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

2026

Annual Report

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CORPORATE INFORMATION

DIRECTORS

Executive directors

Mr. Lam King Sang *(Chief Executive Officer)*
Mr. Tam Sui Kin, Chris

Non-executive directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Lee Chi Hin, Jacob
Ms. Luey Sisi, Doris

Independent non-executive directors

Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael

BOARD COMMITTEES

Executive Committee

Mr. Lam King Sang *(Chairman)*
Mr. Tam Sui Kin, Chris

Audit Committee

Mr. Wong Man Chung, Francis *(Chairman)*
Mr. Cheng Chi Ming, Brian
Mr. Chow Shiu Wing, Joseph
Mr. Chan Ting Bond, Michael
Mr. Lee Chi Hin, Jacob

Remuneration Committee

Mr. Chan Ting Bond, Michael *(Chairman)*
Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Lee Chi Hin, Jacob

Nomination Committee

Mr. Chow Shiu Wing, Joseph *(Chairman)*
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael
Mr. Lee Chi Hin, Jacob
Ms. Luey Sisi, Doris

COMPANY SECRETARY

Ms. Ng Sum Yu, Phyllis

AUTHORISED REPRESENTATIVES

Mr. Tam Sui Kin, Chris
Ms. Ng Sum Yu, Phyllis

AUDITOR

Crowe (HK) CPA Limited
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Integrated Waste Solutions Building
8 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories
Hong Kong

CORPORATE WEBSITE

www.iwsgh.com

STOCK CODE

923

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of Communications Co., Ltd.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Integrated Waste Solutions Group Holdings Limited (the "Company" and its subsidiaries, collectively referred to as the "Group"), I am honoured to present the Group's annual report for the fiscal year ended 31 March 2026 ("FY2026" or the "reporting period").

FY2026 marked a year of strategic transition and disciplined refocusing for the Group. Amid persistent economic headwinds in Hong Kong and heightened global uncertainty, the Group took decisive steps to further streamline our operating platform and enhance long-term resilience. A key milestone during the year was the Group's continued progress in relation to the proposed surrender of the lease of our Tseung Kwan O headquarters to Hong Kong Science and Technology Parks Corporation. The completion timing remains subject to the relevant arrangements and the readiness of the Group's new facility.

This important initiative reflects our continued progression towards a more agile and asset-light business model. By reducing long-term fixed commitments, the Group is better positioned to preserve financial flexibility and allocate resources towards our core Confidential Materials Destruction Service ("CMDS"), where the Group will focus on customer retention, service quality, confidentiality and operational efficiency amid pricing pressure and a challenging operating environment. We are also actively preparing for relocation to a new facility, currently targeted for completion no later than the end of September 2026, subject to the relevant surrender arrangements, fit-out progress and operational readiness of the new venue.

Cheng Chi Ming, Brian
Chairman

CHAIRMAN'S STATEMENT

Throughout the reporting period, the Group's core business segments demonstrated resilience. CMDS remained the Group's core business focus. Handling volumes were supported by contracts secured in prior periods; however, revenue and margins remained under pressure, as contracted pricing from prior periods left limited room to offset rising costs and intensifying competition. Our Waste Electrical and Electronic Equipment ("WEEE") joint venture with ALBA Group maintained stable operations and recorded higher processing volumes, supported by the expanded scope of regulated electrical equipment under the enhanced Producer Responsibility Scheme on Waste Electrical and Electronic Equipment. In Chinese Mainland, our logistics associate, An Jie continued to benefit from demand in selected new energy logistics areas, particularly energy storage cabinet and lithium battery transportation. However, the Chinese Mainland logistics market remained highly competitive and margin-pressured, and management maintains a cautious outlook. Following the divestment of the Group's interest in the hazardous waste treatment associate during FY2026, the Group no longer bears further share of losses or funding obligations in respect of this business.

Looking ahead, the Group will prioritise the relocation of its CMDS and logistics operations while remaining agile in navigating a challenging operating environment marked by macroeconomic challenges, geopolitical uncertainty and intensifying competition. Potential changes to wastepaper-related policies and subsidy arrangements may affect market pricing and payment cycles. The Group will monitor policy developments closely and adjust its operating and cash flow management plans as appropriate. The Group will maintain a disciplined approach to cost control, capital allocation and liquidity management, while focusing on service quality and operational efficiency in its core businesses.

On behalf of the Board, I would like to express my deepest appreciation to our management team, shareholders, business partners and employees for their sustained trust, commitment and support. While challenges remain, the Group is better positioned to navigate the next phase of development through disciplined cost control, careful execution of the relocation plan and continued focus on its core businesses.

Cheng Chi Ming, Brian
Chairman

Hong Kong, 26 June 2026

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Chief Executive Officer

Mr. Lam King Sang, aged 65, is an Executive Director, Chief Executive Officer and the chairman of the Executive Committee of the Company. Joined the Company on 1 March 2016, Mr. Lam holds directorship in certain subsidiaries and associated companies of the Group. He has close to 30 years of experience in business development, investment and management in the infrastructure and water business in Mainland China. Joined the New World Group in 1993, Mr. Lam was the General Manager (Water) of NWS Infrastructure Management Limited, a wholly owned subsidiary of CTF Services Limited (stock code: 659), mainly responsible for managing the New World Group's water business. Mr. Lam was an executive director of Sino French Water Development Company Limited, a director of Sino-French Holdings (Hong Kong) Limited, The Macao Water Supply Company Limited, Far East Landfill Technologies Limited as well as a number of companies in Mainland China. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Chief Financial Officer

Mr. Tam Sui Kin, Chris, aged 61, is an Executive Director, Chief Financial Officer and a member of the Executive Committee of the Company. Joined the Company in July 2013, Mr. Tam also holds directorships in certain subsidiaries and associated company of the Group. He is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Tam is responsible for the financial management, accounting and treasury functions of the Group. He began his career and completed his professional training in the United Kingdom. He had worked as an audit manager in Ernst & Young, Hong Kong before he joined one of the listed subsidiaries of New World Development Company Limited (stock code: 17) in 1996. Prior to joining the Group, he was the financial controller (infrastructure/contracting) of CTF Services Limited (stock code: 659). Mr. Tam holds a bachelor of arts honours degree in Accounting and has over 35 years of experience in auditing, accounting, project financing and financial management.

NON-EXECUTIVE DIRECTOR

Chairman

Mr. Cheng Chi Ming, Brian, aged 43, is the Chairman, Non-executive Director and member of the Audit Committee of the Company. He joined the Group in January 2011. Mr. Cheng is an executive director and co-chief executive officer of CTF Services Limited (stock code: 659) and a non-executive director of New World Development Company Limited (stock code: 17), all of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Cheng is also the chairman of Goshawk Aviation Limited, and a director of PBA International Pte. Ltd., Prestige Safe Limited and a number of companies in Mainland China. Mr. Cheng is currently a member of the Fourteenth Shanghai Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He was a non-executive director of Wai Kee Holdings Limited (stock code: 610) and Haitong International Securities Group Limited (whose securities were listed on the main board of the Stock Exchange). From 2005 to 2007, Mr. Cheng worked as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets. He obtained a bachelor of science degree from Babson College in Massachusetts, U.S.A. in 2005. Mr. Cheng is the son of Dr. Cheng Kar Shun and the nephew of Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Mrs. Sun Cheng Lai Ha, Cecilia and Mrs. Doo Cheng Sau Ha, Amy collectively hold controlling interests in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, both of which are substantial shareholders of the Company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Chi Hin, Jacob, aged 43, is a Non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Joined the Company on 1 September 2018, Mr. Lee is currently a senior vice president of Chow Tai Fook Enterprises Limited ("CTFE") with responsibilities in making strategic and private equity investments globally. CTFE is an indirect subsidiary of Chow Tai Fook Capital Limited which is a controlling shareholder of the Company. Mr. Lee joined CTFE in March 2013 and has over 15 years of professional experience in corporate finance, investment, international capital markets and asset management. He previously worked at the investment banking department of The Hongkong and Shanghai Banking Corporation Limited and Deutsche Bank AG in Hong Kong.

Mr. Lee is currently a non-executive director of Giordano International Limited (stock code: 709) and New Times Corporation Limited (stock code: 166), companies listed on the main board of the Stock Exchange. He is also active in public services, currently serving as a member of the Hospital Governing Committee of Tin Shui Wai Hospital, a member of the Financial Reporting Review Panel under the Accounting and Financial Reporting Council, and a member of the Appeal Panel (Housing) under the Housing Bureau of the Hong Kong Housing Authority.

Mr. Lee holds a Master of Science degree in Accounting and Finance from the London School of Economics and Political Science in London, United Kingdom and a Bachelor of Business Administration degree from the University of Michigan in Ann Arbor, USA. He is also a CFA Charterholder.

Ms. Luey Sisi, Doris, aged 56, is a Non-executive Director and a member of the Nomination Committee of the Company. Joined the Company on 6 December 2024, Ms. Luey has extensive expertise in brand development, marketing, retail and project management on culture, sports and tourism across Greater China and the Asia Pacific regions.

Ms. Luey served as an advisor to Starbucks Coffee in China from 2022 to 2025, and she previously held the position of chief strategy officer at Television Broadcasts Limited (Stock code: 511) from 2020 to 2022. During her tenure from 2016 to 2023, Ms. Luey served as a director of New World Facilities Management Company Limited (re-appointed as non-executive director until 2023), led Social Innovation and held pivotal roles on the advisory board of Eureka Nova, all being the subsidiaries of New World Development Company Limited (Stock code: 17). Her focus on harnessing innovation to drive business impact and advance youth development in the region showcases her proactive approach towards growth and social responsibility.

Beyond her professional endeavors, Ms. Luey's roles as an advisor to the Our Hong Kong Foundation and a board member of the Academy of Chinese Studies, reflect her dedication to fostering societal well-being and cultural education. Ms. Luey has also acted as an advisor, committee member and consultant for numerous multinational charitable organizations and government-supported programs. Ms. Luey is deeply involved in community service as the co-founder and director of the Caring of Children Foundation and Healthy Hong Kong, organizations dedicated to supporting underprivileged children, individuals with disabilities and the elderly.

Ms. Luey holds a distinguished Executive Master of Arts degree in Arts Management and Entrepreneurship from the Education University of Hong Kong in partnership with the University of London and an Executive Master of Business Administration degree from the City University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Shiu Wing, Joseph, aged 54, is an Independent Non-executive Director, chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee of the Company. He joined the Company in October 2013. He obtained a bachelor's degree in law from the City University of Hong Kong in 1996 and a Postgraduate Certificate in Laws from the University of Hong Kong in 1997. He was admitted as a solicitor of the High Court of Hong Kong in October 1999, and is now a partner of Wellington Legal and a consultant in Cheung, Yeung & Lee, Solicitors. Mr. Chow holds a number of professional and honorary appointments including being honorary legal advisor of the Hong Kong Brand Development Council.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Man Chung, Francis, aged 61, is an Independent Non-executive Director, chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of the Company. He joined the Company in October 2013. He holds a Master Degree in Management conferred by Guangzhou Jinan University, the People's Republic of China. Mr. Wong is a fellow member of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants of the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Society of Chinese Accountants and Auditors, and a Certified Tax Adviser of the Taxation Institute of Hong Kong. He is a Certified Public Accountant (Practising) and has over 30 years of experience in auditing, taxation, corporate internal control and governance, acquisition and financial advisory, corporate restructuring and liquidation, family trust and wealth management. Previously, Mr. Wong worked for KPMG, an international accounting firm, for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years.

Mr. Wong is currently an independent non-executive director, the chairman of the audit committee and the remuneration committee as well as a member of the nomination committee of China Oriental Group Company Limited (stock code: 581); an independent non-executive director, the chairman of the audit committee and a member of the nomination committee and the remuneration committee of Wai Kee Holdings Limited (stock code: 610); and an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Greenheart Group Limited (stock code: 94). Mr. Wong is the non-executive chairman of Union Alpha C.P.A. Limited and a non-executive director of Union Alpha CAAP Certified Public Accountants Limited, both being professional accounting firms, and a founding director and member of Francis M C Wong Charitable Foundation Limited, a charitable institution. He was an independent non-executive director of Hilong Holding Limited (stock code: 1623), Qeeka Home (Cayman) Inc. (stock code: 1739), Digital China Holdings Limited (stock code: 861), IntelliCentrics Global Holdings Ltd. and Shanghai Dongzheng Automotive Finance Co., Ltd. Securities of the latter two companies were listed on the Stock Exchange.

Mr. Chan Ting Bond, Michael, aged 45, is an Independent Non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee of the Company. He joined the Company on 1 May 2018.

Mr. Chan is currently serving as General Manager – Corporate Strategy in MTR Corporation Limited, a company listed on the Stock Exchange (stock code: 0066) as well as board and investment committee member of its subsidiary, MTR Lab Company Limited. He possesses extensive multi-industry experience in corporate strategy and planning, sales operation management, business development, corporate finance and change management. Mr. Chan commenced his career with PricewaterhouseCoopers in Sydney, Australia as a Senior Associate from February 2000 to February 2006, and then relocated to Hong Kong and joined KPMG as a manager from March 2006 to August 2007. He later joined Ping An of China Asset Management (Hong Kong) Company in August 2007, and served as Vice President in Global Business Development until March 2011. Joined Jardine Matheson Group in June 2011, Mr. Chan first served as the Corporate Finance Manager in Jardine Cycle & Carriage Limited in Singapore, followed by his appointment as the Corporate Planning Director in Dairy Farm Group from January 2012 to March 2014. Mr. Chan was subsequently appointed to Zung Fu Group in April 2014, where he served as General Manager, Strategy & Operations until April 2019. Mr. Chan then served as Chief Operating Officer and Managing Director in Inchcape Greater China, a subsidiary of Inchcape Plc. (Stock Code: INCH), a company listed on the London Stock Exchange until March 2021.

Mr. Chan is a chartered financial analyst of the CFA Institute and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Chartered Accountants Australia and New Zealand. In addition, he is qualified as a member of the Chartered Alternative Investment Analyst Association and a financial risk manager of the Global Association of Risk Professionals. Mr. Chan obtained his Executive Master of Business Administration from the Kellogg School of Management of Northwestern University, the United States and the Hong Kong University of Science and Technology and holds a bachelor's degree of commerce (majoring in accounting and finance) from the University of New South Wales.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP REVIEW

Integrated Waste Solutions Group Holdings Limited provides integrated environmental services across waste management, recycling and treatment, logistics, and supply chain solutions. With operations spanning Hong Kong and Chinese Mainland, the Group is dedicated to supporting both public and private sector clients in achieving sustainable resource management and regulatory compliance. Our business segments comprise Confidential Materials Destruction Service ("CMDS"), Recovered Paper and Materials Trading, Logistics Services, Waste Electrical and Electronic Equipment ("WEEE") Treatment and Recycling (through a joint venture with ALBA), and Integrated Supply Chain Solutions (through an associate, An Jie Supply Chain Management Co., Ltd., "An Jie").

During FY2026, the Group advanced its strategic transition from an asset-heavy to an asset-light operating model. In July 2025, the Group reached an agreement with Hong Kong Science and Technology Parks Corporation ("HKSTP") in relation to the surrender of the lease of the Group's headquarters at Tseung Kwan O (the "Surrender"). Following the cessation of plastic recycling and tissue paper production, with only CMDS and logistics operations remaining on-site, the premises had become materially underutilised and the associated upkeep costs were no longer justifiable. The Surrender is intended to alleviate long-term financial pressures, reduce property-related fixed costs, improve operational efficiency and redirect resources towards CMDS and logistics operations. Relocation of the CMDS and logistics operations to a new leased facility is currently targeted for completion no later than the end of September 2026, subject to fit-out progress and operational readiness, with the security and confidentiality of client materials remaining the top priority throughout the transition.

MARKET REVIEW

The operating environment in FY2026 remained challenging, with customer spending discipline, competitive pricing pressure and broader macroeconomic uncertainty affecting demand and margins across several business lines. Broader geopolitical uncertainty and trade-related tensions continued to affect market sentiment and contributed to volatility in certain cost components.

In the recovered materials market, demand for recovered paper remained relatively stable, though average selling prices softened further year-on-year in line with weaker global pulp and paper market conditions. On the regulatory front, the enhanced Producer Responsibility Scheme on Waste Electrical and Electronic Equipment ("WPRS"), expanded to cover additional categories of regulated electrical equipment, took full effect during FY2026, supporting higher WEEE collection and processing volumes. The HKSAR Government's continued commitment to extending producer responsibility regulations is expected to provide medium-term structural support for the environmental services industry.

In Chinese Mainland, economic conditions were characterised by persistent deflationary pressures and subdued domestic consumption. Conventional logistics, industrial waste and hazardous waste treatment segments all continued to face margin compression from persistent overcapacity and weak pricing, and the Group has no further material exposure to the latter following the full impairment in the prior year and subsequent divestment of its interest. On the other hand, segments linked to the new energy economy, particularly energy storage cabinet and lithium battery transportation, continued to see demand growth. However, the broader Chinese Mainland market outlook remained uncertain, while intensified competition continued to place pressure on service rates and gross margins. Operating costs in certain logistics corridors were, however, impacted by rising subcontractor rates and fuel costs arising from the ongoing geopolitical situation.

The Group will continue to monitor these market developments closely and position its core businesses cautiously, with an emphasis on cost control, service quality, operational efficiency and disciplined capital commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Loss attributable to equity shareholders of the Company for the year ended 31 March 2026 amounted to HK$169.4 million, compared to a loss of HK$490.1 million for the year ended 31 March 2025. The year-on-year improvement was primarily attributable to (i) reduction in impairment losses on the Group's land and building at Tseung Kwan O and certain machineries; (ii) a significant reduction in depreciation and amortisation charges following the write-down of the land and building to their recoverable amount at 31 March 2025; and (iii) the absence of share of losses from the Group's interest in the Mainland China hazardous waste treatment associate, Dugong IWS HAZ Limited ("DIWS"), which was fully impaired at 31 March 2025 and subsequently divested during FY2026.

Following the offer made in April 2025, the Group reached an agreement in July 2025 with HKSTP in relation to the surrender of the lease of the Group's land and building at Tseung Kwan O. Accordingly, an impairment loss of HK$143.1 million was provided against the remaining carrying value of the land and building in the current financial year pursuant to the entering into of the agreement between the Group and HKSTP. As at 31 March 2026, completion of the Surrender remained subject to the relevant arrangements and the readiness of the Group's new facility.

A summary of the Group's results is set out below:

	FY2026	FY2025	**Fav./(Unfav.) Change**	
	HK$'000	HK$'000	**HK$'000**	**%**
Results of Operating Segments	**(3,261)**	937	**(4,198)**	**(448.0)**
Net Corporate expenses	**(36,800)**	(50,816)	**14,016**	**27.6**
Sub-total	**(40,061)**	(49,879)	**9,818**	**19.7**
Share of results of associates	**1,732**	(57,010)	**58,742**	**103.0**
Share of results of joint ventures	**12,090**	11,703	**387**	**3.3**
Non-operating/non-recurring items:				
Impairment of profit guarantee receivable	**—**	(4,564)	**4,564**	**100.0**
Impairment of property, plant and equipment and right-of-use assets	**(143,171)**	(356,569)	**213,398**	**59.8**
Impairment of interests in an associate	**—**	(33,826)	**33,826**	**100.0**
Loss attributable to equity shareholders of the Company	**(169,410)**	(490,145)	**320,735**	**65.4**

MANAGEMENT DISCUSSION AND ANALYSIS

Results of operating segments decreased by HK$4.2 million or 448.0% in FY2026, which was primarily caused by the decline in the profit margin of CMDS business in FY2026. Net corporate expenses decreased by HK$14.0 million or 27.6% was contributed by the HK$15.9 million reduction in depreciation and amortisation charges for the Group's land and building at Tseung Kwan O, after an impairment loss provision of HK$352.7 million made to write down the carrying amounts of land and building to recoverable amount of HK$151.0 million at 31 March 2025.

Share of results of associates improved by HK$58.7 million compared to FY2025. The improvement was driven by the absence of share of losses from DIWS which was fully impaired at 31 March 2025 and divested in FY2026. The share of losses from DIWS amounted to HK$59.9 million in FY2025.

Share of results of joint ventures amounted to a profit of HK$12.1 million in FY2026 (FY2025: HK$11.7 million), supported by the continued stable contribution from the WEEE joint venture with ALBA Group.

Revenue Analysis

The Group's revenue for FY2026 and FY2025 are summarised below:

	FY2026 HK$'000	FY2025 HK$'000	**Fav./(Unfav.) Change HK$'000**	**%**
Sales of recovered paper and materials				
– Sales of recovered paper	**26,118**	25,863	**255**	**1.0**
– Sales of other waste materials	**161**	153	**8**	**5.2**
Sub-total	**26,279**	26,016	**263**	**1.0**
CMDS service income	**12,203**	15,477	**(3,274)**	**(21.2)**
Sales of tissue paper products	**200**	1,061	**(861)**	**(81.1)**
Logistics service income	**2,294**	2,535	**(241)**	**(9.5)**
Total	**40,976**	45,089	**(4,113)**	**(9.1)**

Recovered Paper business recorded revenue of HK$26.1 million in FY2026 (FY2025: HK$25.9 million), representing a year-on-year increase of HK$0.2 million or 1.0%. Revenue was supported by continued paper sales volumes delivered under contracts secured in earlier periods, although average unit prices slightly declined by 1.3% year-on-year, reflecting prevailing market conditions. Sales quantity for the current financial year increased by 2.3% overall. Of this, recovered office paper generated from CMDS services recorded revenue of HK$21.8 million (FY2025: HK$21.6 million), representing a slight increase of HK$0.2 million or 1.1%, driven by an increase in sales quantity of 0.7%. Gross profit margin of Recovered Paper came under pressure during the year, due to higher purchase costs and weaker market pricing. The gross profit of Recovered Paper has decreased by HK$1.4 million or 11.0%, and gross profit margin has also decreased from 47.6% to 42.0%. Management continues to monitor procurement cost dynamics closely as part of its broader effort to sustain segment profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

CMDS remained one of the core business segments for the Group, and recovered paper generated from CMDS activities also contributed to the Group's recovered paper sales. Service income amounted to HK$12.2 million in FY2026 (FY2025: HK$15.5 million), representing a decrease of HK$3.3 million or 21.2%.

Both paper and non-paper destruction volumes recorded a modest decline compared to FY2025, reflecting intense industry competition and heightened cost sensitivity among customers in the prevailing economic environment. Despite these headwinds, overall segment performance remained on track. Following the proposed lease surrender at Tseung Kwan O, the subsequent relocation of CMDS operations to a new facility remains management's foremost operational priority. The transition will be executed with particular emphasis on maintaining the Group's stringent confidentiality, information security, and service continuity standards throughout the process.

The **WEEE** joint venture with ALBA Group continued to provide a stable contribution to the Group. Collection and processing volumes were supported by the expanded scope of regulated electrical equipment under the WPRS. The Group's share of profit from the joint venture was HK$12.1 million in FY2026 (FY2025: HK$11.7 million), representing an increase of HK$0.4 million or 3.5% compared to FY2025. The existing operating contract with ALBA is due to expire in 2027, and the Group is actively preparing for the Government's forthcoming re-tendering process.

Logistics division primarily provides support services to other business segments of the Group, and continued to support the WEEE transport operations during the year. Revenue amounted to HK$2.3 million in FY2026 (FY2025: HK$2.5 million). Demand for WEEE transport services softened marginally year-on-year, while the segment continued to face cost pressure from diesel fuel prices.

MANAGEMENT DISCUSSION AND ANALYSIS

As communicated in FY2025, in-house production of **Tissue Paper** has ceased in light of persistent cost pressure and declining volumes. Following the cessation of in-house tissue paper production, the Group continued to conduct tissue paper indent trading during FY2026, generating revenue of HK$0.2 million (FY2025: HK$1.1 million).

In relation to the Group's Chinese Mainland **Hazardous Waste Treatment** interest, the divestment of the Group's entire interest in Dugong IWS HAZ Limited was completed during FY2026, relieving the Group of any further share of losses and funding obligations in respect of this business. As at 31 March 2026, the Group has no further exposure to this segment.

An Jie continued to operate in the specialised logistics sector, serving clients in the new energy vehicle ("NEV") and chemical industries. During FY2026, revenue growth was supported by higher volumes in energy storage cabinet and lithium battery transportation. However, service unit prices and gross margins came under pressure from intensifying competition in Chinese Mainland. An Jie also commenced a new overland logistics corridor into Central Asia during the year. The Central Asian operation is being closely monitored as rising natural gas costs, subcontractor price increases and customer demands for price reductions arising from the prevailing geopolitical situation have materially increased operating costs. An Jie contributed HK$1.7 million to the Group's share of results of associates in FY2026 (FY2025: HK$2.9 million). The Group is continuing to expand An Jie's tender participation and broaden its market coverage.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of HK$18.8 million in FY2026 (FY2025: HK$22.9 million) with gross profit margin of 45.9% (FY2025: 50.9%). Both gross profit and gross profit margin have declined compared to FY2025, which were caused by the decrease in the profitability of Recovered Paper and CMDS.

Selling, Distribution, Administrative and Other Operating Expenses

Selling, distribution, administrative and other operating expenses amounted to HK$59.7 million in FY2026 (FY2025: HK$73.8 million). The year-on-year decrease mainly reflected the reduction in depreciation and amortisation following the FY2025 write-down of the Group's land and building.

Loss before Interest, Tax, Depreciation and Amortisation ("LBITDA")

Owing to the reduction in impairment losses on the Group's land and building at Tseung Kwan O and certain machineries and the absence of share of losses from the Group's interest in Dugong IWS HAZ Limited, LBITDA for FY2026 has been significantly improved by approximately HK$307.0 million, from HK$464.9 million in FY2025 to HK$157.9 million in FY2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The Group operates a centralised treasury function to monitor its cashflow and funding requirements. The Group considers it prudent to finance long-term growth by long-term modes of financing, with a particular preference for equity as it does not increase recurring finance costs. The Group acknowledges that it may continue to encounter difficulties in raising debt funding from financial institutions given its recent financial performance. During the current financial year, the Group did not raise any external finance and capital expenditure incurred was financed by internal resources.

As at 31 March 2026, the Group had unrestricted bank deposits and cash of approximately HK$16.7 million (2025: HK$43.1 million).

The Group had a loan from non-controlling interests of approximately HK$0.4 million which is unsecured and repayable on demand (2025: HK$0.4 million) and a loan from a controlling shareholder of HK$50.0 million which is unsecured and repayable in full on 15 December 2026 (2025: HK$50.0 million) as at 31 March 2026. The Group had no bank loans and overdrafts as at 31 March 2026 (2025: Nil). As at 31 March 2026, the Group has a net debt balance of HK$33.7 million (cash and cash equivalents less loan from a controlling shareholder and loan from controlling interests) (2025: HK$7.3 million) and the gearing ratio of the Group (net debt over total equity) was 62.9% as at 31 March 2026 compared to 3.3% as at 31 March 2025.

As at 31 March 2026, the Group had net current liabilities of HK$23.6 million (2025: net current assets of HK$47.2 million). The current ratio of the Group was 0.6 as at 31 March 2026 (2025: 6.0).

The Group entered into a new loan agreement during the year ended 31 March 2026 with its controlling shareholder for a total facility of HK$80.0 million, which is unsecured and available for drawdown on or before 17 June 2026. Under the terms of this agreement, HK$50.0 million shall be used to repay the existing loan, and HK$30.0 million to be used for general working capital purposes, with a maturity of three years from the drawdown date. On 16 June 2026, the Group drew down an amount of HK$80.0 million under this facility, which is repayable on 15 June 2029.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong and most of its sales are denominated in Hong Kong dollars. Most of the raw material purchases are also denominated in Hong Kong dollars. The Group’s monetary assets and liabilities are principally denominated in Hong Kong dollars, Renminbi and United States dollars. Certain subsidiary, associate and joint venture companies have local currency project loans in place, which are naturally hedged as their revenues are also denominated in the same local currency of the entity concerned.

For the years ended 31 March 2026 and 31 March 2025, the Group recorded a net foreign exchange gain/loss of HK$0.2 million and HK$1.1 million respectively due to appreciation/depreciation of the Renminbi during the year. The Group has not used any forward contracts or other means to hedge its foreign currency exposure.

Major Capital Expenditure and Commitments

During the reporting period, the Group incurred capital expenditure of HK$0.3 million in respect of the New Premises. As at 31 March 2026, the Group has capital commitments of approximately HK$0.5 million, which are mainly related to the acquisition of leasehold improvements in relation to the lease of New Premises.

Pledge of Assets

As at 31 March 2026, the Group had no pledge of assets (2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

Details of the capital structure of the Company are set out in Note 23.

Contingent Liabilities

As at 31 March 2026, the Group had, upon receiving legal advice, lodged certain claims against a former director and employees, the outcome of which remains uncertain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is a trusted provider of integrated waste solutions in Hong Kong and Chinese Mainland, dedicated to advancing sustainability and supporting the transition to a circular economy. We fully recognise our environmental and social responsibilities and integrate Environmental, Social and Governance ("ESG") principles into our daily operations to address emerging challenges and deliver long-term value to our stakeholders.

Our ESG performance is disclosed in the annual ESG report, which is available on both the Stock Exchange's website and the Group's official website. The report complies with Appendix C2 to the Listing Rules and provides a comprehensive overview of our environmental policies, performance metrics and stakeholder engagement initiatives.

The FY2026 annual report and the accompanying ESG report have been prepared on the basis of the Group's operations as at 31 March 2026, which were principally conducted from the existing Tseung Kwan O facility. ESG initiatives, performance metrics and disclosures in respect of the new facility will be incorporated in the Group's subsequent annual reports as the relocation progresses. The Group remains committed to embedding energy efficiency and other ESG considerations in the selection of equipment and the fit-out of the new facility.

Environmental Policy and Compliance

As a leading provider of integrated waste solutions, the Group is recognised as Hong Kong Green Organisation, holding the Wastewi$e Certificate at Excellent Level. We are committed to delivering effective waste management services while upholding the highest standards of environmental stewardship. This commitment is embedded in our ISO 14001:2015 certified environmental management system and underpinned by measurable targets across water conservation, energy efficiency and waste reduction.

To further mitigate our environmental footprint, we continued to progressively increase the use of B5 biodiesel in our vehicle fleet to replace traditional diesel, supporting lower carbon emissions and cleaner transportation. The Group continued its participation in the CLP Peak Demand Management Incentive Programme during the year, contributing to reduced electricity consumption during designated peak periods. Overall, electricity consumption decreased by 2.8% compared with the previous year, reflecting the combined effect of operational changes and energy management initiatives. As the Group transitions to its new facility, energy efficiency considerations will continue to guide equipment procurement and facility setup, ensuring that our environmental commitments are maintained through and beyond the relocation process.

The Group remains fully compliant with all applicable environmental laws and regulations in the jurisdictions in which it operates, including the Waste Disposal Ordinance, the Water Pollution Control Ordinance and the Air Pollution Control Ordinance. No material instances of non-compliance with environmental laws and regulations were recorded during the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Stakeholders Engagement

The Group places great importance on building and maintaining strong relationships with its stakeholders. We are dedicated to fostering open, structured and ongoing dialogue with its key stakeholder groups, encompassing employees, customers, investors, non-governmental organisations, suppliers and subcontractors, through a broad range of communication channels. Such engagement enables the Group to develop a deeper understanding of stakeholders' needs, expectations and concerns, and to assess the extent to which its operations influence their decisions, as well as the broader community, economy and environment.

The insights derived from this process are integral to the formulation of the Group's strategies and ensure that its corporate direction remains aligned with stakeholder priorities. A comprehensive account of the Group's stakeholder engagement framework and activities is set out in the annual ESG report and on the Group's corporate website.

Employees

The Group's employees are the driving force behind our operations, and we remain committed to creating a working environment where employees feel safe, valued and supported in their professional growth. As of 31 March 2026, the Group employed 103 staff members (31 March 2025: 114). Total employee costs, including directors' emoluments, amounted to HK$41.6 million for FY2026 (FY2025: HK$41.9 million).

The Group upholds fair and transparent employment practices across recruitment, performance evaluation and employee benefits, and maintains a zero-tolerance policy against discrimination of any form. The Group updated its policies and procedures to reflect the implementation of the abolition of the MPF offsetting arrangement during FY2026. We are equally committed to the health and safety of our workforce, conducting regular training and site inspections to maintain safe working conditions across all operations. The Group's occupational health and safety policy was subject to its annual review and updated in December during the reporting year.

Customers

The Group places strong emphasis on customer satisfaction and information security. During the reporting period, the Group distributed 500 customer satisfaction surveys and recorded an overall satisfaction rate of 85.5% among respondents. All customer complaints were thoroughly investigated and addressed with tailored solutions, with a grievance mechanism in place to collect feedback and implement corrective actions for ongoing improvement.

The Group holds ISO/IEC 27001:2022 Information Security Management certification and maintains dedicated oversight through the Information Management Committee, which is responsible for risk identification, assessment and mitigation. To ensure the integrity of its information security management system, the Group conducts at least one internal audit and engages an independent external certification body to perform at least one audit and certification review annually. Staff receive annual external training to stay current with evolving security standards and safeguard against potential breaches. Throughout FY2026, no customer data leaks or security incidents were recorded. Upholding strong information security standards is particularly critical as the Group prepares for the relocation of its CMDS operations, and is integral to sustaining the trust of our customers and other stakeholders.

Suppliers

The Group places great importance on maintaining strong and responsible supplier relationships. Our supplier selection process prioritises partners who demonstrate a commitment to environmental and social responsibility and uphold high ESG standards. Suppliers are evaluated annually against criteria encompassing price competitiveness, product and service quality, cooperation, on-time delivery and compliance with environmental requirements, with those failing to meet the Group's standards subject to review and potential replacement.

During the reporting period, the Group conducted audits on 14 key suppliers, with all suppliers successfully passing the assessments.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Integrity

The Group is committed to upholding the highest standards of integrity and ethical conduct across all aspects of its operations. During the reporting period, employees were arranged to attend the ICAC online anti-corruption training programme, accumulating a total of 99 training hours. These regular training programmes reinforce a culture of honesty, accountability and compliance throughout the organisation.

PROSPECTS

Looking ahead, the Group remains cautiously optimistic about the long-term development of the environmental services sector, while recognising the near-term challenges posed by subdued economic conditions, intense competition and rising operating costs. The successful relocation of CMDS and logistics operations to the new facility will be the Group's foremost operational priority. Management will focus on maintaining service continuity, information security and customer confidence throughout the transition.

The proposed surrender of the Tseung Kwan O premises, once completed, is expected to support the Group's transition to a leaner operating platform with lower long-term fixed commitments. In the WEEE segment, the Group will continue to work closely with its joint venture partner and monitor the Government's arrangements ahead of the expiry of the existing operating contract in 2027. For An Jie, the Group remains cautiously optimistic about demand from the new energy logistics sector, while continuing to manage pricing pressure and cost volatility on cross-border and overland routes.

The Group will continue to adopt a disciplined approach to cost control, capital allocation and liquidity management, with a focus on strengthening its core businesses and delivering sustainable long-term value to shareholders.

REPORT OF THE DIRECTORS

The Board hereby submits its annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2026 ("Annual Report").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are the provision of solid waste management services as set out in note 28 to the financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 5 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2026 is provided in the Chairman's Statement and the Management Discussion and Analysis of this Annual Report set out on pages 3 to 4 and pages 8 to 16 respectively.

Descriptions of the principal business risks and uncertainties facing the Group are delineated in the Management Discussion and Analysis of this Annual Report. Details about the Group's financial risk management are set out in note 3 to the financial statements.

To the best knowledge of the Board, and save as disclosed in this Annual Report and the environmental, social and governance report 2026 ("ESG Report"), the Group complied with the relevant laws and regulations that have a significant impact on the Group's business throughout the financial year ended 31 March 2026. More disclosures in this respect are provided in the Management Discussion and Analysis of this Annual Report as well as the ESG Report.

Our vision is to make a difference in the environment. The Group delivers integrated waste solutions as a responsible enterprise through waste recovery, waste recycling and reuse and waste disposal treatment. Particulars of the Group's environmental policies and performance, and relationships with key stakeholders are delineated in the Management Discussion and Analysis of this Annual Report on pages 8 to 16.

The above discussion forms part of this report of the Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2026

A separate ESG Report in electronic version is available on the Company's website (http://www.iwsgh.com/irc_relations_financial.php?lang=en) and the designated website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk).

RESULTS AND DIVIDEND

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 48 to 49.

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2026 (2025: HK$Nil).

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 52 and in note 24(a) to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 12 to the financial statements.

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 23(b) to the financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution comprise the share premium account less accumulated losses. As at 31 March 2026, no reserves of the Company were available for distribution to the shareholders of the Company (the "Shareholders") (2025: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 August 2026 to Friday, 4 September 2026, 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 2026 annual general meeting of the Company (the "2026 AGM") to be held on Friday, 4 September 2026, 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 Friday, 28 August 2026.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing Shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 116.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2026.

DIRECTORS

The Directors since 1 April 2025 to the date of this report were:

Executive Directors

Mr. Lam King Sang
Mr. Tam Sui Kin, Chris

Non-executive Directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Lee Chi Hin, Jacob
Ms. Luey Sisi, Doris

Independent non-executive Directors

Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael

REPORT OF THE DIRECTORS

Pursuant to Article 108 of the Articles of Association, Messrs. Lee Chi Hin, Jacob, Wong Man Chung, Francis and Chan Ting Bond, Michael shall retire by rotation at the 2026 AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the 2026 AGM.

The Directors being proposed for re-election at the forthcoming annual general meeting have no service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term ranging from two to three years from the respective date of appointment, which may be terminated by serving not less than three to six months' notice in writing by either party as appropriate.

During the year ended 31 March 2026, Directors have no service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the existing Directors and senior management of the Company are set out on pages 5 to 7.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the date of the 2025/26 Interim Report are set out below:

Executive Director's Emoluments

With effect from 1 January 2026, the annual salaries of Mr. Lam King Sang and Mr. Tam Sui Kin, Chris have been adjusted to HK$2,815,524 each. Their annual director's fees remained unchanged at HK$348,000 each.

Mr. Cheng Chi Ming, Brian (Non-executive Director)

The Company has renewed the letter of appointment with Mr. Cheng as a Non-executive Director and Chairman of the Company for a term of three years from 1 January 2026. Pursuant to the letter of appointment, Mr. Cheng is entitled to an annual fee of HK$696,000 which was determined with reference to his time commitment and responsibilities as well as the prevailing market conditions.

Mr. Lee Chi Hin, Jacob (Non-executive Director)

Mr. Lee was re-designated from executive director to non-executive director of Giordano International Limited (stock code: 709) with effect from 27 April 2026.

Mr. Wong Man Chung, Francis (Independent Non-executive Director)

Mr. Wong retired as independent non-executive director of Hilong Holding Limited (stock code: 1623) on 26 June 2026.

REMUNERATION POLICY

During the year ended 31 March 2026, the remuneration policy for the Directors and senior management members of the Group was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and merit payments were linked to the financial situation of the Group and the performance of each individual Director or senior management member of the Group. Details of the remuneration of the Directors and senior management members of the Group are set out in note 10 to the financial statements contained in this Annual Report.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the section headed "Related Party Transactions and Continuing Connected Transactions" below, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2026, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required pursuant to (a) Divisions 7 to 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

Long positions in underlying shares of the associated corporation of the Company – share options

Under the share option scheme of CTF Services Limited, a fellow subsidiary of the Company, the following Director has personal interests in share options to subscribe for ordinary shares of CTF Services Limited. Details of the share options of CTF Services Limited held by the relevant Director were as follows:

				Number of share options						
Name of Director	Date of grant	Exercisable period	Exerciase Price per Share	Outstanding as at 1.4.2025	Granted and accepted	Exercised	Cancelled/Lapsed	Adjustments#	Outstaning as at 31.03.2026	Approximate percentage of shareholding
Cheng Chi Ming, Brian	24.1.2025	24.01.2026 - 23.01.2035	6.784#	1,676,090	–	–	–	167,925	1,844,015	0.040%
	24.1.2025	24.01.2027 - 23.01.2035	6.784#	2,514,135	–	–	–	251,887	2,766,022	0.061%
	24.1.2025	24.01.2028 - 23.01.2035	6.784#	4,190,225	–	–	–	419,813	4,610,038	0.101%
	19.1.2026	19.01.2027 - 18.01.2036	8.390	–	1,844,040	–	–	–	1,844,040	0.040%
	19.1.2026	19.01.2028 - 18.01.2036	8.390	–	2,766,060	–	–	–	2,766,060	0.061%
	19.1.2026	19.01.2029 - 18.01.2036	8.390	–	4,610,100	–	–	–	4,610,100	0.101%
				8,380,450	9,220,200	–	–	839,625	18,440,275	0.404%

Adjustments were made to the exercise price and number of outstanding share options granted to the Director as a result of the bonus issue of shares and the issue of scrip shares of CTF Services Limited pursuant to the scrip dividend scheme with effect on 20 November 2025 and 23 December 2025 respectively. Please refer to the announcements of CTF Services Limited dated 24 November 2025 and 23 December 2025 for further details.

Save as disclosed above, as at 31 March 2026, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or recorded in the register required to be maintained by the Company under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed under "Directors' and Chief Executive's Interests or Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the year or at the end of the financial year ended 31 March 2026 was any right to acquire benefits by means of the acquisition of shares in, or debentures, of the Company granted to any Directors or their respective spouses or minor children or exercised by any of them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries entered into any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2026, the following persons (other than the Directors and chief executive of the Company) had interests or short positions of 5% or more in the Shares as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the ordinary shares of HK$0.10 each in the share capital of the Company ("Shares") and underlying Shares

Name of Shareholders	*Note*	Capacity	Number of Shares held*	% of the issued share capital of the Company
Cheng Yu Tung Family (Holdings) Limited	1	Interest in controlled corporations	2,742,514,028 (L)	56.86%
Cheng Yu Tung Family (Holdings II) Limited	1	Interest in controlled corporations	2,742,514,028 (L)	56.86%
Chow Tai Fook Capital Limited	1	Interest in controlled corporations	2,742,514,028 (L)	56.86%
Chow Tai Fook (Holding) Limited	2	Interest in controlled corporations	2,742,514,028 (L)	56.86%
Chow Tai Fook Nominee Limited	3	Beneficial owner	1,530,601,835 (L)	31.74%
		Interest in controlled corporations	732,550,000 (L)	15.19%
Victory Day Investments Limited	3	Interest in controlled corporation	732,550,000 (L)	15.19%
Smart On Resources Ltd.	3	Beneficial owner	732,550,000 (L)	15.19%
Prestige Safe Limited	2	Beneficial owner	479,362,193 (L)	9.94%
Firstrate Enterprises Limited	4	Beneficial owner	780,000,000 (L)	16.17%
Mr. Wong Kim Pun	4	Interest in controlled corporation	780,000,000 (L)	16.17%

* The letter "L" denotes the person's long position in the Shares.

Notes:

1. As at 31 March 2026, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited held approximately 48.98% and 46.65% interest in Chow Tai Fook Capital Limited respectively, which in turn held an approximately 90.52% interest in Chow Tai Fook (Holding) Limited. As such, each of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited and Chow Tai Fook Capital Limited is deemed to be interested in the 2,742,514,028 Shares.

2. Chow Tai Fook (Holding) Limited is the 100% holding company of Chow Tai Fook Nominee Limited and Prestige Safe Limited, and accordingly Chow Tai Fook (Holding) Limited is deemed to be interested in an aggregate of 2,742,514,028 Shares.

3. Chow Tai Fook Nominee Limited is the beneficial owner of 1,530,601,835 Shares and is interested in 732,550,000 Shares through its interest in a wholly-owned subsidiary, Victory Day Investments Limited, which in turn wholly owns Smart On Resources Ltd.

4. Pursuant to the disclosure of interests notification received by the Company, Mr. Wong Kim Pun controls 100% interest in Firstrate Enterprises Limited and hence is deemed to be interested in 780,000,000 shares of the Company held by Firstrate Enterprises Limited.

REPORT OF THE DIRECTORS

Save as disclosed above, the Company has not been notified of any other person who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 March 2026.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") which was approved by the Shareholders at the annual general meeting held on 30 August 2023. The purpose of the Share Option Scheme is to provide an incentive or reward for the grantees of options granted under the Share Option Scheme ("Options") for their past and potential future contribution, or solely for their potential future contribution (but not solely for their past contribution), to the Group. The Share Option Scheme is valid and effective for a period of 10 years from the date of adoption, i.e. 30 August 2023 (the "Adoption Date").

The participants of the Share Option Scheme include any full-time or part-time Employee Participants as defined in the Listing Rules, Related Entity Participants as defined in the Listing Rules, and Service Providers (as defined below) who, in the sole opinion of the Board, will contribute to the Group. For the purpose of the Share Option Scheme, Service Provider(s) means any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including (i) persons or entities (as independent contractors, consultants, advisors or otherwise) that provide support or any advisory, consultancy, professional or other services to any member of the Group (such as, without limitation, support or services in relation to research and development, strategic or commercial planning on corporate image, investor relations, product quality control, and regulations and policies); and (ii) suppliers of goods or services to any member of the Group (such as, without limitation, suppliers of raw materials and machinery, and machinery maintenance services), but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

The exercise price of the Options granted shall be at the discretion of the Directors, provided that it must be at least the highest of:

(a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer;

(b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the 5 Business Days immediately preceding the date of the offer; and

(c) the nominal value of a Share.

The total number of Shares available for issue under the Share Option Scheme (the "Scheme Mandate Limited") is 482,300,900 Shares, being 10% of the total number of Shares in issue as at the Adoption Date and the date of this Annual Report. The total number of Shares which may be allotted and issued in respect of all Options or share options or share awards to be granted to Service Providers under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 0.5% of the total number of Shares in issue (equivalent to 24,115,045 Shares) as at the Adoption Date (the "Service Provider Sublimit"). The Scheme Mandate Limit and the Service Provider Sublimit may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from the Adoption Date or the date of Shareholders' approval for the last refreshment.

REPORT OF THE DIRECTORS

Unless approved by the Shareholders, the total number of Shares issued and which may be issued upon exercise of the Options and share awards granted under the Share Option Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including both exercised or outstanding Options, share options and share awards) to each grantee in any 12-month period shall not exceed 1% of the total number of Shares in issue. Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates) would result in the Shares issued and to be issued in respect of all Options, share options or share awards granted (excluding any Options, share options or share awards lapsed in accordance with the New Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to the approval of the Shareholders.

The period within which the Option may be exercised shall be specified in each offer of Options provided that such period of time shall not exceed a period of 10 years from the date of grant of the Options. An offer of Options must be accepted within 14 days from the date of offer, upon payment of HK$1.00 as a consideration for the grant. Option must be held by the holder of the Option for at least 12 months before the Option can be exercised. The exact length of vesting period of an Option will be determined by the Board on a case-by-case basis.

No Option of the Company has been granted, exercised nor cancelled/lapsed under the Share Option Scheme since the Adoption Date and up to the date of this Annual Report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 31 March 2026, the Group entered into certain transactions in normal course of business with "related parties" as defined under the applicable accounting standards. Details of the Group's material related party transactions are disclosed in note 27 to the financial statements which include certain continuing connected transactions and connected transactions as defined in Chapter 14A of the Listing Rules. However, these continuing connected transactions and connected transactions are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules and have complied with the applicable requirements in Chapter 14A.

DETAILS OF PERFORMANCE GUARANTEE UNDER RULE 14.36B

Reference is made to the announcement and the circular of the Company dated 11 December 2019 and 31 December 2019 respectively in relation to the acquisition of shares in Dugong IWS HAZ Limited (the "Target Company"). According to the terms of the Shareholders' Agreement of the Target Company and the subsequent deed of adherence between the Group and the vendor, in the event that the aggregate net income (audited in accordance with the PRC GAAP) of 連雲港綠潤環保科技有限公司 (Lianyungang Lvrun Environmental Protection Technology Co., Ltd*) ("Lvrun") for the three years ended 31 December 2021 (the "Agreed Period") is less than RMB90,000,000, the Group will receive cash payment from Dugong Limited ("Dugong") out of the distributions to be made by the Target Company to Dugong in the amount calculated in accordance with the Shareholders' Agreement.

Based on the audited accounts of Lvrun for the Agreed Period, the aggregate audited net income of Lvrun during the Agreed Period is approximately RMB69,123,780 (after agreed adjustments). Therefore, the Group became entitled to receive from Dugong a sum of approximately RMB4,259,000 (the "Agreed Sum") as a result of a shortfall of approximately RMB20,876,220 between RMB90,000,000 and RMB69,123,780. Since the board of directors of the Target Company did not declare any dividends or make any other distributions to its shareholders for the Agreed Period or thereafter, the Group did not receive the Agreed Sum or any part thereof.

As disclosed in the FY2025 annual report and the subsequent 2025/26 interim report, in light of the underperformance of Lvrun due to the adverse operating environment and also the net liabilities position of Lvrun, the Board considered the recoverability of the profit guarantee receivable was remote and a full provision of the Agreed Sum was made in FY2025. The Group disposed of its entire interests in the Target Company during the year.

* For identification purpose only

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company and the Group was entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

—	the largest supplier	9%
—	five largest suppliers in aggregate	37%

The percentages of sales for the year attributable to the Group's major customers are as follows:

—	the largest customer	46%
—	five largest customers in aggregate	68%

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

SUFFICIENCY OF PUBLIC FLOAT

The applicable public float threshold for the Company is the initial prescribed threshold of at least 25% of the total number of issued shares of the Company (excluding treasury shares, if any) held by the public. As at 31 March 2026, the total issued share capital of the Company amounted to HK$482,300,900, comprising 4,823,009,000 ordinary shares of HK$0.10 each ("Shares"). The Company has one class of shares in issue, which rank pari passu with each other in all respects. Based on the information publicly available to the Company or known to the Directors as at the date of this report, the Company has complied with the prescribed public float requirements under Rule 13.32B of the Listing Rules as at 31 March 2026.

As at 31 March 2026, approximately 43.13% of the total number of issued Shares (excluding treasury shares, if any) was held by the public based on the calculations set out in the share ownership composition below[1]:

Group and Name of Shareholders		Number of Shares held	Approximately % of shareholding
(a)	**Shareholders who are not members of the public**		
	Substantial shareholders and their close associates:		
	Chow Tai Fook Nominee Limited	1,530,601,835[2]	31.74%
	Smart On Resources Ltd.	732,550,000[2]	15.19%
	Prestige Safe Limited	479,362,193[2]	9.94%
(b)	**Shareholders who are members of the public**		
	Person who has disclosed its interests pursuant to Part XV of SFO:		
	Firstrate Enterprises Limited	780,000,000[2]	16.17%
	Other members of the public	1,300,494,972	26.96%
	Total	4,823,009,000	100%

Notes:

1. The breakdown of shareholding information has been compiled based on the relevant Disclosure of Interests filings made pursuant to SFO Part XV and information received by the Company. The Company has not independently verified such information.

2. For further details, please refer to the section headed under "Substantial Shareholders' Interests in Shares" of this Annual Report.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors was in force as of the date of this report and during the financial year ended 31 March 2026. The Company has maintained directors and officers liability insurance for the directors of the Company and its subsidiaries.

EVENTS AFTER THE REPORTING PERIOD

Except for matters disclosed elsewhere in this Annual Report, the Group had no other events subsequent to the end of the reporting period to disclose.

REVIEW OF THE AUDITED FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The Audit Committee of the Company, which comprises three independent non-executive Directors and two non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, reports to the Board. The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2026.

AUDITOR

KPMG resigned as the auditor of the Company with effect from 31 October 2025. The Board resolved to appoint Crowe (HK) CPA Limited as the new auditor of the Company, effective from 31 October 2025, to fill the casual vacancy following the resignation of KPMG and to hold office until the conclusion of 2026 AGM. For further details, please refer to the announcement of the Company dated 31 October 2025.

Save as disclosed above, there is no other change in the auditors of the Company in the preceding three years.

The consolidated financial statements for the year ended 31 March 2026 have been audited by Crowe (HK) CPA Limited, which will retire and, being eligible, offer itself for re-appointment at the 2026 AGM. A resolution for the re-appointment of Crowe (HK) CPA Limited as auditor of the Company and authorisation of the Board to fix the auditor's remuneration is to be proposed at the 2026 AGM.

On behalf of the Board

Cheng Chi Ming, Brian
Chairman
Hong Kong, 26 June 2026

CORPORATE GOVERNANCE REPORT

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 C1 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 2026.

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 culture of good governance with its purpose, value and strategy, thereby meeting the expectations of shareholders and investors.

BOARD OF DIRECTORS

The Board, led by the Chairman of the Company, is responsible for the leadership and control of the Company and overseeing the Group's overall businesses, performance, strategic decisions, corporate governance, internal control and risk management functions, and corporate social responsibility policy. The Board has delegated, by way of clear direction and remit, to the senior management of the Company the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and delegated to these committees various responsibilities as set out in their respective terms of reference.

The Board reserved its decision for all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information (including but not limited to annual and interim results), appointment of directors, dividend policy and other significant financial and operational matters.

The Board delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include implementing decisions of the Board, directing and coordinating day-to-day operation and management of the Group in accordance with the management strategies and plans approved by the Board, formulating and monitoring the operational and production plans, budgets, and control systems.

For effective leadership and control, the Board regularly reviews reports and updates from the senior management of the Company on the progress of the approved strategies, plans, budget and control systems, and receives recommendations and advice from various Board committees in respect of the delegated governance matters.

The Board currently comprises eight directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Lam King Sang
Mr. Tam Sui Kin, Chris

Non-executive Directors

Mr. Cheng Chi Ming, Brian *(Chairman)*
Mr. Lee Chi Hin, Jacob
Ms. Luey Sisi, Doris

Independent Non-executive Directors

Mr. Chow Shiu Wing, Joseph
Mr. Wong Man Chung, Francis
Mr. Chan Ting Bond, Michael

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The following chart illustrates the current structure and membership of the Board as well as the standing Board committees:

	Board Committees			
Directors	**Executive Committee**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. Lam King Sang	Chairman			
Mr. Tam Sui Kin, Chris	Member			
Mr. Cheng Chi Ming, Brian		Member		
Mr. Lee Chi Hin, Jacob		Member	Member	Member
Ms. Luey Sisi, Doris				Member
Mr. Chow Shiu Wing, Joseph		Member	Member	Chairman
Mr. Wong Man Chung, Francis		Chairman	Member	Member
Mr. Chan Ting Bond, Michael		Member	Chairman	Member

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are currently held by separate individuals for the purpose of ensuring an effective segregation of duties and a balance of power and authority, and they are Mr. Cheng Chi Ming, Brian and Mr. Lam King Sang respectively.

The roles of the Chairman and Chief Executive Officer are as follows:

- The Chairman provides leadership and is responsible for the effective functioning and leadership, with good corporate governance practices and procedures.
- The Chief Executive Officer is responsible for administering and managing the Group's business and internal controls, including the implementation of major strategies and initiatives decreed and delegated by the Board.

Non-executive Directors and Independent Non-executive Directors

Each of the non-executive Directors and the independent non-executive Directors possesses different business experience, knowledge and professional background. The Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received a written annual confirmation of independence from each existing independent non-executive Director. The Nomination Committee has reviewed and assessed the annual confirmation of each independent non-executive Director based on the independence criteria as set out in Rule 3.13 of the Listing Rules and formed the view that all of them remain independent.

The Company has established formal and informal channels to ensure independent views and input are available to the Board. Independent non-executive Directors are invited to serve as the chairmen and majority members on the Audit Committee, the Remuneration Committee and the Nomination Committee. Through participation in Board meetings, providing valuable perspectives to the Board discussions, taking the lead in managing issues involving potential conflict of interests and serving on various Board committees, all independent non-executive Directors are contributory to the effective running of the Company, and free to express their views in an open and candid manner. The Chairman annually holds meeting(s) with the independent non-executive Directors without the presence of other Directors. Should the circumstances require, independent non-executive Directors have open access to interact with the management and other Board members including the Chairman outside the boardroom. In addition, the Group has whistleblowing policy and system in place for employees and those who deal with the Group to raise concerns, in confidence and anonymity, with the Audit Committee comprising a majority of independent non-executive Directors about possible improprieties in any matter related to the Group. The implementation and effectiveness of the above mechanisms are subject to annual review by the Board.

Independent non-executive Directors have also confirmed that they are able to make sufficient time available to discharge their duties and responsibilities for the benefit of the Company.

The list of Directors (by category) is set out and disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical details of the Directors and the relationships among the members of the Board are disclosed under the section headed “Directors and Senior Management” in this Annual Report.

DIRECTORS’ APPOINTMENT AND DIRECTORS’ RE-ELECTION

During the year ended 31 March 2026, the Directors were engaged for a term ranging from two to three years commencing from their respective dates of appointment, and were subject to retirement by rotation and re-election pursuant to the Articles of Association. Each non-executive Director has a term of three years.

According to the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. Besides, any new Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the first general meeting of the Company after his/her appointment and shall then be eligible for re-election by the shareholders of the Company (the “Shareholders”).

In accordance with Article 108 of the Articles of Association and in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, Messrs. Lee Chi Hin, Jacob, Wong Man Chung, Francis and Chan Ting Bond, Michael shall retire from their office as Director by rotation at the 2026 AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the 2026 AGM. The Company’s circular, sent together with this Annual Report, contains detailed information of the above retiring and re-electing Directors pursuant to the Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association and governed by the Nomination Policy of the Company. The Nomination Committee is responsible for reviewing Board composition, developing and formulating procedures for nomination and appointment of directors, and assessing the independence of independent non-executive directors. Details of the Nomination Committee and its work performed are set out in the “Nomination Committee” section below.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE RECORDS AT MEETING

The attendance of each Director at the Board meetings, certain committee meetings and general meetings during the year is as follows:

	Attended/Eligible to attend						
	Board Meetings	Executive Committee Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting	Extraordinary General Meeting
Executive Directors							
Mr. Lam King Sang	6/6	11/11	0/0	0/0	0/0	1/1	1/1
Mr. Tam Sui Kin, Chris	6/6	11/11	0/0	0/0	0/0	1/1	1/1
Non-executive Directors							
Mr. Cheng Chi Ming, Brian	6/6	0/0	1/2	0/0	0/0	1/1	1/1
Mr. Lee Chi Hin, Jacob	6/6	0/0	2/2	1/1	1/1	1/1	1/1
Ms. Luey Sisi, Doris	6/6	0/0	0/0	0/0	1/1	1/1	1/1
Independent Non-executive Directors							
Mr. Chow Shiu Wing, Joseph	6/6	0/0	2/2	1/1	1/1	1/1	1/1
Mr. Wong Man Chung, Francis	5/6	0/0	2/2	1/1	0/1	1/1	1/1
Mr. Chan Ting Bond, Michael	6/6	0/0	2/2	1/1	1/1	1/1	1/1

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives an induction on appointment to ensure appropriate understanding of the business and operation of the Group, and full awareness of director responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors were updated with new legal and regulatory developments, and changes in business and market dynamics to facilitate the discharge of their responsibilities. Professional briefings and anti-corruption training by the relevant subject matter experts were arranged for the Directors and managerial staff through which not only to refresh their knowledge and skills, but also promote the good corporate culture set by the Board. During the year, all Directors have participated in continuous professional development ("CPD") conducted by external providers and self-study.

CORPORATE GOVERNANCE REPORT

Details of training received by the Directors during the year are summarized as follows:

Name of Directors	Topics: Roles, functions and responsibilities of the Board/ Board Committees and Directors, and Board effectiveness		Listed issuers' obligations and directors' duties		Corporate governance and ESG matters		Risk management and internal controls		Updates on industry-specific developments, business trends and strategies		Miscellaneous**		Total no. of hours of CPD
	Number of hours	Format of CPD*	Number of hours	Format of CPD*	Number of hours	Format of CPD*	Number of hours	Format of CPD*	Number of hours	Format of CPD*	Number of hours	Format of CPD*	
Executive Directors													
Mr. Lam King Sang	1.5	e	1.5	e	2.0	e	1.5	d	1.0	e			7.5
Mr. Tam Sui Kin, Chris	4.0	d	2.0	d	2.0	d	2.0	d	1.0	c	25.0	d, e	36.0
Non-executive Directors													
Mr. Cheng Chi Ming, Brian	1.9	e	10.5	d, e	8.05	c, e	7.3	e	8.5	e			36.25
Mr. Lee Chi Hin, Jacob	1.0	d	1.0	e	1.0	d	1.0	e	1.0	e			5.0
Ms. Luey Sisi, Doris	1.0	d	1.5	e	2.0	e	3.0	e	3.0	e			10.5
Independent Non-executive Directors													
Mr. Chow Shiu Wing, Joseph	1.0	e	1.0	e	1.0	d	1.0	d	1.0	e			5.0
Mr. Wong Man Chung, Francis	2.5	b, d	4.0	c,d	2.5	b, d	4.5	d	1.0	d	1.5	d	16.0
Mr. Chan Ting Bond, Michael	1.0	c	2.3	a	2.3	a	2.4	a	7.0	a			15.0

* (a) conference (b) professional forum (c) seminar (d) webinar (e) reading materials

** Miscellaneous topics including update on accounting standards, taxation etc.

BOARD COMMITTEES

For the year ended 31 March 2026, the Board had four standing Board committees, namely, Executive Committee, Audit Committee, Remuneration Committee and Nomination Committee to oversee particular aspects of the Company's affairs. All Board committees were established with defined terms of reference. The updated terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are available on the websites of the Company and the Stock Exchange. All Board committees report to the Board on their decisions and give advice and recommendations to the Board relating to specific matters under the defined terms of reference.

The practices, procedures and arrangements in conducting the meetings of Board committees are in line with those of the Board meetings. All Board committees are provided with sufficient resources to discharge their duties and are at liberty to seek independent professional advice as they see fit at the Company's expense. All Directors and Board committee members are allowed to include matters in the agenda of the regular Board meetings and Board committees meetings.

During the year, the minutes of the Board and Board committee meetings kept by the company secretary were available for inspection by the relevant Directors. The minutes of the Board and Board committee meetings recorded sufficient details of matters considered and decisions reached. The draft and final version of the minutes were sent to all relevant Directors for comments and execution within a reasonable time after the Board and Board committee meetings.

CORPORATE GOVERNANCE REPORT

EXECUTIVE COMMITTEE

The Executive Committee is composed of two executive Directors with Mr. Lam King Sang acting as its chairman. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations by all business units and decides on matters relating to the management and day-to-day operations of the Group.

AUDIT COMMITTEE

The Audit Committee comprises five members, namely, Mr. Wong Man Chung, Francis, Mr. Chow Shiu Wing, Joseph and Mr. Chan Ting Bond, Michael, being independent non-executive Directors, and Mr. Cheng Chi Ming, Brian and Mr. Lee Chi Hin, Jacob, being non-executive Directors. Mr. Wong Man Chung, Francis who possesses relevant accounting and financial management expertise is the chairman of the Audit Committee. Mr. Wong is a Certified Public Accountant (Practising) and has over 30 years of experience in auditing, taxation, corporate internal control and governance, acquisition and financial advisory.

The principal duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the management responsible for the accounting and financial reporting function or external auditor before submission to the Board; (ii) review the relationship with the external auditor by making reference to the audit plan and work performed by the auditor, their fees and terms of engagement, and by making recommendations to the Board on the appointment, re-appointment and removal of external auditor; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated control procedures.

The Board has delegated to the Audit Committee the responsibilities for performing the following corporate governance duties:

a. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b. to review and monitor the training and continuous professional development of directors and senior management of the Company;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manuals (if any) applicable to employees and directors of the Company; and

e. to review the Company's compliance with the CG Code as set out in Appendix C1 of the Listing Rules and disclosure in the corporate governance report in the annual report of the Company.

During the year ended 31 March 2026, the Audit Committee performed the following major tasks:

- Review and discussion of the annual financial statements, annual results announcement, annual report, the related accounting principles and practices adopted by the Group and the relevant audit findings;
- Review and discussion of the interim financial report, interim results announcement, interim report and the related accounting principles and practices adopted by the Group;
- Review of the audit fee proposals provided by the external auditors and recommendations to the Board on the change of auditor of the Company;

CORPORATE GOVERNANCE REPORT

- Assessment of the appointment of Crowe (HK) CPA Limited as the new auditor of the Company;
- Review of the scope of external audit work, audit plan, auditor's fees and terms of engagement, and the policy on provision of non-assurance services by the external auditor;
- Review and approval of the confirmation of independence from Crowe (HK) CPA Limited, its reports to the Audit Committee, and recommendation to the Board for the appointment of the external auditor;
- Review and discussion of the internal audit plan and the internal audit reports of the Group;
- Review and assessment of the adequacy and effectiveness of the risk management and internal control systems of the Group and the associated action plans;
- Review of the corporate governance practices of the Group; and
- Review of the draft ESG report with a recommendation to the Board for approvals.

To maintain effective communication, the Audit Committee and the external auditor held two private meetings without the presence of any executive Directors or the management of the Company during the year.

All issues raised by the Audit Committee are addressed and dealt with by the relevant members of the management team, and the work, findings and recommendations of the Audit Committee are reported to the Board. During the year ended 31 March 2026, there was no disagreement between the Board and the Audit Committee, and there was no issue of significant importance requiring disclosure in this Annual Report under the Listing Rules.

The Company has adopted a whistleblowing policy for its employees, customers, suppliers and other stakeholders through which to raise concerns in confidence and anonymity, with the Audit Committee about any suspected misconduct or malpractice within the Company. The Audit Committee has the overall responsibility for monitoring and reviewing the operation of the policy and recommendations for action resulting from the investigation into any such complaints.

REMUNERATION COMMITTEE

The Remuneration Committee comprises four members, namely, Mr. Chan Ting Bond, Michael, Mr. Chow Shiu Wing, Joseph and Mr. Wong Man Chung, Francis, being independent non-executive Directors and Mr. Lee Chi Hin, Jacob, being non-executive Director. Mr. Chan Ting Bond, Michael is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Company and the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) make recommendations on the remuneration packages of executive Directors; (iii) determine with delegated responsibility, the specific remuneration packages of individual senior management of the Company; and (iv) review and approve performance-based remuneration by making reference to corporate goals and objectives handed down by the Board from time to time.

The Company has formal and transparent procedures for fixing the remuneration packages of individual Directors. Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. Details of the remuneration of each Director for the year ended 31 March 2026 are set out in note 10(a) to the financial statements contained in this Annual Report.

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2026, the Remuneration Committee performed the following major tasks:

- Review and discussion of the remuneration policy and structure of Directors and senior management of the Company;
- Review and recommendation to the Board in respect of the emoluments including incentive and performance bonus to the executive Directors and senior management of the Company;
- Review of the director's fees of the Board members;
- Discussion of bonus award system and KPIs for the executive Directors in line with the strategies and development priority of the Company;
- Recommendations of the remuneration of executive Directors on the renewal of their service agreements; and
- Recommendation of the directors' fees of independent non-executive Directors and an non-executive Director on the renewal of their appointments.

NOMINATION COMMITTEE

The Company established the Nomination Committee in accordance with the provisions set out in the CG Code. The Nomination Committee comprises five members, Mr. Chow Shiu Wing, Joseph, Mr. Wong Man Chung, Francis and Mr. Chan Ting Bond, Michael, being the independent non-executive Directors, and Mr. Lee Chi Hin, Jacob, and Ms. Luey Sisi, Doris, being non-executive Directors. Mr. Chow Shiu Wing, Joseph is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee are to (i) review the Board composition and assist the Board in maintaining a board skill matrix; (ii) develop and formulate relevant procedures for the nomination and appointment of Directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of Directors; (v) assess the independence of independent non-executive Directors; and (vi) to support the Company's regular evaluation of the Board's performance.

During the year ended 31 March 2026, the Nomination Committee performed the following works:

- Review of the structure, size, diversity and composition of the Board and its committees taking into account the nomination policy, the Board diversity policy and the availability of independent views to the Board, with a recommendation to the Board for approval;
- Review of the effectiveness of the Board diversity policy from the perspectives of corporate strategy, governance standard and business need;
- Oversight of the implementation of the Board diversity policy and the target for achieving the Board gender diversity;
- Recommendations of the renewal of appointment of Directors after assessment of the Directors' time commitment, their contributions to the Board and other relevant factors;
- Review of the effectiveness of the independence mechanism of the Board;
- Review and assessment of the independence of the independent non-executive Directors upon re-appointment and annually;
- Recommendation to the Board in respect of the proposed re-election of the retiring Directors at the annual general meeting of the Company; and
- Recommendation of the revision of the terms of reference of the Nomination Committee.

CORPORATE GOVERNANCE REPORT

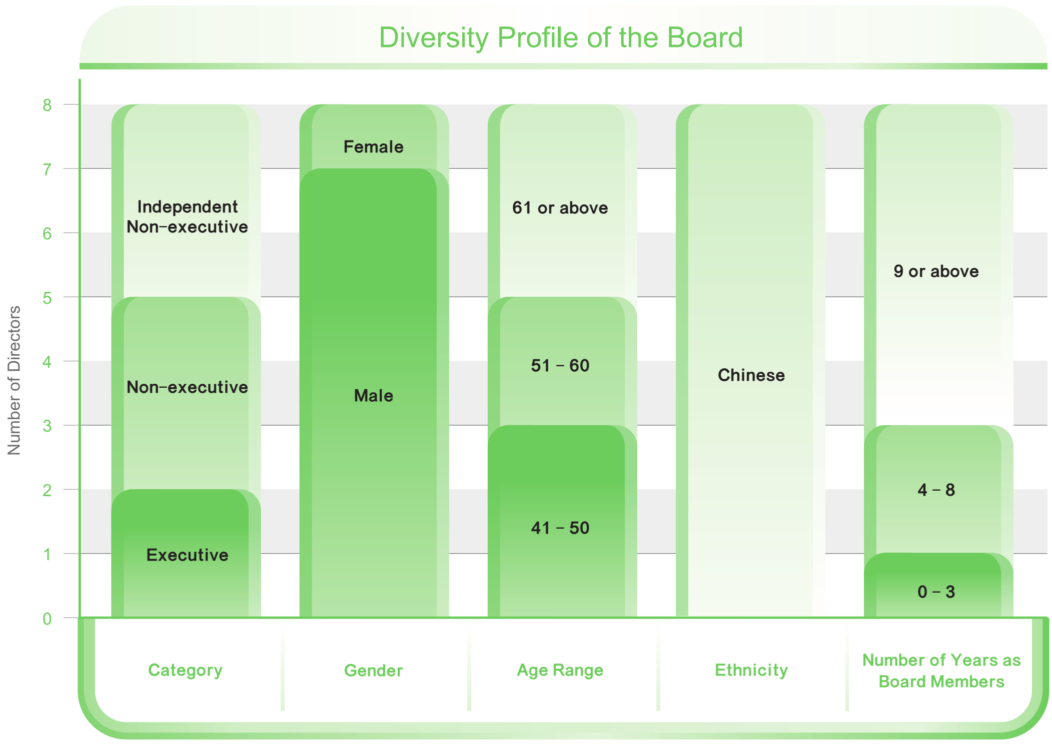
Nomination Policy

The Company has the policy for appointment and re-appointment of directors to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company's business. In assessing the suitability of a candidate for directorship, the Nomination Committee will consider, among other things, the candidate's qualifications, experience, skills, qualities, characters, the potential contribution the candidates can bring to the Company, the ability to devote sufficient time and attention to the Board, and the factors set out in the Board diversity policy. In the case of the appointment or re-appointment of independent non-executive Directors, the Nomination Committee will assess the independence of the appointees having regard to the criteria set out in the relevant Listing Rules.

The Nomination Committee will evaluate each proposed new appointment or re-appointment of a Director against the above criteria before making a recommendation to the Board for consideration and, as the case may be, approval. The Nomination Committee will make recommendations as appropriate to the Board with respect to election and re-election of Directors by the shareholders of the Company at general meetings. Where the shareholders of the Company are required to vote on electing or re-electing a Director, the circular to the shareholders of the Company accompanying the notice of the relevant general meeting will contain information on such Director as required under the Listing Rules and the Board's recommendation.

Board Diversity Policy

The Board recognises the benefits of diversity of its members, and its Nomination Committee is therefore entrusted with the responsibility for identifying and recommending to the Board for endorsement suitably qualified individuals regardless of gender, age and ethnicity to become members of the Board. As can be seen, the incumbents of the Board (including the executive Directors, non-executive Directors and independent non-executive Directors) are taken on strength by reference to their respective qualifications, experiences, skills, qualities and characters that satisfy the requirements under Listing Rules 3.08 and 3.09. The Nomination Committee carries out its responsibility to nominate diverse talents to the Board to maintain a balance of skills, experience and diversity of perspectives and Board refreshment for the long-term good of the Company.



CORPORATE GOVERNANCE REPORT

Throughout the year under review, the female representation on the Board is 12.5% which meets the current expectation of gender diversity within the Board. We are committed to maintaining Board representation by Directors of each gender to be no less than 10%. The Nomination Committee will continue to monitor the need to appoint new Directors to maintain board diversity in different aspects.

Workforce Diversity Policy

Diversity is one of the core values embraced by the Group. The Board has adopted a policy on diversity in the workforce (including senior management) (the "Workforce Diversity Policy"). Below is a summary of the policy:

The Group is committed to

- creating an inclusive and supportive working environment for its employees, such that individual differences (including but not limited to gender, age, cultural and education background, and professional experience) are respected and valued, and employees are treated with dignity;
- fostering gender empowerment, gender equality and gender diversity across its workforce;
- providing equal opportunities in relation to recruitment, training and development, compensation, and career and promotion opportunities.

As at 31 March 2026, 100% of senior management and 70.3% of the workforce (excluding senior management) of the Group were male, while the office maintained a male-to-female gender ratio of 1:1.5.

The Board considered the gender ratio of the Group's workforce was commensurate with the physically demanding nature of the Group's business in logistics and waste handling services, and so the Group currently does not set any specific gender target and timeline for its workforce. Moving forward, the Group will seek appropriate candidates to promote gender diversity when considering new or replacement appointments of middle and senior management so as to provide a pipeline of potential successors to the senior management and the Board.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance for Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. During the year, no claim was made against any of the Directors and officers of the Company.

COMPANY SECRETARY

The company secretary is a full-time employee of the Company. She reports to the Chairman and is responsible for advising the Board on governance matters. All Directors have access to the advice and services of the company secretary.

According to the requirements of Rule 3.29 of the Listing Rules, the company secretary has taken not less than 15 hours of relevant professional training during the financial year ended 31 March 2026.

CORPORATE GOVERNANCE REPORT

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") set out in Appendix C3 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 2026.

CODE AND POLICY FOR EMPLOYEES OF THE GROUP

The Company has adopted the 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 of the Group was noted during the year ended 31 March 2026.

The Company recognises that prevention of corruption is part and parcel of good corporate governance. To preserve a healthy corporate culture, a Group-wise policy and system on corruption prevention are in place and published on the Company's official website.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities, with the support from the Finance and Accounting Department, to prepare the financial statements of the Group for the year ended 31 March 2026 in accordance with statutory requirements and applicable accounting standards. The auditor of the Group acknowledges the reporting responsibilities in the auditor's report on the financial statements for the year ended 31 March 2026.

The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorised their publication as and when required.

EXTERNAL AUDIT AND AUDITOR'S REMUNERATION

The Company's external auditor, Crowe (HK) CPA Limited, performed independent audit on the Group's consolidated financial statements for the year ended 31 March 2026. The Audit Committee has unrestricted access to external auditor and the latter reports to the Audit Committee on any significant weaknesses identified in the internal control system during the course of audit.

Prior to the commencement of the audit of the Company, the Audit Committee would receive written confirmation from the external auditor on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants.

A total remuneration of HK$1,000,000 and HK$238,000 was paid/is payable to Crowe (HK) CPA Limited for their annual audit and non-audit services respectively by the Company during the year. The non-audit services mainly consist of review of the interim report and consultancy services, and agreed-upon procedures on annual results announcement.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the ongoing oversight of the Group's risk management and internal control systems and for reviewing their effectiveness. The Board acknowledges its responsibility to evaluate and determine the nature and extent of the risks that it is willing to accept in pursuit of its strategic and business objectives. It reviews and monitors the effectiveness of the risk management and the internal control systems of the Group particularly in respect of financial, operational and compliance controls on an ongoing basis to safeguard the assets of the Group and protect the interests of the shareholders. Such review, conducted at least annually, includes evaluating the Group's ability to respond to changes in business and external environment, the quality of management's ongoing monitoring of risks, the extent and frequency of monitoring results communication to the Board, and the effectiveness of the Group's process over financial reporting and its compliance with the Listing Rules.

Management is responsible for establishing and maintaining effective risk management and internal control systems. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve the Group's business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board assesses, through the Audit Committee and the internal audit function, the effectiveness of the Group's risk management and internal control systems, and also considers the adequacy of resources, qualifications and experience of the accounting, internal audit and financial reporting functions of its staff and their training, as well as those relating to the Group's ESG performance and reporting.

The Group has established risk management and internal control systems appropriate to the nature, scale and complexity of its business, together with an organisational structure and reporting mechanism that define the responsibilities of the Board, management and various functional departments, supporting the effective design, implementation and ongoing monitoring of such systems.

Risk Management

The Board is responsible for determining the Group's risk level and risk appetite and overseeing the Group's risk management strategies. Risk management is integrated into the day-to-day operations of the Group and is a continuous process carried out at all levels of the Group.

The risk management process of the Group involves risk identification, risk assessment and risk-countering. The methodology adopted in the risk identification and assessment process includes top-down and bottom-up approaches. The top-down approach involves the identification of major strategic risks that will prevent the Group from achieving its strategic objectives. In terms of risk review and reporting, each core business is required to formally identify and report the principal current and emerging risks from the macro environment, whilst the top management provides input after taking a holistic assessment of all risks arising from the growth of the business scale, extent, complexity and constantly changing business environment. At the functional level, the bottom-up approach with the involvement of all key business units is adopted to identify operational risks in daily operations. Management maintains an open and effective communication channel to enable the timely reporting of material risk and adequate supervision of risk mitigation.

Adopting both qualitative and quantitative risk management methodologies, risks that may impede the achievement of business objectives are evaluated from dimensions of the likelihood of their occurrence and severity of potential consequences on the business. The analyses of existing and emerging risks form a basis for determining how the risks should be managed and mitigated. These risks mainly fall under the six major categories namely strategic risks, operational risks, market risks, financial risks, legal and compliance risks and risks relating to ESG.

The identified risks are prioritized by comparing the results of the risk assessment and thereafter risk management strategies and internal control processes are formulated to prevent, avoid or mitigate those risks. Moreover, staff members are encouraged to report problems in operations and identify non-compliance with the corporate policies, standards, practices and procedures.

CORPORATE GOVERNANCE REPORT

Internal Controls

To assure achievement of the Group's governance objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws and regulations, various policies and guidelines, with particular emphasis on communications, risk management and controls, are implemented under the auspices of the Board of Directors for enterprise-wide compliance. Subject to periodical review and regular monitoring, these policies and guidelines are procedural means by which the Group's resources are directed, monitored, and measured. The Company has also established internal procedures and controls for the handling and dissemination of inside information in order to regulate its information disclosure. Such procedures and controls are applicable to all staff members who can access any inside information and they are required to uphold the confidentiality of such information. More importantly, through the additional efforts of internal and external auditors and that of the Audit Committee, the effectiveness of internal control is further measured for improvement.

Internal Audit

The internal audit function carries out independent appraisal as to the existence, adequacy and effectiveness of the risk management activities and internal control systems in the Group's business operations. It also provides proactive support to the business units in their risk management and control process, and promotes the deployment of continuous audits to provide an effective independent evaluation.

Adopting a risk assessment methodology, the internal audit function implements its annual audit plan which was reviewed by the Audit Committee to identify key business and operational risks, formulate an impartial opinion on the systems, recommend improvements and monitor corrective or remedial measures to minimize risk exposure. The internal audit function also works with management to establish action plans to address identified control weaknesses within a reasonable period. Ad hoc reviews on operations may be arranged on top of the default audit plan in order to ensure the internal procedures and controls are being adhered to at all times. Post-audit reviews are performed to ensure all identified control weaknesses have been satisfactorily remediated. The internal audit function reports directly to the Audit Committee on all major findings, corrective actions and responses from management on a semi-annual basis.

The scope of internal auditing within the Group is broad and involves topics such as financial reviews, operational reviews, laws and regulations compliance reviews, etc. For a financial audit, the internal audit function reviews and assesses the accuracy and efficiency of the Group's financial activities and financial information as well as the management of the Group's capital and assets. For an operational audit, the internal audit function assesses the design and operating effectiveness of the internal control system in business operations. The compliance audit focuses on reviewing and evaluating the Group's adherence to regulatory guidelines, procedures, and laws and regulations.

In respect of the year, the Group has engaged independent professional advisors (the "Advisors") to carry out the internal audit functions by performing independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The Advisors have conducted an interim review and annual review (the "Review") to improve the effectiveness of the Group's risk management and internal control systems.

During the year, the internal audit function conducted 4 major reviews and reviewed whether they are properly designed, implemented and effectively operated:

– Assessment of internal controls over logistics service of the Group;

– Assessment of internal controls over IT security management of the Group;

– Assessment of internal controls over customer order and service communication management of the Group; and

– Assessment of internal controls over engineering and technical operations management of the Group.

CORPORATE GOVERNANCE REPORT

Recommendations have been provided and corrective actions have been taken to remediate any identified risks. The Management and internal audit function will keep monitoring the implementation status of the recommendations on those issues and conducting post-audit reviews.

Review of Risk Management and Internal Controls Effectiveness

In the course of reviewing the effectiveness of the Group's risk management and internal control systems:

- Management provides information and confirmation regarding the design, implementation and day-to-day operation of the systems;
- Business units and relevant functional departments report on the implementation of risk management and control measures within their areas of responsibility;
- The Advisors conduct independent reviews and tests, and reports findings and improvement recommendations to the Audit Committee and/or the Board;
- External auditors communicate with the Board and the Audit Committee on internal control matters relevant to financial reporting during their audit processes.

During the Reporting Period, the Board and/or the Audit Committee continuously monitored and reviewed the risk management and internal control systems of the Company and its principal subsidiaries through regular management reports, periodic audit findings from the Advisors, engagement with external auditors and thematic discussions. Such reviews covered the Group's major business units and functional departments and were conducted at least two times during the year, including reviews of control implementation and financial reporting monitoring.

During the Reporting Period, the Board, with the assistance of the Audit Committee, conducted an annual review of the effectiveness of the Group's risk management and internal control systems by reviewing the work performed by the Advisors. The review covered, among other matters, financial, operational and compliance controls and risk management processes. For other general internal control deficiencies noted, appropriate remedial actions will be implemented by management, and the Advisors will keep track of the implementation progress.

The Board has also reviewed the adequacy of resources allocated to the design, implementation and monitoring of the Company's risk management and internal control systems, including staffing, qualifications and experience, training arrangements and budgets for accounting, internal audit, financial reporting, and ESG performance and reporting functions, and considers such resources generally sufficient.

Based on the review performed, the Board considered that no material internal control deficiency was identified and the Board considers that the Group's risk management and internal control systems were, overall, adequate and effective for the year ended 31 March 2026. The Group will continue to implement relevant remedial and optimisation measures for identified areas for improvement to further enhance its risk management, internal control and corporate governance standards.

INVESTOR RELATIONS

The Board believes that effective communication with the Shareholders and the investment community is essential to enhance investor relations and understanding of the Group's business performance and strategies.

The Company has established a shareholders communication policy setting out the strategies for maintaining continuous and open communications with shareholders and the investment community at large. The shareholders communication policy is subject to regular review to ensure its effectiveness and relevance to the Group's development. A full version of the policy is available on the Company's website at http://www.iwsgh.com/irc_governance.php?lang=en.

CORPORATE GOVERNANCE REPORT

The Company is cognisant of the importance of transparency and timely disclosure of corporate information, which would enable Shareholders and investors to make their best investment decisions. The Company's website at www.iwsgh.com is an effective communication platform to keep Shareholders and investors, abreast of the information and updates on the Group's business developments and operations, financial and ESG information, announcements, circulars, notices of general meetings, and other information are available for public access. Shareholders and investors put forward their enquiries about the Company to the Board at the Company's principal place of business in Hong Kong or by email to info@iwsgh.com. Shareholders should direct their questions about their shareholdings or means of receipt of Corporate Communications to the Company's branch share registrar, Tricor Investor Services Limited.

The Board considers that the general meetings of the Company can serve to provide an important channel for Shareholders to exchange views with the Board. The chairman of the Board as well as the chairmen and/or other members of the Board committees are normally available to address questions from the Shareholders in the general meetings.

Based on the information set out above, the implementation of the shareholders' communication policy which is subject to regular review, is considered to be effective.

The Company continues to enhance communication and relationship with its Shareholders and investors. Designated senior management of the Company is opened for dialogue on the Group's development with Shareholders, institutional investors and analysts.

The Company's amended and restated memorandum and articles of association are available on the Company's website as well as the designated website of the Stock Exchange. During the year ended 31 March 2026, there was no alteration to the Company's constitutional documents.

DIVIDEND POLICY

The Board has adopted a dividend policy, setting out the guidelines for determining whether dividends are to be declared and paid, and the level of profits to be distributed to the shareholders of the Company. It is the policy of the Company, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to meet the working capital requirements and to finance the future growth of the Group.

The Board will consider the following factors before declaring or recommending dividends:

a. the actual and expected financial performance of the Group;

b. the retained earnings and distributable reserves of the Company;

c. the current and future operations, liquidity position and capital requirements of the Group;

d. the Group's business strategies, including future cash commitments and investment needs to sustain the long-term growth of the Group;

e. return on equity and any relevant financial covenants;

f. economic conditions and other internal or external factors that may have an impact on the Group's business, financial performance and position; and

g. any other factors that the Board deems appropriate.

The Board will review the dividend policy as appropriate to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for making proposals/moving a resolution at the annual general meeting ("AGM")

- The Company holds a general meeting as its AGM every year.
- The next AGM will be held on Friday, 4 September 2026 (the "2026 AGM"). Details are set out in the notice of the 2026 AGM which constitutes part of the circular to Shareholders sent together with this Annual Report. Notice of the 2026 AGM and proxy form are also available on the website of the Company.
- There are no provisions allowing Shareholders to make proposals or move resolutions at the AGM under the Memorandum and Articles of Association of the Company (the "M&A"), or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "EGM") by following the procedures below.

Procedures for Shareholders to convene an EGM (including making proposals/moving a resolution at the EGM)

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the voting rights (on one vote per share basis) in the share capital of the Company (the "Eligible Shareholder(s)") shall at all times have the right to make a requisition in writing to the Board or the Company Secretary, to convene an EGM and/or add resolutions to the agenda of a meeting.
- Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Integrated Waste Solutions Building, 8 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong, for the attention of the Company Secretary.
- The Requisition must state clearly the name and the contact information of the Eligible Shareholder(s) concerned, the reason(s) to convene an EGM, the agenda proposed to be included the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned. The Eligible Shareholder(s) must prove his/her/their shareholding in the Company to the satisfaction of the Company.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder at the EGM.
- If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the M&A, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Enquiries to the Board

Enquiries may be put to the Board at the principal place of business of the Company at Integrated Waste Solutions Building, 8 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong or by email to info@iwsgh.com.

INDEPENDENT AUDITOR'S REPORT

Crowe

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

Independent auditor's report to the shareholders of Integrated Waste Solutions Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Integrated Waste Solutions Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 115, which comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is this matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

INDEPENDENT AUDITOR'S REPORT

Key audit matter (continued)

Assessment of accounting for interest in an associate - An Jie Supply Chain Management Co., Ltd. ("An Jie")

Refer to note 13 to the financial statements and the accounting policies on pages 56 to 57.

The Key Audit Matter

The Group holds an interest in An Jie, an associate operating in Chinese Mainland, which is accounted for using the equity method in accordance with International Accounting Standard ("IAS") 28 Investments in Associates and Joint Ventures.

As at 31 March 2026, the carrying value of the Group's interest in An Jie amounted to HK$60,710,000, representing approximately 76% of the Group's total non-current assets and exceeding the Group's total equity. The carrying value includes goodwill of HK$23,569,000, which is subject to impairment assessment in accordance with IAS 36 Impairment of Assets. The Group's share of profit of An Jie for the year ended 31 March 2026 is also significant in the context of the Group's consolidated financial results.

An Jie prepares its standalone financial information in accordance with the prevailing accounting standards in the People's Republic of China ("PRC GAAP"), which differ in certain respects from IFRS Accounting Standards. Management is required to make adjustments to convert An Jie's financial information into an IFRS-compliant basis for the purposes of applying the equity method of accounting. We consider these manual conversion adjustments to increase the inherent risk of error in the reported carrying value and share of results of An Jie.

We identified the accounting for the Group's interest in An Jie as a key audit matter because of:

- the material impact of this investment on the Group's consolidated financial position and results;
- the significant management judgement involved in the goodwill impairment assessment, including assumptions on cash flow projections, growth rates and discount rates; and
- the inherent risk of error arising from the manual adjustments required to convert An Jie's financial information from PRC GAAP to IFRS Accounting Standards.

How the matter was addressed in our audit

Our procedures to assess the accounting for interest in An Jie included the following:

Equity Method Accounting

- Confirmed the Group's ownership interest and assessed whether An Jie continues to qualify as an associate under IAS 28; and
- Agreed the movement in the carrying value of the investment during the year, including the Group's share of profit and dividends received, and verified the arithmetical accuracy of management's equity accounting calculations.

Financial Information of An Jie

- Obtained and reviewed the financial information of An Jie prepared under PRC GAAP, which formed the basis of management's equity accounting computations;
- Assessed the work of the component auditor responsible for auditing An Jie's financial statements and evaluated the competence and independence of that auditor; and
- Agreed the underlying financial data used by management to the audited financial information of An Jie.

PRC GAAP to IFRS Conversion Adjustments

- Obtained management's schedule of conversion adjustments and assessed whether the identified differences between PRC GAAP and IFRS Accounting Standards were complete and appropriately reflected;
- Evaluated the appropriateness of the conversion methodology and the adjustments applied; and
- Recalculated selected conversion adjustments to test their arithmetical accuracy.

INDEPENDENT AUDITOR'S REPORT

Key audit matter (continued)

Assessment of accounting for interest in an associate - An Jie Supply Chain Management Co., Ltd. ("An Jie") (continued)

Refer to note 13 to the financial statements and the accounting policies on pages 56 to 57.

The Key Audit Matter	How the matter was addressed in our audit
	Our procedures to assess the accounting for interest in An Jie included the following: (continued) Goodwill Impairment Assessment • Assessed whether indicators of impairment existed by considering the financial performance of An Jie and relevant market and regulatory conditions in Chinese Mainland; • Evaluated the key assumptions adopted by management in the impairment assessment, including projected cash flows, revenue growth rates and the discount rate applied; and • Performed sensitivity analyses on key assumptions to evaluate the headroom available and the reasonableness of management's conclusions. Financial Statement Disclosures • Assessed the adequacy of the disclosures in the consolidated financial statements relating to the Group's interest in An Jie, including the carrying value, share of results, embedded goodwill, and key assumptions used in the impairment assessment, in accordance with IAS 28, IAS 36 and IFRS 12 Disclosure of Interests in Other Entities.

INDEPENDENT AUDITOR'S REPORT

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

– Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 26 June 2026

Chung Wai Chuen, Alfred
Practising Certificate Number: P05444

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2026
(Expressed in Hong Kong dollars)

	Note	2026 $'000	2025 $'000
Revenue	5	**40,976**	45,089
Cost of sales and services		**(22,179)**	(22,157)
Gross profit		**18,797**	22,932
Other revenue	6	**3,035**	887
Other net loss	7	**(229)**	(468)
Selling and distribution expenses		**(12,180)**	(12,267)
Administrative and other operating expenses		**(47,470)**	(61,493)
Impairment loss on profit guarantee receivable	13(a)	**–**	(4,564)
Impairment loss on loans to and amount due from an associate	13(b)& (c)	**–**	(33,826)
Impairment loss on property, plant and equipment and right-of-use assets	12(b)	**(143,171)**	(356,569)
Operating loss		**(181,218)**	(445,368)
Finance income	8(b)	**576**	3,361
Finance costs	8(c)	**(2,720)**	(3,456)
Share of profit/(loss) of associates	13(d)	**1,732**	(57,010)
Share of profit of joint ventures	14(d)	**12,090**	11,703
Loss before taxation	8	**(169,540)**	(490,770)
Income tax	9(a)	**(113)**	–
Loss for the year		**(169,653)**	(490,770)
Attributable to:			
Equity shareholders of the Company	11	**(169,410)**	(490,145)
Non-controlling interests		**(243)**	(625)
Loss for the year		**(169,653)**	(490,770)
Basic and diluted loss per share	11	**(3.5) cent**	(10.2) cent

The notes on pages 54 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2026
(Expressed in Hong Kong dollars)

	2026	2025
	$'000	$'000
Loss for the year	**(169,653)**	(490,770)
Other comprehensive income/(loss) 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 operating outside Hong Kong	**3,396**	(233)
Other comprehensive income/(loss) for the year	**3,396**	(233)
Total comprehensive loss for the year	**(166,257)**	(491,003)
Attributable to:		
Equity shareholders of the Company	**(166,014)**	(490,378)
Non-controlling interests	**(243)**	(625)
Total comprehensive loss for the year	**(166,257)**	(491,003)

The notes on pages 54 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2026
(Expressed in Hong Kong dollars)

	Note	**2026**	2025
		$'000	$'000
Non-current assets			
Property, plant and equipment and right-of-use assets	12	**4,724**	158,514
Interests in associates	13	**60,710**	56,837
Interests in joint ventures	14	**14,180**	9,590
Deposits and prepayments	17	**351**	45
		79,965	224,986
Current assets			
Inventories	15	**69**	330
Trade receivables	16	**4,717**	4,219
Other receivables, deposits and prepayments	17	**10,961**	8,715
Amounts due from joint ventures	14	**203**	205
Amount due from a related company		**–**	12
Bank deposits and cash	18(a)	**16,723**	43,100
		32,673	56,581
Current liabilities			
Trade payables	19	**1,063**	1,500
Other payables and accruals	19	**5,245**	7,909
Amount due to a related company		**–**	10
Loan from a controlling shareholder	20	**50,000**	–
		56,308	9,419
Net current (liabilities)/assets		**(23,635)**	47,162
Total assets less current liabilities		**56,330**	272,148
Non-current liabilities			
Other payables	19	**2,801**	2,362
Loan from a controlling shareholder	20	**–**	50,000
		2,801	52,362
NET ASSETS		**53,529**	219,786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2026
(Expressed in Hong Kong dollars)

	Note	**2026**	2025
		$'000	$'000
CAPITAL AND RESERVES			
Share capital	23(b)	**482,301**	482,301
Reserves	24	**(427,761)**	(261,747)
Total equity attributable to equity shareholders of the Company		**54,540**	220,554
Non-controlling interests	28(a)	**(1,011)**	(768)
TOTAL EQUITY		**53,529**	219,786

Approved and authorised for issue by the Board of Directors on 26 June 2026.

Cheng Chi Ming, Brian
Chairman

Lam King Sang
Director

The notes on pages 54 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2026
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital *(Note 23)* $'000	Share premium *(Note 24 (b)(i))* $'000	Capital reserve *(Note 24 (b)(ii))* $'000	Exchange reserve *(Note 24 (b)(iii))* $'000	Statutory Reserve *(Note 24 (b)(iv))* $'000	Accumulated losses $'000	Total $'000	Non-controlling interests *(Note 28(a))* $'000	Total equity $'000
Balance at 1 April 2024	482,301	3,092,937	(964,044)	(1,264)	–	(1,898,998)	710,932	(143)	710,789
Changes in equity for 2025:									
Loss for the year	–	–	–	–	–	(490,145)	(490,145)	(625)	(490,770)
Share of other comprehensive loss of									
- an associate operating outside Hong Kong	–	–	–	(233)	–	–	(233)	–	(233)
Total comprehensive loss for the year	–	–	–	(233)	–	(490,145)	(490,378)	(625)	(491,003)
Profit appropriations to statutory reserve	–	–	–	–	249	(249)	–	–	–
Balance at 31 March 2025 and 1 April 2025	482,301	3,092,937	(964,044)	(1,497)	249	(2,389,392)	220,554	(768)	219,786
Changes in equity for 2026:									
Loss for the year	–	–	–	–	–	(169,410)	(169,410)	(243)	(169,653)
Share of other comprehensive income of									
- an associate operating outside Hong Kong	–	–	–	3,396	–	–	3,396	–	3,396
Total comprehensive income/(loss) for the year	–	–	–	3,396	–	(169,410)	(166,014)	(243)	(166,257)
Profit appropriations to statutory reserve	–	–	–	–	185	(185)	–	–	–
Balance at 31 March 2026	**482,301**	**3,092,937**	**(964,044)**	**1,899**	**434**	**(2,558,987)**	**54,540**	**(1,011)**	**53,529**

The notes on pages 54 to 115 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2026
(Expressed in Hong Kong dollars)

	Note	2026 $'000	2025 $'000
Operating activities			
Cash used in operations	18(b)	**(33,516)**	(23,175)
Income tax paid		**(113)**	–
Net cash used in operating activities		**(33,629)**	(23,175)
Investing activities			
Payment for purchase of property, plant and equipment	12	**(175)**	(213)
Proceeds from disposal of property, plant and equipment		**832**	40
Decrease/(increase) in amounts due from joint ventures		**2**	(65)
Interest received		**576**	1,574
Dividend received from an associate	13(d)(ii)	**1,285**	1,461
Dividend received from a joint venture	14(d)(i)	**7,500**	16,250
Distribution received from a joint venture upon liquidation	14(a)	**–**	27
Net cash generated from investing activities		**10,020**	19,074
Financing activities			
Interest paid on loan from a controlling shareholder	18(c)	**(2,756)**	(3,464)
Interest paid on loan from non-controlling interests	18(c)	**(12)**	(12)
Net cash used in financing activities		**(2,768)**	(3,476)
Net decrease in cash and cash equivalents		**(26,377)**	(7,577)
Cash and cash equivalents at the beginning of the year		**43,100**	50,677
Cash and cash equivalents at the end of the year	18(a)	**16,723**	43,100

The notes on pages 54 to 115 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(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.

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

2 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations as issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong 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 "Listing Rules"). Material accounting policies information adopted by the Group are disclosed below.

The IASB has issued certain new and amendments to IFRSs which are mandatorily effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these development to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2026 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets at fair value through profit or loss ("FVTPL") as explained in the material accounting policies set out below.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

As at 31 March 2026, the Group has incurred net current liabilities of approximately $23,635,000. The directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from the date of approval of these financial statements and have taken into account of the internally available funds and loan from a controlling shareholder. The Group entered into a new loan agreement during the year ended 31 March 2026 with a controlling shareholder for a total facility of $80,000,000 (available for drawdown on or before 17 June 2026). The facility bears interest at a rate of HIBOR plus 2.5% per annum. Under the terms of this agreement, $50,000,000 shall be used to repay the existing loan, and $30,000,000 to be used for general working capital purposes. The loan carries a maturity of three years from its drawdown date. Taking into account the internal available funds and the financial support from this facility, the directors are confident that the Group will have sufficient financial resources to meet its obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to an accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Changes in accounting policies

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

- Amendments to IAS 21*, Lack of Exchangeability*

  None of these amendments have had a material effect on how the Group's result 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.

2 Material accounting policies (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has power over the entity, it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(m) and 2(n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(e) Associates and joint ventures (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable (see note 2(h)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(h)).

(f) Property, plant and equipment and right-of-use assets

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(h)(ii)):

– right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(g)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(f) Property, plant and equipment and right-of-use assets (continued)

The estimated useful lives for the current and comparative periods are as follows:

– Buildings held for own use situated on leasehold land	26 - 33 years
– Leasehold improvements	5 years or unexpired lease term, whichever is shorter
– Plant and machineries	3 - 15 years
– Furniture, fixtures and equipment	3 - 5 years
– Motor vehicles	3 - 15 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items, such as tools and equipment. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f) and 2(h)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(r)(ii)(b) and 2(h)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(g) Leased assets (continued)

As a lessee (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on the financial assets measured at amortised cost (including trade receivables, other receivables and deposits except for financial assets at FVTPL, amounts due from joint ventures and bank deposits and cash).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade receivables, other receivables and deposits except for financial assets at FVTPL and amounts due from joint ventures: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument in less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 365 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being delinquency in interest or principal payments;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(h)(i) and (ii)).

2 Material accounting policies (continued)

(i) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income or designated as fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other net gain/loss".

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(s).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit plan obligations

The Group has the following category of defined benefit plan:

– Long service payment ("LSP") under the Hong Kong Employment Ordinance

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For LSP obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's mandatory provident fund ("MPF") contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The calculation of defined benefit obligation is performed using the projected unit credit method.

(iii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring which involves the payment of termination benefits.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognises deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(q) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of recovered paper and materials and tissue paper products. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of goods
The Group's revenue from sale of goods is attributable to sales of recovered paper and materials and tissue paper products. Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services. Then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract on a relative stand-alone selling price basis.

(b) Rendering of services
The Group's revenue from rendering of services is attributable to provision of confidential material destruction services and logistics services. Revenue from rendering of services is recognised at a point in time when control of these services is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(r) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) Subsidy income

Subsidy income is recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Subsidy income that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Subsidy income that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Subsidies which are not government grants are recognised as income in profit or loss when they are received and that the Group comply with the conditions attaching to them.

(b) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see 2(h)(i)).

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(t) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker (identified as the most senior executive management) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2 Material accounting policies (continued)

(v) Translation of foreign currencies (continued)

The assets and liabilities of foreign operations are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3 Financial risk management

(a) Financial risk factors

Exposure to currency, credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(i) Currency risk

The Group is exposed to currency risk primarily through assets and liabilities that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD") and Renminbi ("RMB"). The amounts of assets and liabilities denominated in the corresponding currencies are disclosed in notes 17,18 and 19.

The Group currently does not have a foreign currency hedging policy.

Since HK$ is pegged to USD, management considers that there is no significant foreign currency risk between these two currencies to the Group.

The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the government of the People's Republic of China ("the PRC"). The Group manages its foreign currency risk by closely monitoring the movement of foreign currency rates.

As at 31 March 2026, if RMB had strengthened/weakened by 5% against HK$ with all other variables held constant, pre-tax loss for the year would have been approximately $27,000 lower/higher (2025: $81,000 lower/higher), mainly as a result of the foreign exchange gains/losses arising from the translation of cash and bank deposits denominated in RMB. The analysis is performed on the same basis for 2025.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to its trade receivables and cash at banks. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For cash at banks, deposits are only placed with banks of good credit ratings.

Trade receivables

For credit exposures to customers, the Group has policies in place to ensure that sales are made to reputable and credit-worthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different loss customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2026				
	Gross carrying amount	**Provision on individual basis**	**ECL rates**	**ECLs**	**Trade receivables after loss allowance**
	$'000	**$'000**		**$'000**	**$'000**
Current and within payment terms	**3,256**	**–**	**0.03%**	**(1)**	**3,255**
1 - 30 days past due	**1,324**	**–**	**0.08%**	**(1)**	**1,323**
31 - 60 days past due	**121**	**–**	**0.83%**	**(1)**	**120**
61 - 90 days past due	**13**	**–**	**–**	**–**	**13**
91 - 120 days past due	**1**	**–**	**–**	**–**	**1**
Over 120 days past due	**640**	**(632)**	**37.50%**	**(3)**	**5**
	5,355	**(632)**		**(6)**	**4,717**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

	2025				
	Gross carrying amount $'000	Provision on individual basis $'000	ECL rates	ECLs $'000	Trade receivables after loss allowance $'000
Current and within payment terms	3,185	–	0.19%	(6)	3,179
1 - 30 days past due	938	–	0.40%	(4)	934
31 - 60 days past due	40	–	2.50%	(1)	39
61 - 90 days past due	56	–	7.14%	(4)	52
91 - 120 days past due	–	–	–	–	–
Over 120 days past due	638	(621)	11.76%	(2)	15
	4,857	(621)		(17)	4,219

ECL rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2026	2025
	$'000	$'000
Balance at 1 April	**638**	638
Provision for loss allowances	**6**	17
Uncollectable amounts written off during the year	**(6)**	(17)
Balance at 31 March	**638**	638

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 $6,000 (2025: $17,000); and

– a write-off of trade receivables with a gross carrying amount of $6,000 (2025: $17,000); and resulted in no change of loss allowance (2025: resulted in no change of loss allowance).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

Other receivables and deposits except for financial assets at FVTPL

During the year ended 31 March 2026, there was no recent history of default for financial assets included in deposit and other receivables. The Group has assessed that the ECL of deposits and other receivables is insignificant at the end of the reporting period under 12-month ECL model and therefore, in the opinion of directors of the Company, no loss allowance was recognised.

During the year ended 31 March 2025, there was no recent history of default for financial assets included in deposit and other receivables. The Group assessed that the ECL of deposits and other receivables was insignificant at the end of the reporting period under 12-month ECL model and therefore, in the opinion of directors of the Company, no loss allowance was recognised except for the profit guarantee receivable.

The Group performed an individual credit risk assessment on the profit guarantee receivable due from the seller of Dugong IWS HAZ Limited ("DIWS"), which amounted to RMB4,259,000 (equivalent to approximately $4,564,000) (see note 13(a)(ii)). In light of the underperformance of an associate – Lianyungang Lvrun Environmental Protection Technology Co., Ltd. ("Lvrun") due to the adverse operating environment and also the net liabilities position of Lvrun, the directors of the Company considered the recoverability of the profit guarantee receivable was remote and that it was fair and reasonable and in the best interest of the shareholders of the Company to make a full provision of RMB4,259,000 (equivalent to approximately $4,564,000) in respect of the profit guarantee receivable during the year ended 31 March 2025.

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with borrowing covenants, to ensure that it maintains sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities.

As at 31 March 2026, the Group has incurred net current liabilities of approximately $23,635,000, and it had bank deposits and cash of approximately $16,723,000 against a loan from a controlling shareholder and a loan from non-controlling interests due within one year amounting to approximately $50,392,000.

The directors of the Company are of the opinion that, taking into account the internal available funds and the financial support from the new loan facility of $80,000,000 (see note 20), and the Group's cash flow projections for the coming year, the Group would have sufficient working capital to meet its cash flow requirements in the next twelve months.

The following tables detail the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed settlement dates. The table includes both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

	On demand or within 1 year $'000	**1 to 5 years $'000**	**Total undiscounted cash flow $'000**	**Carrying amount $'000**
At 31 March 2026				
Trade payables	**1,063**	**–**	**1,063**	**1,063**
Other payables and accruals	**5,207**	**–**	**5,207**	**5,207**
Loan from a controlling shareholder	**51,720**	**–**	**51,720**	**50,000**
	57,990	**–**	**57,990**	**56,270**

	On demand or within 1 year $'000	1 to 5 years $'000	Total undiscounted cash flow $'000	Carrying amount $'000
At 31 March 2025				
Trade payables	1,500	–	1,500	1,500
Other payables and accruals	7,820	–	7,820	7,820
Amount due to a related company	10	–	10	10
Loan from a controlling shareholder	3,191	52,260	55,451	50,000
	12,521	52,260	64,781	59,330

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its bank deposits, loan from non-controlling interests and loan from a controlling shareholder.

– *Interest rate risk profile*

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's lending at the end of the reporting period:

	Notional amount	
	2026 $'000	2025 $'000
Fixed rate lending:		
Loan from non-controlling interests *(note 19(c))*	**(392)**	(392)
Variable rate lending:		
Loan from a controlling shareholder *(note 20)*	**(50,000)**	(50,000)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Interest rate risk (continued)

– *Interest rate risk profile (continued)*

The Group monitors its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any financing, renewal of existing positions and alternative financing transactions.

– *Sensitivity analysis*

As at 31 March 2026, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's pre-tax loss and accumulated losses by approximately $250,000 (2025: increased/decreased by $250,000).

(v) Fair value measurements

(i) *Financial instruments not measured at fair value*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

(ii) *Financial instruments measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 March 2026	**Fair value measurements as at 31 March 2026 categorised into**		
		Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**	**$'000**
Recurring fair value measurement:				
Financial assets at FVTPL	**2,840**	**–**	**–**	**2,840**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(v) Fair value measurements (continued)

(ii) Financial instruments measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 March 2025	Fair value measurements as at 31 March 2025 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement:				
Financial assets at FVTPL	2,679	–	–	2,679

During the years ended 31 March 2026 and 2025, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about level 3 fair value measurements

Description	Valuation technique	Unobservable input	Range	Value
Financial assets at FVTPL	Binomial Option Pricing Model	Expected volatility	34.6% - 45.1% (2025: 36.2% - 48.5%)	38.6% (2025: 41.2%)
		Average Price-to-Book	1.15x – 1.70x (2025: 1.20x – 1.85x)	1.12x (2025: 1.20x)
		Lack of marketability discount	20% (2025: 20%)	20% (2025: 20%)
		Event probability	50% (2025: 50%)	50% (2025: 50%)

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in one of the key unobservable inputs, with all other variables held constant, of the Group's loss before tax:

	Year ended 31 March 2026		Year ended 31 March 2025	
	Increase/ (decrease) in key unobservable inputs	**(Decrease)/ increase in loss before tax**	Increase/ (decrease) in key unobservable inputs	(Decrease)/ increase in loss before tax
		$'000		$'000
Key unobservable inputs				
Event probability	**5% (5%)**	**(284)/284**	5% (5%)	(268)/268

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(v) Fair value measurements (continued)

(ii) Financial instruments measured at fair value (continued)

Sensitivity analysis (continued)

The movements during the year in the balance of these level 3 fair value measurements are as follows:

	2026	2025
	$'000	$'000
Financial assets at FVTPL:		
At 1 April	**2,679**	1,816
Fair value adjustments	**–**	752
Exchange alignment	**161**	111
At 31 March	**2,840**	2,679

(b) Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group had no bank loans and overdrafts as at 31 March 2026 (2025: Nil).

The Group had a loan from non-controlling interests of $392,000 (2025: $392,000) and a loan from a controlling shareholder of $50,000,000 (2025: $50,000,000) at 31 March 2026.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as cash and cash equivalents less loan from non-controlling interests and loan from a controlling shareholder.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4 Critical accounting estimates and judgements

Notes 3 and 21(b) contain information about the assumptions and their risk factors relating to financial instruments and long service payment liabilities. Other significant sources of estimation uncertainty are as follows:

(a) Provision for impairment of property, plant and equipment and right-of-use assets

If circumstances indicate that carrying value of property, plant and equipment and right-of-use assets may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognised in accordance with IAS 36, *Impairment of assets*. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of fair value less costs of disposal and the value-in-use.

(b) Accounting for interest in an associate - An Jie Supply Chain Management Co., Ltd. ("An Jie")

The Group holds a 13.16% effective equity interest in An Jie, which operates in the PRC and provides comprehensive logistics, warehousing, and hazardous waste transportation services. As the Group has the right to nominate and appoint at least one out of five directors of An Jie, the Group exercises significant influence over the entity through participation in policy-making processes, including decisions about dividends or other distributions. Accordingly, An Jie is accounted for as an associate.

(c) Provision for impairment of trade receivables

The Group uses a provision matrix to calculate ECLs on trade receivables. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. In making the judgement, management considers available reasonable and supportive forward-looking information. At every reporting date, historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management (see note 3(a)(ii)).

5 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 CMDS

– Logistics services: provision of logistics services

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

– 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

	2026	2025
	$'000	$'000
Disaggregated by major products or service lines		
– Provision of CMDS	**12,203**	15,477
– Provision of logistics services	**2,294**	2,535
– Sales of recovered paper and materials	**26,279**	26,016
– Sales of tissue paper products	**200**	1,061
	40,976	45,089

Disaggregation of revenue from contracts with customers by timing of recognition

	2026	2025
	$'000	$'000
Timing of revenue recognition		
– At a point in time	**40,976**	45,089

Specified non-current assets by geographic locations

	2026	2025
	$'000	$'000
Hong Kong	**18,904**	168,104
Chinese Mainland	**60,710**	56,837
	79,614	224,941

For the year ended 31 March 2026, revenue of approximately $18,925,000 (2025: $23,337,000) is derived from one (2025: two) external customer(s) which individually accounted for greater than 10% of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

The segment results and other segment items included in the loss for the years ended 31 March 2026 and 31 March 2025 are as follows:

– **For the year ended 31 March 2026:**

	CMDS $'000	Logistics services $'000	Recovered paper and materials $'000	Tissue paper products $'000	Total $'000
Segment revenue:					
Sales to external customers	12,203	2,294	26,279	200	40,976
Inter-segment sales	–	10,136	–	2	10,138
Reportable segment revenue	12,203	12,430	26,279	202	51,114
Elimination of inter-segment revenue	–	(10,136)	–	(2)	(10,138)
	12,203	2,294	26,279	200	40,976
Segment results:					
Reportable segment profit/(loss)	8,483	(664)	10,942	(480)	18,281
Elimination of inter-segment loss					516
Reportable segment profit derived from the Group's external customers					18,797
Other revenue					3,035
Other net loss					(229)
Selling and distribution expenses					(12,180)
Administrative and other operating expenses					(47,470)
Impairment loss on property, plant and equipment and right-of-use assets					(143,171)
Finance income					576
Finance costs					(2,720)
Share of profit of associates					1,732
Share of profit of joint ventures					12,090
Loss before taxation					(169,540)
Income tax					(113)
Loss for the year					(169,653)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5 Revenue and segment information (continued)

The segment results and other segment items included in the loss for the years ended 31 March 2026 and 31 March 2025 are as follows: (continued)

– For the year ended 31 March 2025:

	CMDS $'000	Logistics services $'000	Recovered paper and materials $'000	Tissue paper products $'000	Total $'000
Segment revenue:					
Sales to external customers	15,477	2,535	26,016	1,061	45,089
Inter-segment sales	–	8,040	–	–	8,040
Reportable segment revenue	15,477	10,575	26,016	1,061	53,129
Elimination of inter-segment revenue	–	(8,040)	–	–	(8,040)
	15,477	2,535	26,016	1,061	45,089
Segment results:					
Reportable segment profit/(loss)	10,889	(591)	12,296	(194)	22,400
Elimination of inter-segment loss					532
Reportable segment profit derived from the Group's external customers					22,932
Other revenue					887
Other net loss					(468)
Selling and distribution expenses					(12,267)
Administrative and other operating expenses					(61,493)
Impairment loss on profit guarantee receivable					(4,564)
Impairment loss on loans to and amount due from an associate					(33,826)
Impairment loss on property, plant and equipment and right-of-use assets					(356,569)
Finance income					3,361
Finance costs					(3,456)
Share of loss of associates					(57,010)
Share of profit of joint ventures					11,703
Loss before taxation					(490,770)
Income tax					–
Loss for the year					(490,770)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6 Other revenue

	2026	2025
	$'000	$'000
Write back of other payables and accruals	**2,491**	131
Subsidy income	**–**	217
Others	**544**	539
	3,035	887

7 Other net loss

	2026	2025
	$'000	$'000
Gain/(loss) on disposals of property, plant and equipment, net	**646**	(97)
Write off of property, plant and equipment	**(1,110)**	–
Foreign exchange gain/(loss), net	**235**	(1,123)
Fair value gain on financial assets at FVTPL	**–**	752
	(229)	(468)

8 Loss before taxation

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

	2026	2025
	$'000	$'000
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits *(note (i))*	**40,519**	40,705
Contributions to defined contribution retirement plan	**1,119**	1,145
	41,638	41,850
Staff costs included in:		
– Cost of sales and services	**8,116**	8,336
– Selling and distribution expenses	**10,377**	10,387
– Administrative and other operating expenses	**23,145**	23,127
	41,638	41,850
(b) Finance income		
Interest income from banks deposits	**(576)**	(1,574)
Interest income from loans to an associate	**–**	(1,787)
	(576)	(3,361)
(c) Finance costs		
Interest on loan from non-controlling interests	**12**	12
Interest on loan from a controlling shareholder	**2,708**	3,444
	2,720	3,456

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

8 Loss before taxation (continued)

	2026 $'000	2025 $'000
(d) Other items		
Cost of inventories sold *(note 15)*	**15,493**	14,421
Depreciation charge *(note 12(a))*		
– Owned property, plant and equipment	**8,487**	24,721
– Right-of-use assets	**1,011**	1,092
Provision for loss allowances on trade receivables *(note 3(a)(ii))*	**6**	17
Auditor's remuneration:		
– current external auditor		
– Audit services	**1,000**	–
– Other services	**238**	–
– former external auditor		
– Audit services	**–**	2,099
– Other services	**390**	368

Note:

(i) The amount includes provision of long service payment.

9 Income tax

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

Hong Kong Profits Tax is calculated at 16.5% (2025: 16.5%) for the year ended 31 March 2026.

Corporate Income Tax ("CIT") in the Chinese Mainland is calculated at 25% (2025: 25%) of the estimated assessable profits of the relevant subsidiary for the year ended 31 March 2026.

No provision for Hong Kong Profits Tax and CIT for the years ended 31 March 2026 and 31 March 2025 has been made in respect of the subsidiaries in Hong Kong and Chinese Mainland as either the tax losses brought forward from previous years exceed the estimated assessable profits of the subsidiaries for the year or the subsidiaries have no estimated assessable profits in Hong Kong and Chinese Mainland during the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

9 Income tax (continued)

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

Pursuant to the "Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income" signed on 21 August 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong Special Administrative Region ("HKSAR") (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable. If an HKSAR resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the "Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income" issued by the State Administration of Taxation effective on 6 December 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. During the year ended 31 March 2026, 5% (2025: 5%) withholding tax rates were used for the Company's subsidiary and the Group's associate, respectively. A provision for dividend withholding tax of approximately $113,000 (2025: Nil) was charged to profit or loss for the year ended 31 March 2026 and such withholding tax of approximately $113,000 (2025: Nil) was paid during the year.

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

	2026 **$'000**	2025 $'000
Loss before taxation	**(169,540)**	(490,770)
Notional tax on loss before taxation, calculated at rates applicable to losses in the jurisdictions concerned	**(27,974)**	(80,977)
Tax effects of non-taxable income	**(2,755)**	(2,941)
Tax effects of non-deductible expenses	**585**	10,689
Tax effects of tax losses not recognised	**10,298**	16,529
Tax effects of utilisation of tax losses previously not recognised	**(318)**	(1,135)
Tax effects of temporary difference not recognised	**20,164**	57,835
Withholding tax on dividends	**113**	–
Income tax	**113**	–

(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 2026 is Nil (2025: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 Emoluments for directors and individuals with highest emoluments

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 March 2026				
	Fees $'000	Salaries, allowance and benefits in kind $'000	Discretionary bonus $'000	Retirement schemes contributions $'000	Total $'000
Executive directors					
Mr. Lam King Sang	348	2,784	347	8	3,487
Mr. Tam Sui Kin, Chris	348	2,784	347	18	3,497
Non-executive directors					
Mr. Cheng Chi Ming, Brian	696	–	–	–	696
Mr. Lee Chi Hin, Jacob	348	–	–	–	348
Ms. Luey Sisi, Doris	348	–	–	–	348
Independent non-executive directors					
Mr. Chow Shiu Wing, Joseph	348	–	–	–	348
Mr. Chan Ting Bond, Michael	348	–	–	–	348
Mr. Wong Man Chung, Francis	348	–	–	–	348
	3,132	5,568	694	26	9,420

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 Emoluments for directors and individuals with highest emoluments (continued)

(a) Directors' emoluments (continued)

	For the year ended 31 March 2025				
	Fees $'000	Salaries, allowance and benefits in kind $'000	Discretionary bonus $'000	Retirement schemes contributions $'000	Total $'000
Executive directors					
Mr. Lam King Sang	348	2,733	450	18	3,549
Mr. Tam Sui Kin, Chris	348	2,733	450	18	3,549
Non-executive directors					
Mr. Cheng Chi Ming, Brian	696	–	–	–	696
Mr. Lee Chi Hin, Jacob	348	–	–	–	348
Ms. Luey Sisi, Doris *(note (a))*	111	–	–	–	111
Independent non-executive directors					
Mr. Chow Shiu Wing, Joseph	348	–	–	–	348
Mr. Chan Ting Bond, Michael	348	–	–	–	348
Mr. Wong Man Chung, Francis	348	–	–	–	348
	2,895	5,466	900	36	9,297

Note:

(a) Appointed as non-executive director with effect from 6 December 2024.

During the years ended 31 March 2026 and 31 March 2025, no director received any emoluments from the Group as an inducement to join or leave the Group or as compensation for loss of office. No director waived or has agreed to waive any emoluments.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2025: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2026 **$'000**	2025 $'000
Salaries, allowance and benefits in kind	**2,512**	2,394
Discretionary bonus	**191**	268
Retirement schemes contributions	**54**	54
	2,757	2,716

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10 Emoluments for directors and individuals with highest emoluments (continued)

(b) Five highest paid individuals (continued)

The emoluments of the above individuals are within the following bands:

$	**2026 Number of individuals**	2025 Number of individuals
Nil - 1,000,000	**2**	2
1,000,001 – 2,000,000	**1**	1

(c) Emoluments of senior management

The emoluments of the senior management whose profiles are set out in the section headed "Directors and Senior Management" of the annual report (of which these financial statements form a part) have been included in notes 10(a) and 10(b).

11 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 $169,410,000 (2025: $490,145,000) and the weighted average number of 4,823,009,000 (2025: 4,823,009,000) ordinary shares in issue during the year.

(a) Basic loss per share

Weighted average number of ordinary shares

	2026 '000	2025 '000
Issued ordinary shares at 1 April and weighted average number of ordinary shares at 31 March	**4,823,009**	4,823,009

(b) Diluted loss per share

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding for the years ended 31 March 2026 and 31 March 2025.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 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 2024	697,972	331	53,212	12,806	23,008	787,329	38,690	826,019
Additions	–	–	–	213	–	213	–	213
Disposals	–	–	–	–	(498)	(498)	–	(498)
Written off	–	–	–	(5)	–	(5)	–	(5)
At 31 March 2025 and 1 April 2025	697,972	331	53,212	13,014	22,510	787,039	38,690	825,729
Additions	–	–	–	175	–	175	–	175
Disposals	–	–	(7,547)	(77)	(858)	(8,482)	–	(8,482)
Written off	(6,115)	–	(14,633)	(203)	(292)	(21,243)	–	(21,243)
At 31 March 2026	**691,857**	**331**	**31,032**	**12,909**	**21,360**	**757,489**	**38,690**	**796,179**
Accumulated depreciation and impairment:								
At 1 April 2024	197,001	254	46,590	10,793	17,222	271,860	13,339	285,199
Charge for the year	21,547	3	1,231	651	1,289	24,721	1,092	25,813
Written back on disposals	–	–	–	–	(361)	(361)	–	(361)
Written off	–	–	–	(5)	–	(5)	–	(5)
Impairment *(note 12(b))*	350,924	–	3,886	–	–	354,810	1,759	356,569
At 31 March 2025 and 1 April 2025	569,472	257	51,707	11,439	18,150	651,025	16,190	667,215
Charge for the year	5,779	3	851	661	1,193	8,487	1,011	9,498
Written back on disposals	–	–	(7,508)	(74)	(714)	(8,296)	–	(8,296)
Written off	(5,005)	–	(14,633)	(203)	(292)	(20,133)	–	(20,133)
Impairment *(note 12(b))*	121,611	71	–	–	–	121,682	21,489	143,171
At 31 March 2026	**691,857**	**331**	**30,417**	**11,823**	**18,337**	**752,765**	**38,690**	**791,455**
Net book value:								
At 31 March 2026	**–**	**–**	**615**	**1,086**	**3,023**	**4,724**	**–**	**4,724**
At 31 March 2025	128,500	74	1,505	1,575	4,360	136,014	22,500	158,514

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 Property, plant and equipment and right-of-use assets (continued)

(b) Impairment loss

During the year ended 31 March 2026, following the conditional offer made by the Group on 30 April 2025 as disclosed in the consolidated financial statements for the year ended 31 March 2025, the Group entered into a surrender agreement (the "Surrender Agreement") with the Hong Kong Science and Technology Parks Corporation ("HKSTP"). The Surrender Agreement was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 5 September 2025.

Pursuant to the terms of the Surrender Agreement, the Group shall surrender the existing lease and deliver vacant possession of the existing premises (the "Existing Premises") to HKSTP on or before 30 April 2026, unless extended by HKSTP. The Group has identified an alternative site located in Sheung Shui (the "New Premises") and targets to complete the relocation no later than 30 September 2026. As at the date of approval of these consolidated financial statements, despite the original surrender date of 30 April 2026 having passed, the Group is in ongoing, positive discussions with HKSTP for an extension of the surrender date to 30 September 2026 and has not received any notice to vacate the Existing Premises. In the unlikely event that such extension is not granted, the business operations of the Group will be temporarily suspended until the relocation to the New Premises has been completed.

The execution of the Surrender Agreement and the impending cessation of operations at the Existing Premises were identified by management as strong indicators of impairment for the Group's property, plant and equipment located at the Existing Premises.

Given that the lease is to be surrendered to HKSTP at zero consideration and the Group will not receive any compensation for the remaining lease term, the fair value less costs of disposal was determined to be nil. An impairment loss of the Existing Premises, including their interests in buildings and leasehold land, and leasehold improvements, amounted to $143,171,000 was recognised in profit or loss accordingly.

During the year ended 31 March 2025, certain machinery was left idle. The Group assessed the recoverable amounts of those machinery and as a result the carrying amounts of the plant and machinery were written down to their recoverable amount of $38,000. An impairment loss of $3,886,000 was recognised in profit or loss accordingly. The recoverable amount is determined based on the fair value less costs of disposal of the respective plant and machinery with reference to the agreed selling price concluded with independent third party.

During the year ended 31 March 2025, the Group's land and buildings were in under-utilisation status following the cessation of plastic recycling production. The Group made an offer to HKSTP to surrender the lease granted by HKSTP to the Group at a price determined by a prescribed formula under the deed of lease, where the amount was determined to be higher than the carrying amount in prior year. However, the offer was rejected by HKSTP in August 2024. As an alternative, HKSTP set a deadline of August 2025 for identifying a buyer. In this respect, the Group had attempted to identify a third-party buyer to take up the Group's land and buildings but to no avail.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 Property, plant and equipment and right-of-use assets (continued)

(b) Impairment loss (continued)

The Group assessed the recoverable amounts of the land and buildings and as a result the carrying amounts of the land and buildings were written down to their recoverable amount of $151,000,000. An impairment loss of $352,683,000 was recognised in profit or loss accordingly. The recoverable amount was determined based on the fair values less costs of disposal of the land and buildings, using depreciated replacement cost approach by reference to cost for placement of similar assets within the same industry, adjusted for all relevant forms of obsolescence and optimisation. Valuation methodology of depreciated replacement cost was used as there exist no readily available comparable market transactions given the unique nature of the Group's land and buildings. The Group engaged an independent firm of surveyors to assist in the estimation of the fair value of the land and buildings.

The fair value on which the recoverable amount was based on is categorised as level 3 measurement. Information about level 3 measurement for the year ended 31 March 2025 was as follows:

	Valuation technique	**Significant unobservable input**	**Value**
The Group's land and buildings	Depreciated replacement cost	Replacement cost	$33,722 per square meter
		Expected utilisation rate	40.8%

Replacement cost was based on an estimated market-level construction cost, plus other applicable development costs including professional fee, finance cost and developer's profit. Expected utilisation rate was based on current utilisation rate, taking into account the management's expected utilisation and the fact that the Group had attempted to identify a third-party buyer to take up the Group's land and buildings but to no avail.

(c) 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	**2026** **$'000**	2025 $'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	(i)	**–**	22,500

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12 Property, plant and equipment and right-of-use assets (continued)

(c) Right-of-use assets (continued)

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

	2026	2025
	$'000	$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Ownership interests in leasehold land held for own use	**1,011**	1,092
Expense relating to short-term leases	**2,097**	2,024

During the years ended 31 March 2026 and 31 March 2025, there were no additions to right-of-use assets.

(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 has an unexpired lease term of 21 years (2025: 22 years).

13 Interests in associates

	2026	2025
	$'000	$'000
Share of net assets	**60,710**	56,837
Loans to an associate *(note 13(b))*	**–**	32,432
Amount due from an associate *(note 13(c))*	**–**	1,394
Less: Impairment *(note 13(d)(i))*	**–**	(33,826)
	60,710	56,837

(Expressed in Hong Kong dollars)

13 Interests in associates (continued)

(a) Details of the Group's interests in associates which are accounted for using the equity method in the consolidated financial statements are as follows:

Name of associates	Form of business structure	Place of incorporation and business	Particulars of issued and registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
DIWS	Incorporated	Hong Kong	100,000 ordinary shares	Nil (2025: 40%) *(note (ii))*	Nil (2025: Nil) *(note (ii))*	Nil (2025: 40%) *(note (ii))*	Investment holding *(note (ii))*
Lvrun *(note (i))* 連雲港綠潤環保科技有限公司	Established	The PRC	Registered capital RMB63,600,000	Nil (2025: 20.4%) *(note (ii))*	Nil (2025: Nil) *(note (ii))*	Nil (2025: 20.4%) *(note (ii))*	Provision of hazardous waste treatment services *(note (ii))*
Dugong Environment Resource (Kaifeng) Co., Ltd. *(note (i))* 大公環境資源 (開封) 有限公司	Established	The PRC	Registered capital RMB90,000,000	Nil (2025: 20.4%) *(note (ii))*	Nil (2025: Nil) *(note (ii))*	Nil (2025: 20.4%) *(note (ii))*	Provision of hazardous waste collection, treatment and disposal services *(note (ii))*
An Jie 廣東安捷供應鏈管理股份有限公司 *(note (iii))*	Established	The PRC	Registered capital RMB42,600,000	13.16% (2025: 13.16%)	Nil (2025: Nil)	13.16% (2025: 13.16%)	Provision of comprehensive logistics and warehousing services and transportation of hazardous waste

Notes:

(i) The company name in English is a direct translation of the registered Chinese name for the purpose of identification.

(ii) 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 DIWS, which in turn held 51% equity interests in Lvrun 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 was 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 PRC ("PRC GAAP") generated by Lvrun would not be less than RMB90,000,000 for the three years ended 31 December 2021. The Seller would compensate the Group for any shortfall of the deemed profit attributable to the Group calculated in accordance with the shareholders' agreement.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 Interests in associates (continued)

(a) Details of the Group's interests in associates which are accounted for using the equity method in the consolidated financial statements are as follows: (continued)

Notes: (continued)

(ii) Based on the audited financial statements of Lvrun prepared in accordance with the PRC GAAP, the aggregate audited net income of Lvrun for the three years ended 31 December 2021 was approximately RMB69,124,000. Therefore, the Group became entitled to receive from the Seller a sum of approximately RMB4,259,000 (equivalent to approximately $4,564,000) as a result of a shortfall of approximately RMB20,876,000 between RMB90,000,000 and RMB69,124,000. As at 31 March 2025, the profit guarantee receivable from the Seller was recognised as other receivables, deposits and prepayments in the consolidated statement of financial position and the amount was fully impaired during the year ended 31 March 2025.

As at 31 March 2025, the Group had 40% interests in DIWS, with carrying amount of Nil in the consolidated financial statements.

On 26 September 2025, the Group entered into an agreement with Dugong Limited, a company owned the remaining 60% interests in DIWS, to dispose of the entire interests in DIWS at cash consideration of $1 ("DIWS S&P Agreement"). Accordingly, gain on disposal of an associate of $1 was recognised in profit or loss during the year ended 31 March 2026.

(iii) During the year ended 31 March 2024, the Group entered into an agreement with a third party to acquire 13.16% issued shares in An Jie. The acquisition was completed on 19 January 2024. The total consideration of RMB50,000,000 (equivalent to approximately $54,995,000) was fully paid to the third party ("the Vendor") by cash. The transaction cost for the acquisition was $4,064,000. The total consideration paid by the Group for the investment was approximately $59,059,000.

A guarantee arrangement is included in the agreement. According to this arrangement, in the event that An Jie issues of new shares and should the valuation of An Jie after the completion of the proposed new issue of shares be less than RMB450,000,000, the Vendor shall compensate the Group by paying a sum of RMB5,000,000. It was classified as financial assets at FVTPL in accordance with IFRS 9.

As at 31 March 2026, the fair value of the financial assets at FVTPL was assessed to be RMB2,500,000 (equivalent to approximately $2,840,000) (2025: RMB2,500,000 (equivalent to approximately $2,679,000)). This amount was included in other receivables, deposits and prepayments in the consolidated statement of financial position (see note 17).

(b) Loans to an associate

Loan of RMB15,130,000 (equivalent to approximately $16,215,000) as at 31 March 2025 was unsecured, interest-bearing at the rate of 5.46% per annum and repayable on demand; and loan of RMB15,132,000 (equivalent to approximately $16,217,000) as at 31 March 2025 was unsecured, interest-bearing at the rate of 5.46% per annum and repayable on 28 September 2025.

The loans in aggregated amount of RMB30,262,000 (equivalent to approximately $32,432,000) was fully impaired as at 31 March 2025. In accordance with the terms of DIWS S&P Agreement, the loans were waived together with the disposal during the year ended 31 March 2026.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 Interests in associates (continued)

(c) Amount due from an associate

The amount due from an associate as at 31 March 2025, which was denominated in RMB, was unsecured, interest-free and had no fixed terms of repayment.

As at 31 March 2025, the amount due of RMB1,301,000 (equivalent to approximately $1,394,000) was fully impaired. In accordance with the terms of DIWS S&P Agreement, the amount due was waived together with the disposal during the year ended 31 March 2026.

(d) (i) Summarised financial information of Dugong IWS and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2025
	$'000
Gross amounts of Dugong IWS:	
Current assets	**107,200**
Non-current assets	**207,210**
Current liabilities	**(503,876)**
Non-current liabilities	**(36,607)**
Net liabilities	**(226,073)**
Included in the above assets and liabilities:	
Cash and cash equivalents	**3,707**
Current financial liabilities (excluding trade and other payables and provisions)	**(337,201)**
Non-current financial liabilities (excluding trade and other payables and provisions)	**(36,607)**
Revenue	**138,863**
Loss for the year	**(781,561)**
Other comprehensive income for the year	**3,160**
Total comprehensive loss for the year	**(778,401)**
Group's effective interest	**40%**
Group's share of loss of Dugong IWS	**(59,926)**
Group's share of other comprehensive income of Dugong IWS	**1,264**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 Interests in associates (continued)

(d) (i) Summarised financial information of Dugong IWS and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below: (continued)

	2025
	$'000
Included in the above loss:	
Depreciation and amortisation	**(44,573)**
Impairment loss on property, plant and equipment and intangible assets	**(525,162)**
Interest income	**–**
Interest expense	**(18,193)**
Income tax credit	**7,643**
Reconciled to the Group's interest in Dugong IWS:	
Gross amounts of net liabilities of Dugong IWS attributable to its shareholders	**(49,350)**
Group's effective interest	**40%**
Group's share of net liabilities of Dugong IWS	**–**
Loans to Dugong IWS *(note 13(b))*	**32,432**
Amount due from Dugong IWS *(note 13(c))*	**1,394**
Impairment *(note 13)*	**(33,826)**
Carrying amount in the consolidated financial statements	**–**

During the year ended 31 March 2025, the Group's share of losses exceeded its interest in Dugong IWS. The Group's interest was reduced to Nil and recognition of further losses was discontinued.

(d) (ii) Summarised financial information of An Jie and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2026	2025
	$'000	$'000
Gross amounts of An Jie:		
Current assets	**227,832**	183,464
Non-current assets	**217,947**	178,741
Current liabilities	**(117,444)**	(97,494)
Non-current liabilities	**(46,111)**	(1,776)
Net assets	**282,224**	262,935

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13 Interests in associates (continued)

(d) (ii) Summarised financial information of An Jie and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below: (continued)

	2026	2025
	$'000	$'000
Included in the above assets and liabilities:		
Cash and cash equivalents	**38,403**	15,717
Current financial liabilities (excluding trade and other payables and provisions)	**(60,081)**	(46,876)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(45,548)**	–
Revenue	**398,175**	369,374
Profit for the year	**13,162**	22,155
Other comprehensive income/(loss) for the year	**15,896**	(6,919)
Total comprehensive income for the year	**29,058**	15,236
Dividend received from An Jie	**1,285**	1,461
Group's effective interest	**13.16%**	13.16%
Group's share of profit of An Jie	**1,732**	2,916
Group's share of other comprehensive income/(loss) of An Jie	**2,092**	(912)
Included in the above profit:		
Depreciation and amortisation	**(34,319)**	(31,301)
Interest income	**4**	12
Interest expense	**(2,618)**	(2,309)
Income tax expense	**(937)**	(806)
Reconciled to the Group's interest in An Jie:		
Gross amounts of net assets of An Jie	**282,224**	262,935
Group's effective interest	**13.16%**	13.16%
Group's share of net assets of An Jie	**37,141**	34,602
Goodwill	**23,569**	22,235
Carrying amount in the consolidated financial statements	**60,710**	56,837

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 Interests in joint ventures

	2026	2025
	$'000	$'000
Share of net liabilities	**(23,056)**	(27,646)
Loans to a joint venture *(note 14(b))*	**18,000**	18,000
Amounts due from joint ventures *(note 14(c))*	**41,624**	41,626
Less: Impairment *(note 14(d)(ii))*	**(22,185)**	(22,185)
	14,383	9,795
Represented by:		
Non-current portion	**14,180**	9,590
Current portion	**203**	205
	14,383	9,795

(a) Details of the Group's interests in joint ventures which are accounted for using the equity method in the consolidated financial statements are as follows:

				Proportion of ownership interest			
Name of joint ventures	Form of business structure	Place of incorporation and business	Particulars of issued and registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
ALBA Integrated Waste Solutions (Hong Kong) Limited ("ALBA IWS")	Incorporated	Hong Kong	10,000 ordinary shares	25% (2025: 25%)	Nil (2025: Nil)	25% (2025: 25%)	Treatment of waste electrical and electronic equipment
RGF Environmental New Material Limited ("RGF")	Incorporated	Hong Kong	36,122,449 ordinary shares	49% (2025:49%)	Nil (2025: Nil)	49% (2025:49%)	Inactive
Smart City Logistics Hong Kong Limited ("Smart City")	Incorporated	Hong Kong	10,000 ordinary shares	Nil (2025: Nil)	Nil (2025: Nil)	Nil (2025: Nil)	Dissolved on 17 July 2024

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 Interests in joint ventures (continued)

(a) Details of the Group's interests in joint ventures which are accounted for using the equity method in the consolidated financial statements are as follows: (continued)

The Group is entitled to share 25% and 49% of the financial results of ALBA IWS and RGF respectively. Notwithstanding the 25% and 49% of paid up capital and the profit sharing arrangements of ALBA IWS and RGF, the Group accounts for the investment in ALBA IWS and RGF as joint ventures as the Group has joint control over the financial and operating decisions of ALBA IWS and RGF.

Smart City ceased its business on 31 December 2022 and was dissolved on 17 July 2024. The Group received $27,000 as final distribution during the year ended 31 March 2025.

(b) Loans to a joint venture

At 31 March 2026, loans to a joint venture of $18,000,000 (2025: $18,000,000) were unsecured, interest-bearing at the rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 4% per annum and repayable on demand. The loans were impaired at 31 March 2026 and 31 March 2025.

(c) Amounts due from joint ventures

The amounts due from joint ventures at 31 March 2026 and 31 March 2025 were unsecured, interest-free and had no fixed terms of repayment, in which $4,185,000 were impaired.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 Interests in joint ventures (continued)

(d) (i) Summarised financial information of ALBA IWS and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2026 $'000	2025 $'000
Gross amounts of ALBA IWS:		
Current assets	**120,177**	128,168
Non-current assets	**18,540**	27,510
Current liabilities	**(74,840)**	(76,249)
Non-current liabilities	**(7,156)**	(41,070)
Net assets	**56,721**	38,359
Included in the above assets and liabilities:		
Cash and cash equivalents	**86,049**	90,090
Current financial liabilities (excluding trade and other payables and provisions)	**(39,594)**	(40,458)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(3,656)**	(40,815)
Revenue	**300,580**	281,743
Profit for the year	**48,362**	46,724
Total comprehensive income for the year	**48,362**	46,724
Dividend received from ALBA IWS	**7,500**	16,250
Group's effective interest	**25%**	25%
Group's share of profit of ALBA IWS	**12,090**	11,681
Included in the above profit:		
Depreciation and amortisation	**(12,914)**	(12,910)
Interest income	**1,192**	1,574
Interest expense	**(3,601)**	(7,610)
Income tax expense	**(10,223)**	(9,479)
Reconciled to the Group's interest in ALBA IWS:		
Gross amounts of net assets of ALBA IWS	**56,721**	38,359
Group's effective interest	**25%**	25%
Group's share of net assets of ALBA IWS	**14,180**	9,590
Amount due from ALBA IWS *(note 14(c))*	**203**	205
Carrying amount in the consolidated financial statements	**14,383**	9,795

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14 Interests in joint ventures (continued)

(d) (ii) Summarised financial information of RGF and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	2026 $'000	2025 $'000
Gross amounts of RGF:		
Current assets	**168**	15
Non-current assets	**2**	2
Current liabilities	**(73,034)**	(72,066)
Net liabilities	**(72,864)**	(72,049)
Included in the above assets and liabilities:		
Cash and cash equivalents	**168**	6
Current financial liabilities (excluding trade and other payables and provisions)	**(59,313)**	(63,587)
Revenue	**–**	47
Loss for the year	**(815)**	(243)
Total comprehensive loss for the year	**(815)**	(243)
Group's effective interest	**49%**	49%
Group's share of loss of RGF	**–**	–
Included in the above loss:		
Depreciation	**–**	–
Interest expense	**–**	–
Reconciled to the Group's interest in RGF:		
Gross amounts of net liabilities of RGF	**(72,864)**	(72,049)
Group's effective interest	**49%**	49%
Group's share of net liabilities of RGF	**(37,236)**	(37,236)
Loans to RGF *(note 14(b))*	**18,000**	18,000
Amount due from RGF *(note 14(c))*	**41,421**	41,421
Impairment *(note 14)*	**(22,185)**	(22,185)
Carrying amount in the consolidated financial statements	**–**	–

15 Inventories

	2026 $'000	2025 $'000
Raw materials	**–**	79
Finished goods	**69**	251
	69	330

The cost of inventories recognised as expense and included in "cost of sales and services" amounted to approximately $15,493,000 (2025: $14,421,000) for the year ended 31 March 2026.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

16 Trade receivables

	2026	2025
	$'000	$'000
Trade receivables	**5,355**	4,857
Less: Loss allowance *(note 3(a)(ii))*	**(638)**	(638)
Trade receivables, net	**4,717**	4,219

(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:

	2026	2025
	$'000	$'000
0 - 30 days	**3,510**	3,572
31 - 60 days	**1,172**	531
61 - 90 days	**69**	48
91 - 120 days	**–**	68
Over 120 days	**604**	638
	5,355	4,857
Less: Loss allowance	**(638)**	(638)
	4,717	4,219

Payment terms granted to customers are mainly cash on delivery or on credit. The average credit period ranges from 10 days to 90 days. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 3(a)(ii).

(b) The carrying amounts of trade receivables are denominated in the following currencies:

	2026	2025
	$'000	$'000
HK$	**4,717**	4,219

As at 31 March 2026 and 31 March 2025, the fair values of the trade receivables approximate their carrying amounts. The maximum exposure to credit risk at the end of each reporting period is the carrying value of the receivables. The Group does not hold any collateral as security.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

17 Other receivables, deposits and prepayments

	2026 $'000	2025 $'000
Non-current portion		
Other deposits and prepayments	**351**	45
Current portion		
Deposits placed with suppliers	**302**	310
Utility and other deposits	**4,263**	3,363
Prepayments	**2,964**	1,739
Other receivables	**592**	624
Financial assets at FVTPL *(note 13(a)(iii))*	**2,840**	2,679
Total	**10,961**	8,715

As at 31 March 2026 and 31 March 2025, the fair values of other receivables, deposits and prepayments approximate their carrying amounts. The maximum exposure to credit risk at the end of each reporting period is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Except for financial assets at FVTPL which are denominated in RMB, the carrying amounts of other receivables, deposits and prepayments are denominated in HK$.

18 Bank deposits and cash and other cash flow information

(a) Bank deposits and cash comprise:

	2026 $'000	2025 $'000
Deposits with banks	**11,137**	35,654
Cash at bank	**5,510**	7,381
Cash in hand	**76**	65
Cash and cash equivalents in the consolidated statement of cash flows	**16,723**	43,100

Bank deposits and cash are denominated in the following currencies:

	2026 $'000	2025 $'000
HK$	**15,799**	34,530
RMB	**543**	1,617
USD	**363**	6,937
EURO	**18**	16
	16,723	43,100

Cash at bank earns interest at floating rates based on prevailing bank deposit rates.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18 Bank deposits and cash and other cash flow information (continued)

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	**2026**	2025
		$'000	$'000
Loss before taxation		**(169,540)**	(490,770)
Adjustments for:			
Depreciation of property, plant and equipment	8(d),12	**8,487**	24,721
Depreciation of right-of-use assets	8(d),12	**1,011**	1,092
(Gain)/loss on disposals of property, plant and equipment, net	7	**(646)**	97
Write back of other payables and accruals	6	**(2,491)**	(131)
Write off of property, plant and equipment	7	**1,110**	–
Finance income	8(b)	**(576)**	(3,361)
Finance costs	8(c)	**2,720**	3,456
Share of (profit)/loss of associates	13(d)	**(1,732)**	57,010
Share of profit of joint ventures	14(d)	**(12,090)**	(11,703)
Foreign exchange (gain)/loss, net		**(235)**	891
Provision for loss allowances on trade receivables	8(d)	**6**	17
Fair value gain on financial assets at FVTPL	7	**–**	(752)
Impairment loss on property, plant and equipment and right-of-use assets	12(b)	**143,171**	356,569
Impairment loss on loans to and amount due from an associate	13(b),13(c)	**–**	33,826
Impairment loss on profit guarantee receivable	13(a)	**–**	4,564
Operating loss before working capital changes		**(30,805)**	(24,474)
Inventories		**261**	102
Trade receivables		**(504)**	(178)
Other receivables, deposits and prepayments		**(2,347)**	238
Trade payables, other payables and accruals		**(121)**	1,137
Cash used in operations		**(33,516)**	(23,175)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18 Bank deposits and cash and other cash flow information (continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	Loan from non-controlling interests (note 19(c)) $'000	Loan from a controlling shareholder (note 20) $'000	Total $'000
At 1 April 2024	392	50,000	50,392
Changes from financing cash flows:			
Interest paid on loan from non-controlling interests	(12)	–	(12)
Interest paid on loan from a controlling shareholder	–	(3,464)	(3,464)
Total changes from financing cash flows	(12)	(3,464)	(3,476)
Other changes:			
Interest expenses	12	3,444	3,456
Decrease in other payables and accruals during the year	–	20	20
Total other changes	12	3,464	3,476
At 31 March 2025 and 1 April 2025	392	50,000	50,392
Changes from financing cash flows:			
Interest paid on loan from non-controlling interests	(12)	–	(12)
Interest paid on loan from a controlling shareholder	–	(2,756)	(2,756)
Total changes from financing cash flows	(12)	(2,756)	(2,768)
Other changes:			
Interest expenses	12	2,708	2,720
Decrease in other payables and accruals during the year	–	48	48
Total other changes	12	2,756	2,768
At 31 March 2026	392	50,000	50,392

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18 Bank deposits and cash and other cash flow information (continued)

(d) Major non-cash transaction

During the year ended 31 March 2025, accrued interests from loan to an associate amounting to RMB732,000 (equivalent to approximately $805,000) was capitalised into the principal amount of the loans to an associate in accordance with the supplemental agreement entered into on 15 March 2024. Thus, there was no cash flow impact to the Group.

19 Payables and accruals

	Note	**2026**	2025
		$'000	$'000
Non-current portion			
Long service payment liabilities	21	**2,801**	2,362
Current portion			
Trade payables	(a)	**1,063**	1,500
Other payables and accruals			
– Building construction and maintenance costs payable		**386**	2,887
– Accrued expenses		**2,490**	2,694
– Contract liabilities		**38**	89
– Staff salaries and MPF payable		**854**	894
– Loan from non-controlling interests	(c)	**392**	392
– Others		**1,085**	953
		5,245	7,909
		9,109	11,771

(a) Ageing analysis

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

	2026	2025
	$'000	$'000
Current	**510**	686
1 - 30 days	**177**	370
31 - 60 days	**37**	20
61 - 90 days	**19**	16
91 - 120 days	**14**	11
Over 120 days	**306**	397
	1,063	1,500

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

19 Payables and accruals (continued)

(b) The carrying amounts of payables and accruals are denominated in the following currencies:

	2026	2025
	$'000	$'000
HK$	**9,072**	11,750
USD	**37**	21
	9,109	11,771

As at 31 March 2026 and 31 March 2025, the fair values of the payables and accruals approximate their carrying amounts.

(c) Loan from non-controlling interests

Loan from non-controlling interests is unsecured, interest-bearing at the rate of 3% per annum and repayable on demand.

20 Loan from a controlling shareholder

Loan from a controlling shareholder, Chow Tai Fook Nominee Limited, is unsecured, interest-bearing at the rate of HIBOR plus 2.5% per annum and repayable on 15 December 2026.

The Group entered into a new loan agreement during the year ended 31 March 2026 with its controlling shareholder for a total facility of $80,000,000, which is available for drawdown on or before 17 June 2026. The facility is unsecured and bears interest at a rate of HIBOR plus 2.5% per annum. Under the terms of this agreement, $50,000,000 shall be used to repay the existing loan, and $30,000,000 to be used for general working capital purposes, with a maturity of three years from the drawdown date. Subsequently, on 16 June 2026, the Group drew down an amount of $80,000,000 under this facility, which is repayable on 15 June 2029.

21 Post-employment benefits

The Group operates a MPF scheme for the employees. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to LSP if the eligibility criteria are met.

The LSP is defined benefit plans. The analysis of the carrying amount of defined benefit plan obligation is as follows:

	2026	2025
	$'000	$'000
Long service payment liabilities *(note (b))*	**2,801**	2,362

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

21 Post-employment benefits (continued)

(a) MPF scheme

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(b) Long service payment liabilities

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at $22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of $390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from the Transition Date (i.e. 1 May 2025). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The Group has accounted the offsetting mechanism and its abolition as disclosed in note 2(o)(ii).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

22 Income tax in the consolidated statement of financial position

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Future benefits of tax losses $'000	Depreciation allowance in excess of the related depreciation $'000	Total $'000
At 1 April 2024	37,739	(37,739)	–
(Charged)/credited to profit or loss *(note 9(a))*	(36,733)	36,733	–
At 31 March 2025 and 1 April 2025	1,006	(1,006)	–
(Charged)/credited to profit or loss *(note 9(a))*	(359)	359	–
At 31 March 2026	**647**	**(647)**	**–**

(b) Deferred tax assets not recognised

The Group has not recognised the deferred tax assets attributable to the future benefit of tax losses of $1,096,533,000 (2025: $1,036,046,000) sustained in the operations of certain subsidiaries and deductible temporary differences of $228,787,000 (2025: $106,578,000) as the availability of future taxable profits against which the assets can be utilised is uncertain. As at 31 March 2026, the tax losses do not expire under current tax legislation.

23 Share capital

(a) Authorised share capital of the Company

	2026 $'000	2025 $'000
Authorised:		
7,500,000,000 (2025: 7,500,000,000) ordinary shares of $0.10 each	**750,000**	750,000

(b) Issued share capital of the Company

	Number of ordinary shares '000	Amount $'000
Issued and fully paid:		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	**4,823,009**	**482,301**

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

23 Share capital (continued)

(c) Equity settled share-based transactions

Pursuant to the resolutions passed by the shareholders of the Company on 30 August 2023, the Company adopted a share option scheme ("Share Option Scheme") on 30 August 2023. The Share Option Scheme is valid and effective for a period of 10 years commencing from 30 August 2023 and the number of share options available for grant under the Share Option Scheme mandate is 482,300,900. Under the Share Option Scheme, no option has been granted, exercised nor cancelled since its adoption and up to 31 March 2026.

No expenses related to equity settled share-based payment transactions was recognised by the Group during the year ended 31 March 2026 (2025: Nil).

24 Reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital $'000	Share premium $'000	Accumulated losses $'000	Reserves $'000	Total $'000
Balance at 1 April 2024	482,301	3,092,937	(2,867,671)	225,266	707,567
Loss and total comprehensive income for the year	–	–	(633,212)	(633,212)	(633,212)
Balance at 31 March 2025 and 1 April 2025	482,301	3,092,937	(3,500,883)	(407,946)	74,355
Loss and total comprehensive income for the year	–	–	(25,914)	(25,914)	(25,914)
Balance at 31 March 2026	**482,301**	**3,092,937**	**(3,526,797)**	**(433,860)**	**48,441**

(b) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by the Companies Law of Cayman Islands (the "Companies Law"). Under the Companies Law, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

24 Reserves (continued)

(b) Nature and purpose of reserves (continued)

(ii) Capital reserve

Capital reserve represents the difference between (i) the aggregate of the consideration for the acquisitions under common control upon the reorganisation during the year ended 31 March 2010 ("Reorganisation"); and (ii) the aggregate of the share capital and share premium of the entities transferred to the Group pursuant to the Reorganisation. The capital reserve also includes the portion of the grant date fair value of unexercised share options granted to directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(o)(iii).

(iii) Exchange reserve

The exchange reserve comprises all exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 2(v).

(iv) Statutory reserve

In accordance with the relevant PRC regulations, PRC subsidiary is required to appropriate to the statutory reserve an amount not less than 10% of the amount of profit after taxation (as reported in the respective statutory financial statements of the PRC subsidiary prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered capital of the respective PRC subsidiary, the subsidiary may not be required to make any further appropriation.

(c) Dividends

No dividends had been paid or declared by the Company for the year ended 31 March 2026 (2025: Nil).

(d) Distributable reserves

The aggregate amounts of distributable reserves of the Company was Nil (2025: Nil) as at 31 March 2026.

25 Capital Commitments

	2026	2025
	$'000	$'000
Capital expenditure in respect of		
– property, plant and equipment contracted but not provided for in the consolidated financial statements	**495**	–

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(Expressed in Hong Kong dollars)

26 Contingent liabilities

Litigation with former directors and employees

As at 31 March 2026, 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 yet be reliably estimated.

27 Material related party transactions

(a) Key management personnel remunerations

Remuneration of key management personnel, including amounts paid to the directors, certain highest paid employees and senior management, are disclosed in note 10.

(b) Transactions with related parties

In addition to the transactions disclosed elsewhere in the notes to the financial statements, the Group entered into the following material related party transactions during the year:

	2026	2025
	$'000	$'000
Interest income received from an associate	**–**	1,787
Logistics service income received from a joint venture	**2,285**	2,535
Dividend income received from a joint venture	**7,500**	16,250
Dividend income received from an associate	**1,285**	1,461
Distribution received from a joint venture upon liquidation	**–**	27
Interest expense paid to a controlling shareholder	**2,708**	3,444

The related party transactions in respect of interest expense paid to a controlling shareholder and the remuneration of directors and chief executive of the Company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements and complied with the applicable requirements under Chapter 14A of the Listing Rules.

The above other related party transactions and the remuneration of key management personnel (other than directors and chief executive) of the Company do not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The related party transactions in respect of the loan from a controlling shareholder obtained during the year ended 31 March 2024 and the new loan of $80,000,000 drawn on 16 June 2026 as set out in note 20 constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements and complied with the applicable requirements under Chapter 14A of the Listing Rules.

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28 Company-level statement of financial position

	Note	2026 $'000	2025 $'000
Non-current assets			
Interests in subsidiaries		**86,741**	86,743
Current assets			
Receivables and prepayments		**517**	1,874
Bank deposits and cash		**12,484**	37,176
		13,001	39,050
Current liabilities			
Payables and accruals		**1,301**	1,438
Loan from a controlling shareholder	20	**50,000**	–
		51,301	1,438
Net current (liabilities)/assets		**(38,300)**	37,612
Total assets less current liabilities		**48,441**	124,355
Non-current liabilities			
Loan from a controlling shareholder	20	**–**	50,000
NET ASSETS		**48,441**	74,355
CAPITAL AND RESERVES			
Share capital	23	**482,301**	482,301
Reserves	24	**(433,860)**	(407,946)
TOTAL EQUITY		**48,441**	74,355

Approved and authorised for issue by the Board of Directors on 26 June 2026.

Cheng Chi Ming, Brian
Chairman

Lam King Sang
Director

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(Expressed in Hong Kong dollars)

28 Company-level statement of financial position (continued)

Principal subsidiaries held by the Group

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital	Effective interest held	Principal activities and place of operation
Directly held				
IWS Global Limited	British Virgin Islands ("BVI")/ 16 March 2007	5,003,000 ordinary shares of US$0.01 each	100%	Investment holding/ Hong Kong
Indirectly held				
IWS Waste Management (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
IWS Assorted Paper (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
IWS Environmental Technologies (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
CMDS (Global) Company Limited	BVI/ 23 March 2009	1 ordinary share of US$1 each	100%	Investment holding/ Hong Kong
IWS Waste Management Company Limited	Hong Kong/ 28 September 1993	10,000 ordinary shares	100%	Trading of recovered paper and materials/ Hong Kong
IWS Assorted Paper Company Limited	Hong Kong/ 15 December 1997	1,000,000 ordinary shares	100%	Trading of tissue paper products and investment holding/ Hong Kong
Confidential Materials Destruction Service Limited ("CMDSL")	Hong Kong/ 22 June 1979	100 ordinary shares	100%	Provision of confidential materials destruction service and trading of recovered paper and materials/ Hong Kong

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

28 Company-level statement of financial position (continued)

Principal subsidiaries held by the Group (continued)

Name	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital	Effective interest held	Principal activities and place of operation
Indirectly held (continued)				
IWS Environmental Technologies Limited	Hong Kong/ 23 October 2002	1,000,000 ordinary shares	100%	Investment holding/ Hong Kong
IWS Promotion Limited ("IWS Promotion")	Hong Kong/ 17 September 2010	1 ordinary share	100%	Development of recycling facilities at Tseung Kwan O and provision of technical support to group companies/ Hong Kong
IWS Logistics Limited	Hong Kong/ 26 February 2013	1 ordinary share	100%	Provision of logistics services/ Hong Kong
IWS Waste Management (International) Limited	Hong Kong/ 5 August 2014	10,000 ordinary shares	100%	Investment holding/ Hong Kong
IWS Engineering Company Limited	Hong Kong/ 22 April 2015	10,000 ordinary shares	100%	Investment holding/ Hong Kong
Integrated Waste Solutions Services Limited	Hong Kong/ 25 February 2020	10,000 ordinary shares	100%	Investment holding/ Hong Kong
IWS Investment (Zhuhai Hengqin) Company Limited* 綜環投資(珠海橫琴)有限公司	The PRC/ 13 October 2023	Registered capital RMB50,200,000	100%	Investment holding/ The PRC
I-Talent Paper Product (HK) Limited ("I-Talent") (note (a))	Hong Kong/ 24 September 2020	5,800,000 ordinary shares	51%	Trading and manufacturing of assorted paper products/ Hong Kong

* The company name in English is a direct translation of the registered Chinese name for the purpose of identification.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

28 Company-level statement of financial position (continued)

Principal subsidiaries held by the Group (continued)

Note:

(a) The following table lists out the information relating to I-Talent, the only subsidiary of the Group which has a material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2026	2025
	$'000	$'000
Current assets	**13**	391
Non-current assets	**–**	284
Current liabilities	**(2,075)**	(2,242)
Non-current liabilities	**–**	–
Net liabilities	**(2,062)**	(1,567)
Carrying amount of NCI at NCI percentage of 49%	**(1,011)**	(768)
Revenue	**201**	1,061
Loss for the year	**(495)**	(1,274)
Total comprehensive loss for the year	**(495)**	(1,274)
Loss allocated to NCI at NCI percentage of 49%	**(243)**	(625)
Cash flows from operating activities	**308**	354
Cash flows from investing activities	**20**	–
Cash flows used in financing activities	**(354)**	(384)

29 Immediate and ultimate controlling party

As at 31 March 2026, the directors of the Company consider the immediate parent and ultimate controlling party of the Group to be Chow Tai Fook (Holding) Limited and Chow Tai Fook Capital Limited respectively, both of which are incorporated in the British Virgin Islands.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

30 Non-adjusting events after the reporting period

In addition to the non-adjusting event after the reporting period disclosed in note 20 to the financial statements, the Group has the following non-adjusting events:

(a) Entering into new tenancy agreement

On 23 March 2026, the Group entered into a tenancy agreement (the "Tenancy Agreement") with an independent third party to lease a property in Sheung Shui, New Territories, for the Group's industrial and business operations. The lease term spans three years, commencing on 1 April 2026 and expiring on 31 March 2029, with a monthly rental of $880,000. As the lease commencement date falls after the end of the reporting period, this constitutes a non-adjusting event. Upon the commencement of the lease on 1 April 2026, in accordance with IFRS 16, the Group will recognise a right-of-use asset and a corresponding lease liability of approximately $45,300,000 and $44,000,000 respectively, representing the present value of the aggregate lease payments. Details of the tenancy agreement were disclosed in the circular of the Company dated 30 March 2026 (the "Circular").

(b) Update on relocation to the New Premises

Up to the date of approval of these financial statements, the relocation remains targeted to complete no later than 30 September 2026. Notwithstanding that 30 April 2026, being the date of surrender of the Existing Lease under the Surrender Agreement, has passed, the discussion between IWS Promotion and HKSTP on the extension of the date of surrendering the Existing Lease and delivering vacant possession of the Existing Premises is still ongoing and so far IWS Promotion has not received any notice to vacate the Existing Premises. Details of the update on relocation to the premises were disclosed in the announcements the Company dated 9 March 2026, 19 March 2026, 23 March 2026 and 7 May 2026 respectively and the Circular, relating to, among others, the Tenancy Agreement between the independent third party landlord and CMDSL in relation to the leasing of the New Premises. Unless otherwise stated, terms used in these financial statements shall have the same meaning as those defined in the Circular.

(c) Leasehold improvement work for New Premises

On 1 June 2026, the Group entered into a renovation contract with an independent third party amounted to $20,000,000 in relation to the leasehold improvements and related works at the New Premises.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2026

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new and amended standards, which are not yet effective for the year ended 31 March 2026 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Annual Improvements to IFRSs – Volume 11, Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18 and consequential amendments to other IFRSs, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19 and subsequent amendments, *Subsidiaries without Public Accountability: Disclosure*	1 January 2027
Amendments to IAS 21, *Translation to Hyperinflationary Presentation Currency*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate and Joint Venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for IFRS 18, where the structure of the Group's consolidated statement of profit or loss and other comprehensive income is expected to change.

32 Comparative figures

Certain comparative figures have been reclassified to conform to the current presentation.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2022	2023	2024	2025	**2026**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	42,124	42,338	42,698	45,089	**40,976**
Gross profit	25,160	24,998	25,348	22,932	**18,797**
Loss before taxation	(29,228)	(40,627)	(65,019)	(490,770)	**(169,540)**
Income tax	–	–	–	–	**(113)**
Loss for the year	(29,228)	(40,627)	(65,019)	(490,770)	**(169,653)**
Other comprehensive income/(loss) for the year (net of nil tax)	461	(1,564)	(1,313)	(233)	**3,396**
Total comprehensive loss for the year	(28,767)	(42,191)	(66,332)	(491,003)	**(166,257)**
Attributable to:					
Equity shareholders of the Company	(27,118)	(41,364)	(66,045)	(490,378)	**(166,014)**
Non-controlling interests	(1,649)	(827)	(287)	(625)	**(243)**
Total comprehensive loss for the year	(28,767)	(42,191)	(66,332)	(491,003)	**(166,257)**

ASSETS AND LIABILITIES

	As at 31 March				
	2022	2023	2024	2025	**2026**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	833,028	790,690	771,584	281,567	**112,638**
Total liabilities	13,716	13,569	60,795	61,781	**59,109**
Total equity	819,312	777,121	710,789	219,786	**53,529**

Integrated Waste Solutions
Group Holdings Limited
綜 合 環 保 集 團 有 限 公 司