639 | 42,124 |
| Inter-segment sales | – | 9,428 | – | – | 9,428 |
| Reportable segment revenue | 15,944 | 13,859 | 20,110 | 1,639 | 51,552 |
| Elimination of inter-segment revenue | – | (9,428) | – | – | (9,428) |
| | <u>15,944</u> | <u>4,431</u> | <u>20,110</u> | <u>1,639</u> | <u>42,124</u> |
| <i>Segment results:</i> | | | | | |
| Reportable segment profit/(loss) | 11,176 | 1,465 | 12,672 | (1,333) | 23,980 |
| Elimination of inter-segment loss | | | | | 1,180 |
| Reportable segment profit derived from the Group's external customers | | | | | 25,160 |
| Other revenue | | | | | 12,179 |
| Other net gain | | | | | 2,362 |
| Selling and distribution expenses | | | | | (13,220) |
| Administrative and other operating expenses | | | | | (63,246) |
| Finance income | | | | | 3,478 |
| Finance costs | | | | | (4) |
| Share of loss of an associate | | | | | (2,373) |
| Share of profit of joint ventures | | | | | 6,436 |
| Loss before taxation | | | | | (29,228) |
| Income tax | | | | | – |
| Loss for the year | | | | | <u>(29,228)</u> |

4 Other revenue

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------------------|----------------|
| Licence fee income | 4,200 | 4,200 |
| Service income | 74 | 201 |
| Management fee income | 1,514 | 1,514 |
| Compensation income on profit guarantee arrangement (note 10(a)) | – | 5,260 |
| Subsidy income (note (i)) | 2,660 | 329 |
| Others | 1,095 | 675 |
| | <u>9,543</u> | <u>12,179</u> |

- (i) For the year ended 31 March 2023, the Group successfully applied funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by The Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant, which amounted to government grants of \$2,620,000 (2022: \$Nil) for the year ended 31 March 2023. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5 Loss before taxation

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

| | 2023 | 2022 |
|---|----------------|---------|
| | \$'000 | \$'000 |
| (a) Staff costs (including directors' emoluments) | | |
| Salaries, wages and other benefits | 39,207 | 43,290 |
| Contributions to defined contribution retirement plan | 1,204 | 1,383 |
| | 40,411 | 44,673 |
| Staff costs included in: | | |
| – Cost of sales and services | 7,608 | 8,599 |
| – Selling and distribution expenses | 10,223 | 11,491 |
| – Administrative and other operating expenses | 22,580 | 24,583 |
| | 40,411 | 44,673 |
| (b) Finance income | | |
| Interest income from banks deposits | (1,455) | (331) |
| Interest income from loans to joint ventures | (1,183) | (1,439) |
| Interest income from loans to an associate | (1,901) | (1,708) |
| | (4,539) | (3,478) |
| (c) Finance costs | | |
| Interest on loan from non-controlling interests shareholder | 11 | – |
| Interest on lease liabilities | – | 4 |
| | 11 | 4 |
| (d) Other items | | |
| Cost of inventories sold | 9,335 | 9,216 |
| Depreciation charge (note 9) | | |
| – Owned property, plant and equipment | 24,440 | 24,490 |
| – Right-of-use assets | 1,090 | 1,157 |
| Provision for loss allowances | 15 | 45 |
| Foreign exchange loss/(gain), net | 4,154 | (1,970) |
| Auditor's remuneration: | | |
| – Audit services | 1,940 | 1,900 |
| – Other services | 310 | 300 |

6 Income tax

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

No provision for Hong Kong Profits Tax for the years ended 31 March 2023 and 31 March 2022 has been made in respect of the subsidiaries in Hong Kong as either the tax losses brought forward from previous years exceed the estimated assessable profits for the year or the subsidiaries have no estimated assessable profits in Hong Kong.

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

| | 2023 \$'000 | 2022 \$'000 |
|--|-----------------|-----------------|
| Loss before taxation | <u>(40,627)</u> | <u>(29,228)</u> |
| Tax calculated at tax rates of 16.5% (2022: 16.5%) | (6,703) | (4,823) |
| Tax effects of non-taxable income | (2,730) | (3,023) |
| Tax effects of non-deductible expenses | 2,758 | 1,736 |
| Tax effects of tax losses not recognised | 8,557 | 7,354 |
| Tax effects of utilisation of tax losses previously not recognised | <u>(1,882)</u> | <u>(1,244)</u> |
| Income tax | <u>–</u> | <u>–</u> |

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

The tax effect relating to each component of other comprehensive income for the year ended 31 March 2023 is Nil (2022: Nil).

7 Loss per share

The calculation of the basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company of \$39,800,000 (2022: \$27,579,000) and the weighted average number of 4,823,009,000 (2022: 4,823,009,000) ordinary shares in issue during the year.

(a) Basic loss per share

Weighted average number of ordinary shares

| | 2023 '000 | 2022 '000 |
|--|------------------|------------------|
| Issued ordinary shares at 1 April and weighted average number of ordinary shares at 31 March | <u>4,823,009</u> | <u>4,823,009</u> |

(b) Diluted loss per share

No adjustment had been made to the basic loss per share presented for the years ended 31 March 2023 and 31 March 2022 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share presented.

8 Dividends

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2023 (2022: Nil).

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

(a) Reconciliation of carrying amount

| | Ownership interests in buildings held for own use carried at depreciated cost \$'000 | Leasehold improvements \$'000 | Plant and machineries \$'000 | Furniture, fixtures and equipment \$'000 | Motor vehicles \$'000 | Subtotal \$'000 | Ownership interests in leasehold land held for own use and other properties leased for own use \$'000 | Total \$'000 |
|--|--|-------------------------------------|------------------------------------|---|-----------------------------|--------------------|--|-----------------|
| Cost: | | | | | | | | |
| At 1 April 2021 | 697,972 | 331 | 67,066 | 12,327 | 26,898 | 804,594 | 40,378 | 844,972 |
| Additions | - | - | 246 | 33 | 307 | 586 | - | 586 |
| Disposals | - | - | - | - | (3,699) | (3,699) | (1,688) | (5,387) |
| At 31 March 2022 and 1 April 2022 | 697,972 | 331 | 67,312 | 12,360 | 23,506 | 801,481 | 38,690 | 840,171 |
| Additions | - | - | 1,520 | 195 | - | 1,715 | - | 1,715 |
| Disposals | - | - | - | (17) | (320) | (337) | - | (337) |
| Written off | - | - | - | (14) | - | (14) | - | (14) |
| At 31 March 2023 | <u>697,972</u> | <u>331</u> | <u>68,832</u> | <u>12,524</u> | <u>23,186</u> | <u>802,845</u> | <u>38,690</u> | <u>841,535</u> |

| | Ownership interests in buildings held for own use carried at depreciated cost \$'000 | Leasehold improvements \$'000 | Plant and machineries \$'000 | Furniture, fixtures and equipment \$'000 | Motor vehicles \$'000 | Subtotal \$'000 | Ownership interests in leasehold land held for own use and other properties leased for own use \$'000 | Total \$'000 |
|---|---|----------------------------------|---------------------------------|---|--------------------------|--------------------|--|-----------------|
| Accumulated depreciation and impairment: | | | | | | | | |
| At 1 April 2021 | 132,360 | 184 | 64,015 | 8,770 | 16,371 | 221,700 | 11,690 | 233,390 |
| Charge for the year | 21,547 | 37 | 534 | 954 | 1,418 | 24,490 | 1,157 | 25,647 |
| Written back on disposal | - | - | - | - | (2,779) | (2,779) | (1,688) | (4,467) |
| At 31 March 2022 and 1 April 2022 | 153,907 | 221 | 64,549 | 9,724 | 15,010 | 243,411 | 11,159 | 254,570 |
| Charge for the year | 21,547 | 30 | 844 | 654 | 1,365 | 24,440 | 1,090 | 25,530 |
| Written back on disposal | - | - | - | (14) | (320) | (334) | - | (334) |
| Written off | - | - | - | (14) | - | (14) | - | (14) |
| At 31 March 2023 | <u>175,454</u> | <u>251</u> | <u>65,393</u> | <u>10,350</u> | <u>16,055</u> | <u>267,503</u> | <u>12,249</u> | <u>279,752</u> |
| Net book value: | | | | | | | | |
| At 31 March 2023 | <u>522,518</u> | <u>80</u> | <u>3,439</u> | <u>2,174</u> | <u>7,131</u> | <u>535,342</u> | <u>26,441</u> | <u>561,783</u> |
| At 31 March 2022 | <u>544,065</u> | <u>110</u> | <u>2,763</u> | <u>2,636</u> | <u>8,496</u> | <u>558,070</u> | <u>27,531</u> | <u>585,601</u> |

Impairment loss

No impairment loss was recognised nor reversed during the year ended 31 March 2023 and 31 March 2022.

(b) Right-of-use assets

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

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|----------------|----------------|
| Ownership interests in leasehold land held for own use, carried at depreciated cost | (i) | <u>26,441</u> | <u>27,531</u> |

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

| | 2023 | 2022 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Depreciation charge of right-of-use assets by class of underlying asset: | | |
| – Ownership interests in leasehold land held for own use | 1,090 | 1,090 |
| – Other properties leased for own use | – | 67 |
| | 1,090 | 1,157 |
| Interest on lease liabilities | – | 4 |
| Expense relating to short-term leases and other leases with remaining lease term ending on or before the end of reporting period | 1,846 | 1,806 |

During the year, additions to right-of-use assets were Nil (2022: Nil).

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

The Group has obtained the right to use leasehold land as its office and workshop through land premium paid. The land use right held an unexpired lease term of 24 years.

10 Interests in an associate

| | 2023 | 2022 |
|--|----------------|---------|
| | \$'000 | \$'000 |
| Share of net assets | 68,517 | 72,192 |
| Loans to an associate (<i>note 10(b)</i>) | 32,918 | 35,574 |
| Amount due from an associate (<i>note 10(c)</i>) | 2,180 | 3,158 |
| | 103,615 | 110,924 |
| Represented by: | | |
| Non-current portion | 84,976 | 78,121 |
| Current portion | 18,639 | 32,803 |
| | 103,615 | 110,924 |

(a) Compensation income on profit guarantee arrangement

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

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

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

Based on the audited financial statements of Lvrn prepared in accordance with the PRC GAAP, the aggregate audited net income of Lvrn for the three years ended 31 December 2021 was approximately RMB69,124,000. Therefore, the Group has become entitled to receive from the Seller a sum of approximately RMB4,259,000 (equivalent to approximately \$4,868,000) as a result of a shortfall of approximately RMB20,876,000 between RMB90,000,000 and RMB69,124,000. As at 31 March 2023 and 31 March 2022, the profit guarantee receivable from the Seller was recognised as other receivables, deposits and prepayments in the consolidated statement of financial position (see note 4).

(b) Loans to an associate

At 31 March 2023, loans to an associate comprised:

- Loan of RMB14,400,000 (equivalent to approximately \$16,459,000) (2022: RMB14,400,000 (equivalent to approximately \$17,787,000)) which is unsecured, interest-bearing at the rate of 5% per annum. The loan will be fully repaid on 16 March 2024; and
- Loan of RMB14,400,000 (equivalent to approximately \$16,459,000) (2022: RMB14,400,000 (equivalent to approximately \$17,787,000)) which is unsecured, interest-bearing at the rate of 5% per annum. The loan will be fully repaid on 28 September 2024.

(c) Amount due from an associate

The amount due from an associate at 31 March 2023 and 31 March 2022, which is denominated in RMB, is unsecured, interest-free and has no fixed terms of repayment.

11 Interests in joint ventures

| | 2023 | 2022 |
|---|-----------------|---------|
| | \$'000 | \$'000 |
| Share of net liabilities | (21,351) | (8,944) |
| Loans to joint ventures (<i>note 11(a)</i>) | 19,500 | 19,500 |
| Amounts due from joint ventures (<i>note 11(b)</i>) | 34,818 | 28,650 |
| | 32,967 | 39,206 |
| Represented by: | | |
| Non-current portion | 12,797 | 11,795 |
| Current portion | 20,170 | 27,411 |
| | 32,967 | 39,206 |

(a) Loans to joint ventures

At 31 March 2023, loans to joint ventures of \$19,500,000 (2022: \$19,500,000) are unsecured, interest-bearing at the rate of HIBOR plus 4% per annum and repayable on demand.

(b) Amounts due from joint ventures

The amounts due from joint ventures at 31 March 2023 and 31 March 2022 are unsecured, interest-free and have no fixed terms of repayment.

12 Trade receivables

| | 2023 | 2022 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Trade receivables | 3,796 | 3,485 |
| Less: Loss allowance (<i>note 12(b)</i>) | (638) | (638) |
| Trade receivables, net | 3,158 | 2,847 |

(a) Ageing analysis

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

| | 2023 | 2022 |
|----------------------|---------------|-------------|
| | \$'000 | \$'000 |
| 0 - 30 days | 2,989 | 2,496 |
| 31 - 60 days | 89 | 147 |
| 61 - 90 days | 34 | 65 |
| 91 - 120 days | 42 | 53 |
| Over 120 days | 642 | 724 |
| | <hr/> | <hr/> |
| | 3,796 | 3,485 |
| Less: Loss allowance | (638) | (638) |
| | <hr/> | <hr/> |
| | 3,158 | 2,847 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

(b) Movement in the loss allowance account in respect of trade receivables during the year

| | 2023 | 2022 |
|---|---------------|-------------|
| | \$'000 | \$'000 |
| Balance at 1 April | 638 | 2,556 |
| Provision for loss allowances | 15 | 45 |
| Uncollectable amounts written off during the year | (15) | (1,963) |
| | <hr/> | <hr/> |
| Balance at 31 March | 638 | 638 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

- origination of new trade receivables net of those settled resulted in an increase in loss allowance of \$15,000 (2022: \$45,000);
- a write-off of trade receivables with a gross carrying amount of \$15,000 (2022: \$1,963,000); and

resulted in no change of loss allowance (2022: a decrease in loss allowance of \$1,918,000).

13 Trade payables

| | 2023 | 2022 |
|----------------|---------------|--------|
| | \$'000 | \$'000 |
| Trade payables | 635 | 756 |

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

| | 2023 | 2022 |
|---------------|---------------|--------|
| | \$'000 | \$'000 |
| Current | 147 | 345 |
| 1 - 30 days | 54 | 46 |
| 31 - 60 days | 36 | 48 |
| 61 - 90 days | 10 | 12 |
| 91 - 120 days | 14 | 4 |
| Over 120 days | 374 | 301 |
| | 635 | 756 |

14 Share capital

(a) Authorised share capital of the Company

| | 2023 | 2022 |
|--|----------------|---------|
| | \$'000 | \$'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 2021, 31 March 2022, 1 April 2022 and 31 March 2023 | 4,823,009 | 482,301 |

(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.

(i) Share options granted in 2016

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.

(ii) The movements in the number of share options under the Share Option Scheme during the year were as follows:

| Date of grant | Initial exercise price \$ | Exercisable period | Number of share options | | | | Outstanding at 31 March 2023 | Remaining contractual life |
|------------------|------------------------------|--------------------------------------|-----------------------------|--|---|--|------------------------------|----------------------------|
| | | | Outstanding at 1 April 2021 | Cancelled/lapsed during the year ended 31 March 2022 | Outstanding at 31 March 2022 and 1 April 2022 | Cancelled/lapsed during the year ended 31 March 2023 | | |
| Directors | | | | | | | | |
| 7 September 2016 | 0.128 | 7 September 2017 to 6 September 2022 | 86,400,000 | (8,800,000) | 77,600,000 | (77,600,000) | - | - |
| Employees | | | | | | | | |
| 7 September 2016 | 0.128 | 7 September 2017 to 6 September 2022 | 13,000,000 | (4,400,000) | 8,600,000 | (8,600,000) | - | - |
| | | | <u>99,400,000</u> | <u>(13,200,000)</u> | <u>86,200,000</u> | <u>(86,200,000)</u> | <u>-</u> | |

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

Tranche 2: 50% vesting in 2 years from the date of grant (exercisable from 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:

| | |
|--|---------|
| 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.

No expenses related to equity settled share-based payment transactions was recognised by the Group during the year ended 31 March 2023 (2022: Nil).

15 Commitments

| | 2023 | 2022 |
|--|---------------|--------|
| | \$'000 | \$'000 |
| Contracted but not provided for | | |
| Acquisition of property, plant and equipment | 567 | – |

GROUP REVIEW

Integrated Waste Solutions Group Holdings Limited is a leading solid-waste solutions provider in Hong Kong, specializing in waste collection, recycling, and treatment businesses. Our Group offers waste management services related to Confidential Materials Destruction Services (“CMDS”), Waste Electrical and Electronic Equipment (“WEEE”) treatment and recycling, and other recyclable waste to a diverse range of customers in both the public and private sectors.

As a responsible business, we understand the importance of our role in resolving waste handling and disposal issues in Hong Kong and Mainland China, and we strive to address our customers’ current and evolving needs proactively. Therefore, we have been diversifying our waste management and recycling businesses and expanding them to cover Mainland China. Our hazardous waste treatment project in Lianyungang City, Jiangsu Province, is fully operational and to increase our total treatment capacity, our second hazardous waste treatment facility located in Kaifeng City, Henan Province, commenced operations in January 2023.

MARKET REVIEW

The Group is cautiously optimistic about a potential volume recovery in the aftermath of the global pandemic. Recent policy measures by the Hong Kong SAR government on waste management, such as the Producer Responsibility Scheme (“PRS”) implemented for municipal solid waste, plastic bags, and plastic beverage containers, present new opportunities for the recycling industry and are part of the solutions to efficient waste management.

FINANCIAL REVIEW

Loss attributable to equity shareholders of the Company for the year ended 31 March 2023 (“FY2023”) amounted to HK\$39.8 million, an increase of HK\$12.2 million compared to the year ended 31 March 2022 (“FY2022”).

Results of operating segments improved by HK\$2.4 million, as there was subsidy income of HK\$2.6 million received from the Hong Kong SAR government in FY2023. Net corporate expenses, however, increased by HK\$7.9 million or 20.1%, was mainly due to the recognition of foreign exchange loss of HK\$4.2 million in FY2023 (FY2022: foreign exchange gain of HK\$2.0 million), causing by the depreciation of the Renminbi.

Due to the decline in profitability of the business, an impairment loss on property, plant and equipment of HK\$16.7 million was provided by the joint venture, RGF Environmental New Material Limited (“RGF”), during the year ended 31 March 2023. Accordingly, the Group has recognized its share of HK\$8.2 million loss in the share of results of joint ventures for the year.

| | FY2023 HK\$'000 | FY2022 HK\$'000 | Fav./ (Unfav.) Change HK\$'000 | % |
|--|----------------------------------|--------------------|---|---------------|
| Results of Operating Segments | 10,295 | 7,869 | 2,426 | 30.8 |
| Net Corporate expenses | (47,452) | (39,511) | (7,941) | (20.1) |
| | (37,157) | (31,642) | (5,515) | (17.4) |
| Share of results of an associate | (2,111) | (2,373) | 262 | (11.0) |
| Share of results of joint ventures | 7,647 | 6,436 | 1,211 | 18.8 |
| Non-operating item: | | | | |
| Impairment loss of property, plant and equipment | (8,179) | – | (8,179) | N/A |
| Loss attributable to equity shareholders of the Company | (39,800) | (27,579) | (12,221) | (44.3) |

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

Revenue Analysis

| | FY2023 HK\$'000 | FY2022 HK\$'000 | Fav./ (Unfav.) Change HK\$'000 | % |
|---|----------------------------------|--------------------|---|---------------|
| Sales of recovered paper and materials | | | | |
| – Sales of recovered paper | 21,882 | 20,040 | 1,842 | 9.2 |
| – Sales of other waste materials | 181 | 70 | 111 | 158.6 |
| | 22,063 | 20,110 | 1,953 | 9.7 |
| CMDS service income | 15,848 | 15,944 | (96) | (0.6) |
| Sales of tissue paper products | 809 | 1,639 | (830) | (50.6) |
| Logistics service income | 3,618 | 4,431 | (813) | (18.3) |
| | 42,338 | 42,124 | 214 | 0.5 |

The Group's revenue from **Recovered Paper** business increased by HK\$1.8 million or 9.2% despite a drop in sales volume of 3.2%. This stable performance was due to a rise in product price of 12.8%. Sales revenue of recovered office paper generated from the CMDS services has increased by 1.3%, due to the increase in selling price of 13.0%. We are continuously exploring opportunities to acquire new clients and taking appropriate measures for long-term development.

The Group's revenue from **CMDS** decreased slightly by HK\$0.1 million or 0.6%, to approximately HK\$15.8 million. The overall sentiment and activity level improved, and the segment's performance was on track, particularly after the impact of COVID-19 subsided in January 2023. With a diverse customer base that includes government authorities, financial and professional institutions, and private corporations in Hong Kong, we expect the income from this segment to steadily improve.

Our joint venture with ALBA Group for the treatment and recycling of **WEEE** contributed income of HK\$12.3 million to the Group in FY2023, represents an increase of HK\$1.8 million or 17.4% compared to FY2022. We are confident that the Group will be able to expand the scope of WEEE operation to enhance revenue growth.

Our **Logistics** division primarily focuses on providing support services to other business segments of the Group, and it also plays a major role in the transportation of WEEE items. In FY2023, the number of trips decreased due to the impact of COVID-19, and service income declined by HK\$0.8 million or 18.3%.

RGF, our joint venture for the production of **recycled engineering plastic pellets**, has transformed itself into an OEM solution provider for plastic wastes. During the year ended 31 March 2023, an impairment loss on property, plant and equipment of HK\$16.7 million was provided by the joint venture due to the decline in profitability of the business. Accordingly, the Group has recognized its share of HK\$8.2 million loss in the share of results of joint ventures for the year.

The Group's **Hazardous Waste Treatment** project in Mainland China operates through Dugong IWS HAZ Limited. While the operation in Lianyungang, Jiangsu, was impacted by the shutdown of operations due to the COVID-19 pandemic, our second project located in Kaifeng, Henan, commenced operations in January 2023. Environmental policies in Mainland China offer vast opportunities for waste treatment, and we are confident that the total treatment capacity will continue to ramp up, which will boost the Group's revenue.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of HK\$25.0 million in FY2023, which decreased by HK\$0.2 million or 0.6% when compared to FY2022. The gross profit margin of the Group decreased from 59.7% in FY2022 to 59.0% in FY2023. Both gross profit and gross profit margin of FY2023 remained stable as FY2022.

Selling, Distribution, Administrative and Other Operating Expenses

Selling, distribution, administrative and other operating expenses amounted to a total of HK\$73.0 million, representing a decrease of HK\$3.4 million compared to FY2022. The reduction in these expenditures was due to the cost control measures initiated by the management throughout the year.

Loss Before Interest, Tax, Depreciation and Amortisation (“LBITDA”)

With the increase in total share of loss from joint ventures and associate, together with the recognition of foreign exchange loss in FY2023, LBITDA for the year rose by approximately HK\$12.5 million, from HK\$7.1 million in FY2022 to HK\$19.6 million in FY2023.

Liquidity and Financial Resources

The Group operates a centralized treasury function to monitor its cash position, cashflow and funding requirements. The Group recognizes the need to achieve an adequate profit margin and considers it prudent to finance the Group’s long-term growth by long-term financing, especially in the form of equity, which will not increase the Group’s finance costs. The Group also acknowledges that it will encounter difficulty in raising funds from financial institutions by way of debt financing because of its recent financial performance and positions. During the current financial year, the Group had no financing exercise undertaken, except for the grant of loan from non-controlling interests shareholder of HK\$0.4 million, and all capital expenditure incurred was financed by internal resources.

As at 31 March 2023, the Group had unrestricted bank deposits and cash of approximately HK\$74.4 million (2022: HK\$76.5 million). The Group had no bank loans and overdrafts as at 31 March 2023 (2022: Nil).

As at 31 March 2023, the Group had net current assets of approximately HK\$117.6 million, as compared to approximately HK\$142.3 million as at 31 March 2022. The current ratio of the Group was 9.7 as at 31 March 2023 as compared to 11.4 as at 31 March 2022.

Foreign Exchange Exposure

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

For the year ended 31 March 2023, the Group recorded a net foreign exchange loss of HK\$4.2 million (2022: foreign exchange gain of HK\$2.0 million) due to depreciation of the Renminbi during the year. 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 financial year, the Group incurred approximately HK\$1.7 million for the capital expenditure in respect of the headquarters of the Group in Tseung Kwan O Industrial Estate, Hong Kong. As at 31 March 2023, the Group has capital commitments of approximately HK\$0.6 million, which are mainly related to the acquisition of I.T. infrastructure.

Pledge of Assets

As at 31 March 2023, the Group had no restricted or pledged bank deposits (2022: Nil).

Capital Structure

Details of the capital structure of the Company are set out in Note 14.

Contingent Liabilities

As at 31 March 2023, the Group has, upon receiving legal advice, lodged certain claims against a former director and employee, the outcomes of which remain to be seen.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is a trusted integrated waste solutions provider in Hong Kong and Mainland China, with a commitment to sustainability that aligns with the demand from our customers for more recovery from waste materials. We recognize our share of environmental and social responsibilities and are dedicated to ensuring a sustainable future. By integrating environmental, social, and governance (“ESG”) considerations into our daily business operations, we aim to contribute to the resolution of sustainability issues.

We have published details of our ESG performance in the Group’s ESG report, which is available on the websites of the Stock Exchange and the Group, in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “Listing Rules”). This section explains the Group’s environmental policy and our relationship with our key stakeholder groups.

Environmental Policy and Compliance

As an integrated waste solutions provider, we are committed to providing efficient waste management services and implementing effective practices to safeguard the environment. We have set quantitative environmental objectives, including water-saving measures and wastewater reduction, in accordance with our ISO 14001:2015 certified environmental management system.

The Group identifies environmental risks that our operations might entail and develops remedial initiatives on an ongoing basis. We implement control procedures and measures to mitigate the environmental impacts of our business operations, such as strategic route planning to ensure emission control in our logistics fleet. During the year, we expanded our rooftop solar energy system by adding another 430 panels and conducted an LED retrofit in our CMDS workshop.

We strictly adhere to all applicable environmental laws and regulations, including but not limited to the Waste Disposal Ordinance, Water Pollution Control Ordinance, and Air Pollution Control Ordinance. During the Reporting Period, we were not aware of any instances of non-compliance with laws and regulations that have a significant impact on the Group relating to environmental laws and regulations.

Engagement with Stakeholders

The Group values its relationship with stakeholders and spares no effort to maintain close ties with them. We have established various communication channels to engage stakeholders from different sectors and backgrounds, including employees, customers, investors, NGOs, suppliers, and subcontractors. This process forms an integral part of our determination of the influence our operations have on stakeholders' decision-making and the impact on the environment, economy, and community.

We believe that engaging with our stakeholders is crucial to understanding their expectations and needs. This enables us to develop and implement effective strategies that address their concerns and contribute to the sustainable development of our business.

Employees

At the Group, we recognize that our success depends on the contribution of each employee, and we strive to provide them with the tools they need to safely execute their roles and develop and excel in their careers. As of 31 March 2023, we had a total of 98 employees, and employee costs, including directors' emoluments, amounted to HK\$40.4 million for FY2023 (FY2022: HK\$44.7 million).

In addition to complying with relevant employment laws, we respect the rights of our employees and adhere to fair employment practices in recruitment, appraisal, and the provision of welfare and benefits. We recognize each individual employee at every stage of employment and have zero tolerance for any form of discrimination. An employee grievance mechanism is in place to address employees' concerns and needs.

A large number of our employees work as drivers, heavy equipment operators, and sorters, jobs that involve risk hazards. Our Safety Management Committee is responsible for overseeing employees' health and safety and ensuring compliance with relevant laws and regulations related to occupational health and safety. During the Reporting Period, our CMDS and RGF operations were both awarded accolades for health and safety.

We value the contribution of our employees to the Group and are committed to supporting their career development. We offer a wide range of internal and external training schemes to enhance their professional skills. Our training and development programs include but are not limited to the Code of Conduct, safety, environmental protection, and professional development.

Customers

The Group is uniquely equipped to meet the needs of our customers related to waste management, both today and in the future as we work together to create a more sustainable world. We have the expertise necessary to collect and handle waste efficiently and responsibly, maximizing resource value and minimizing environmental impact, so that both our customers and our environment can thrive.

We engage our customers through an annual satisfaction survey and grievance mechanism, ensuring that feedback is collected, rectification measures are taken, and service quality is improved on an ongoing basis. This allows us to understand our customers' needs and expectations, and tailor our services to meet those requirements. We believe that open communication with our customers is essential to building long-term relationships and contributing to the sustainable development of our business.

By continuously improving our services and processes, we aim to be the preferred partner for waste management solutions for our customers. We are committed to providing quality services that exceed our customers' expectations while minimizing our environmental impact.

Suppliers

We value our relationship with our suppliers and maintain a broad network of suppliers and subcontractors who share environmental and social responsibilities related to our operations. We have a selection criterion in place to ensure suppliers meet our standards on quality and ESG requirements, with priority given to suppliers with environment-friendly measures. For existing suppliers, we assess their performance annually based on price, product and service quality, cooperation, on-time delivery, and performance in meeting environmental requirements. Suppliers with unsatisfactory performance are removed from our supplier list.

We believe that working closely with our suppliers and subcontractors is essential to achieving our sustainability goals. By selecting and working with suppliers who share our values and commitment to sustainability, we can create a more sustainable supply chain and minimize our environmental impact.

Community

We seek opportunities to contribute to the well-being of the communities where we operate. This year, we collaborated with an NGO to offer free logistic services for waste collection, with the goal of expanding this service in the future. We believe that this initiative can help to reduce the environmental impact of waste and promote sustainable waste management practices.

We also continued to participate in Earth Hour, an annual global event that raises awareness about climate change. This event is an opportunity for us to engage our employees and encourage them to take action to reduce their carbon footprint. By participating in this event, we hope to inspire our employees to adopt environmentally friendly practices in their daily lives and contribute to a more sustainable future.

PROSPECTS

Although there is still uncertainty regarding the possibility of a resurgence of COVID-19 variants or other pandemic conditions that could impact our business in the future, we remain optimistic about volume recovery. We expect stable revenue streams from our high-quality CMDS services and an efficient logistics fleet. Additionally, our joint venture operations in WEEE and hazardous waste treatment will also provide steady sources of income.

As we transform into a high value-added business, we will continue to strive towards our goal of becoming one of the most reputable integrated waste solutions providers in Hong Kong and Greater China. We are committed to providing innovative and sustainable solutions that meet our customers' evolving needs while minimizing our environmental impact. We will continue to invest in technology, infrastructure, and talent development to enhance our capabilities and maintain our competitive edge.

We believe that our commitment to sustainability and our strong relationship with our stakeholders, including customers, employees, and suppliers, will enable us to navigate the challenges ahead and emerge as a more resilient and successful business. We remain focused on creating long-term value for all our stakeholders and contributing to the sustainable development of our communities.

DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 August 2023 to Wednesday, 30 August 2023 both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible for attending and voting at the 2023 annual general meeting of the Company to be held on Wednesday, 30 August 2023, all completed transfer documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 23 August 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's share during the year ended 31 March 2023.

CORPORATE GOVERNANCE

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 Listing Rules. The Company has complied with the code provisions set out in the CG Code throughout the financial year ended 31 March 2023.

The Company has, in order to strengthen its overall corporate governance and without prejudice to the principles of the CG Code, established various policies focusing, in particular, on risk management, internal communication and internal control mechanisms. These policies, subject to regular review from time to time by the Board of Directors, stipulate for staff compliance the necessary policies and instructions on corporate governance, finance and accounting, human resources and administration. The Company will continue improving its corporate governance that is conducive to the conduct and growth of its business, and aligning the corporate value of good governance with its purpose, value and strategy, thereby meeting the expectations of shareholders and investors.

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. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2023.

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 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 year ended 31 March 2023.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises three independent non-executive Directors, namely, Mr. Wong Man Chung, Francis (chairman of the Audit Committee), Mr. Chow Shiu Wing, Joseph and Mr. Chan Ting Bond, Michael; and two non-executive Directors, namely, Mr. Cheng Chi Ming, Brian and Mr. Lee Chi Hin, Jacob, has reviewed the consolidated financial statements of the Group for the year ended 31 March 2023 and discussed with the management of the Company on the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2023. The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the designated websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.iwsggh.com). The annual report of the Company for the year ended 31 March 2023 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, 29 June 2023

As at the date of this announcement, the Board comprises two executive directors, namely, Messrs. Lam King Sang and Tam Sui Kin, Chris; two non-executive directors, namely, Messrs. Cheng Chi Ming, Brian (Chairman) and Lee Chi Hin, Jacob; and three independent non-executive directors, namely, Messrs. Chow Shiu Wing, Joseph, Wong Man Chung, Francis and Chan Ting Bond, Michael.