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

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

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## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

### **Annual Results**

- Revenue decreased by 50.8%, to HK\$51.3 million
- Gross profit margin increased from 18.4% to 56.7%
- Loss attributable to equity shareholders of the Company decreased by 69.2% to HK\$23.9 million
- Basic loss per share was HK0.5 cents (FY2020: HK1.6 cents)

The Board does not recommend the payment of any dividend for the year ended 31 March 2021.

The board (the “Board”) of directors (the “Directors”) of Integrated Waste Solutions Group Holdings Limited (the “Company”) would like to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2021. The audit committee of the Company (the “Audit Committee”) has reviewed the results and the consolidated financial statements of the Group for the year ended 31 March 2021 prior to recommending them to the Board for approval.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 31 MARCH 2021**

*(Expressed in Hong Kong dollars)*

	Note	2021 \$'000	2020 \$'000
<b>Revenue</b>	3	<b>51,326</b>	104,295
Cost of sales and services		<u>(22,241)</u>	<u>(85,084)</u>
<b>Gross profit</b>		<b>29,085</b>	19,211
Other revenue	4	<b>16,798</b>	9,904
Other net gain/(loss)		<b>1,004</b>	(942)
Selling and distribution expenses		<b>(16,706)</b>	(22,827)
Administrative and other operating expenses		<b>(64,454)</b>	(73,796)
Impairment loss of property, plant and equipment	9	<u>—</u>	<u>(16,866)</u>
<b>Operating loss</b>		<b>(34,273)</b>	(85,456)
Finance income	5(b)	<b>4,351</b>	8,127
Finance cost	5(c)	<b>(68)</b>	(189)
Share of profit of an associate		<b>3,563</b>	389
Share of profit/(loss) of joint ventures		<u><b>2,312</b></u>	<u>(460)</u>
<b>Loss before taxation</b>	5	<b>(24,115)</b>	(77,589)
Income tax	6(a)	<u>—</u>	<u>—</u>
<b>Loss for the year</b>		<u><b>(24,115)</b></u>	<u>(77,589)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company	7	<b>(23,893)</b>	(77,589)
Non-controlling interests		<u><b>(222)</b></u>	<u>—</u>
		<u><b>(24,115)</b></u>	<u>(77,589)</u>
<b>Basic and diluted loss per share</b>	7	<u><b>(0.5) cents</b></u>	<u>(1.6) cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 31 MARCH 2021**

*(Expressed in Hong Kong dollars)*

	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>Loss for the year</b>	<b>(24,115)</b>	(77,589)
<b>Other comprehensive income for the year (net of nil tax):</b>		
Item that may be reclassified subsequently to profit or loss		
Exchange difference on translation of financial statements of:		
– a joint venture and an associate operating outside Hong Kong	<u>1,140</u>	<u>12</u>
<b>Other comprehensive income for the year</b>	<b><u>1,140</u></b>	<b><u>12</u></b>
<b>Total comprehensive income for the year</b>	<b><u>(22,975)</u></b>	<b><u>(77,577)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(22,753)</b>	(77,577)
Non-controlling interests	<b><u>(222)</u></b>	<u>–</u>
<b>Total comprehensive income for the year</b>	<b><u>(22,975)</u></b>	<b><u>(77,577)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021***(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>Non-current assets</b>			
Property, plant and equipment and right-of-use assets	9	<b>611,582</b>	642,013
Interests in an associate	10	<b>91,231</b>	80,429
Interests in joint ventures	11	<b>8,866</b>	3,795
Deposits and prepayments		<b>232</b>	–
		<b>711,911</b>	726,237
<b>Current assets</b>			
Inventories		<b>344</b>	2,012
Trade receivables	12	<b>5,633</b>	6,980
Other receivables, deposits and prepayments		<b>10,763</b>	14,056
Amount due from an associate	10	<b>18,407</b>	5,556
Amounts due from joint ventures	11	<b>36,893</b>	38,278
Amount due from a related company		<b>12</b>	12
Bank deposits and cash		<b>78,332</b>	98,962
		<b>150,384</b>	165,856
<b>Current liabilities</b>			
Trade payables	13	<b>1,092</b>	2,411
Other payables, accruals and contract liabilities		<b>13,924</b>	19,351
Lease liabilities		<b>72</b>	1,740
Amount due to a related company		<b>10</b>	10
		<b>15,098</b>	23,512
<b>Net current assets</b>		<b>135,286</b>	142,344
<b>Total assets less current liabilities</b>		<b>847,197</b>	868,581

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021  
(CONTINUED)**

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>Non-current liability</b>			
Lease liabilities		<u>—</u>	<u>369</u>
<b>NET ASSETS</b>		<b><u>847,197</u></b>	<b><u>868,212</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>482,301</b>	482,301
Reserves		<b><u>363,158</u></b>	<u>385,911</u>
Total equity attributable to equity shareholders of the Company		<b>845,459</b>	868,212
Non-controlling interests		<b><u>1,738</u></b>	<u>—</u>
<b>TOTAL EQUITY</b>		<b><u>847,197</u></b>	<b><u>868,212</u></b>

## 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 Significant accounting policies

#### (a) Basis of preparation of the financial statements

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

The principal accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020 except for the changes stated as below.

#### (b) Changes in accounting policies

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

- Amendments to IFRS 3, *Definition of a Business*
- Amendment to IFRS 16, *COVID-19-Related Rent Concessions*

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

##### *Amendments to IFRS 3, Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment

of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 April 2020. The application of the amendment does not have material impact to the Group's financial statement for the year ended 31 March 2021.

*Amendment to IFRS 16, COVID-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The application of the amendment does not have material impact to the Group's financial statements for the year ended 31 March 2021.

### 3 Revenue and segment information

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

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

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

**Revenue from contracts with customers within the scope of IFRS 15**

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Disaggregated by major products or service lines		
– Provision of CMDS	<b>20,452</b>	19,169
– Provision of logistics services	<b>9,429</b>	8,372
– Sales of recovered paper and materials	<b>21,221</b>	76,719
– Sales of tissue paper products	<b>224</b>	35
	<b>51,326</b>	104,295

### Revenue by geographic markets

	2021 \$'000	2020 \$'000
Hong Kong	36,604	57,698
Mainland China	2,095	30,902
South Korea	12,627	15,695
	<u>51,326</u>	<u>104,295</u>

The geographical location is based on the location at which goods were delivered or service was rendered.

For the year ended 31 March 2021, revenue of approximately \$12,627,000 (2020: \$31,109,000) is derived from one (2020: two) external customer(s) which individually accounted for greater than 10% of the Group's total revenue.

The segment results and other segment items included in the loss for the year ended 31 March 2021 are as follows:

	CMDs \$'000	Logistics services \$'000	Recovered paper and materials \$'000	Tissue paper products \$'000	Total \$'000
<i>Segment revenue:</i>					
Sales to external customers	20,452	9,429	21,221	224	51,326
Inter-segment sales	–	10,280	–	–	10,280
Reportable segment revenue	20,452	19,709	21,221	224	61,606
Elimination of inter-segment revenue	–	(10,280)	–	–	(10,280)
	<u>20,452</u>	<u>9,429</u>	<u>21,221</u>	<u>224</u>	<u>51,326</u>
<i>Segment results:</i>					
Reportable segment profit/(loss)	13,964	4,365	10,889	(74)	29,144
Elimination of inter-segment profit					(59)
Reportable segment profit derived from the Group's external customers					29,085
Other revenue					16,798
Other net gain					1,004
Selling and distribution expenses					(16,706)
Administrative and other operating expenses					(64,454)
Finance income					4,351
Finance cost					(68)
Share of profit of an associate					3,563
Share of profit of joint ventures					2,312
Loss before taxation					(24,115)
Income tax					–
Loss for the year					<u>(24,115)</u>

The segment results and other segment items included in the loss for the year ended 31 March 2020 are as follows:

	CMDs \$'000	Logistics services \$'000	Recovered paper and materials \$'000	Tissue paper products \$'000	Total \$'000
<i>Segment revenue:</i>					
Sales to external customers	19,169	8,372	76,719	35	104,295
Inter-segment sales	<u>–</u>	<u>12,815</u>	<u>–</u>	<u>–</u>	<u>12,815</u>
Reportable segment revenue	19,169	21,187	76,719	35	117,110
Elimination of inter-segment revenue	<u>–</u>	<u>(12,815)</u>	<u>–</u>	<u>–</u>	<u>(12,815)</u>
	<u>19,169</u>	<u>8,372</u>	<u>76,719</u>	<u>35</u>	<u>104,295</u>
<i>Segment results:</i>					
Reportable segment profit	11,515	5,634	5,073	2	22,224
Elimination of inter-segment profit					<u>(3,013)</u>
Reportable segment profit derived from the Group's external customers					19,211
Other revenue					9,904
Other net loss					(942)
Selling and distribution expenses					(22,827)
Administrative and other operating expenses					(73,936)
Impairment loss of property, plant and equipment					(16,866)
Finance income					8,127
Finance cost					(189)
Share of profit of an associate					389
Share of loss of joint ventures					<u>(460)</u>
Loss before taxation					(77,589)
Income tax					<u>–</u>
Loss for the year					<u>(77,589)</u>

#### 4 Other revenue

	2021 \$'000	2020 \$'000
Licence fee income	4,900	8,400
Service income	1,348	160
Management fee income	1,384	488
Subsidy income ( <i>note (i)</i> )	7,892	–
Others	1,274	856
	<b>16,798</b>	<b>9,904</b>

- (i) For the year ended 31 March 2021, the Group successfully applied funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by The Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant, which amounted to government grants of \$6,900,000 for the year. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

#### 5 Loss before taxation

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

	2021 \$'000	2020 \$'000
<b>(a) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	44,854	56,908
Contributions to defined contribution retirement plan	1,388	1,872
	<b>46,242</b>	<b>58,780</b>
Staff costs included in:		
– Cost of sales and services	9,194	18,243
– Selling and distribution expenses	12,115	14,787
– Administrative and other operating expenses	24,933	25,750
	<b>46,242</b>	<b>58,780</b>
<b>(b) Finance income</b>		
Interest income from banks deposits	(600)	(1,949)
Interest income from loans to joint ventures	(2,503)	(6,142)
Interest income from loans to an associate	(1,248)	(36)
	<b>(4,351)</b>	<b>(8,127)</b>
<b>(c) Finance cost</b>		
Interest on lease liabilities	68	189

	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>(d) Other items</b>		
Cost of inventories sold	<b>10,540</b>	71,652
Depreciation charge ( <i>note 9</i> )		
– Owned property, plant and equipment	<b>25,179</b>	30,493
– Right-of-use assets	<b>2,186</b>	2,760
Impairment losses recognised:		
– Other receivables, deposits and prepayments	–	141
– Property, plant and equipment ( <i>note 9</i> )	–	16,866
Provision for loss allowances	<b>694</b>	5
Short-term lease payments not included in the measurement of lease liabilities	–	648
Write down of inventories	–	1,500
Loss on disposals of property, plant and equipment, net	<b>63</b>	51
Write off of property, plant and equipment	<b>190</b>	2
Foreign exchange (gain)/loss, net	<b>(1,236)</b>	889
Auditor's remuneration:		
– Audit services	<b>1,900</b>	2,010
– Other services	<b>300</b>	1,557
	<b><u>          </u></b>	<b><u>          </u></b>

## 6 Income tax

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

	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	–	–
Over-provision in prior years	–	–
	<u>          </u>	<u>          </u>
Income tax	<b><u>          </u></b>	<b><u>          </u></b>

No provision for Hong Kong Profits Tax for the years ended 31 March 2021 and 31 March 2020 has been made in respect of the subsidiaries in Hong Kong as either the tax losses brought forward from previous years exceed the estimated assessable profits for the year or the subsidiaries have no estimated assessable profits in Hong Kong.

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

	<b>2021</b> <b>\$'000</b>	2020 \$'000
Loss before taxation	<b>(24,115)</b>	(77,589)
Tax calculated at tax rates of 16.5% (2020: 16.5%)	<b>(3,979)</b>	(12,802)
Tax effects of non-taxable income	<b>(4,543)</b>	(2,958)
Tax effects of non-deductible expenses	<b>3,059</b>	5,782
Tax effects of tax losses not recognised	<b>5,463</b>	9,978
Income tax	<b>—</b>	—

**(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 2021 is Nil (2020: Nil).

**7 Loss per share**

The calculation of the basic and diluted loss per share is based on the loss attributable to equity shareholders of the Company of \$23,893,000 (2020: \$77,589,000) and the weighted average number of 4,823,009,000 (2020: 4,823,009,000) ordinary shares in issue during the year.

**(a) Basic loss per share**

Weighted average number of ordinary shares

	<b>2021</b> <b>'000</b>	2020 '000
Issued ordinary shares at 1 April and weighted average number of ordinary shares at 31 March	<b>4,823,009</b>	4,823,009

**(b) Diluted loss per share**

No adjustment had been made to the basic loss per share presented for the years ended 31 March 2021 and 31 March 2020 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share presented.

**8 Dividends**

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2021 (2020: Nil).

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

### (a) Reconciliation of carrying amount

	Ownership interests in buildings held for own use carried at depreciated cost \$'000	Leasehold improvements \$'000	Plant and machineries \$'000	Furniture, fixtures and equipment \$'000	Motor vehicles \$'000	Subtotal \$'000	Other properties leased for own use \$'000	Total \$'000
<b>Year ended 31 March 2021</b>								
<b>Net book amount</b>								
<b>At 1 April 2020</b>	<b>587,146</b>	<b>1,846</b>	<b>3,815</b>	<b>4,857</b>	<b>12,615</b>	<b>610,279</b>	<b>31,734</b>	<b>642,013</b>
Additions	13	-	254	81	386	734	-	734
Disposals	-	(1,564)	(113)	(124)	(949)	(2,750)	(860)	(3,610)
Write off	-	(25)	-	(165)	-	(190)	-	(190)
Depreciation	(21,547)	(110)	(905)	(1,092)	(1,525)	(25,179)	(2,186)	(27,365)
<b>At 31 March 2021</b>	<b>565,612</b>	<b>147</b>	<b>3,051</b>	<b>3,557</b>	<b>10,527</b>	<b>582,894</b>	<b>28,688</b>	<b>611,582</b>
<b>At 31 March 2021</b>								
Cost	697,971	331	67,066	12,327	26,899	804,594	40,378	844,972
Accumulated depreciation and impairment	(132,359)	(184)	(64,015)	(8,770)	(16,372)	(221,700)	(11,690)	(233,390)
Net book amount	565,612	147	3,051	3,557	10,527	582,894	28,688	611,582
<b>Year ended 31 March 2020</b>								
<b>Net book amount</b>								
<b>At 1 April 2019</b>	<b>608,594</b>	<b>2,627</b>	<b>24,815</b>	<b>6,588</b>	<b>16,545</b>	<b>659,169</b>	<b>34,494</b>	<b>693,663</b>
Additions	97	-	-	289	313	699	-	699
Disposals	-	-	-	(22)	(2,206)	(2,228)	-	(2,228)
Write off	-	-	-	(2)	-	(2)	-	(2)
Impairment	-	-	(16,866)	-	-	(16,866)	-	(16,866)
Depreciation	(21,545)	(781)	(4,134)	(1,996)	(2,037)	(30,493)	(2,760)	(33,253)
<b>At 31 March 2020</b>	<b>587,146</b>	<b>1,846</b>	<b>3,815</b>	<b>4,857</b>	<b>12,615</b>	<b>610,279</b>	<b>31,734</b>	<b>642,013</b>
<b>At 31 March 2020</b>								
Cost	697,959	4,687	69,719	18,930	30,930	822,225	42,383	864,608
Accumulated depreciation and impairment	(110,813)	(2,841)	(65,904)	(14,073)	(18,315)	(211,946)	(10,649)	(222,595)
Net book amount	587,146	1,846	3,815	4,857	12,615	610,279	31,734	642,013

### *Impairment loss*

During the year ended 31 March 2020, the Group recognised an impairment loss of \$16,866,000 to property, plant and equipment of the recycled plastic pellets business to reduce their carrying amount to their recoverable amount of Nil. The impairment arose primarily due to the decline in profitability of the recycled plastic pellets business, and lack of prospects for recovery in the near term.

No impairment loss was recognised nor reversed during the year ended 31 March 2021.

### **(b) Right-of-use assets**

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

	Note	2021 \$'000	2020 \$'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	(i)	28,621	29,711
Other properties leased for own use, carried at depreciated cost	(ii)	67	2,023
		<u>28,688</u>	<u>31,734</u>

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

	2021 \$'000	2020 \$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Ownership interests in leasehold land held for own use	1,090	1,090
– Other properties leased for own use	1,096	1,670
	<u>2,186</u>	<u>2,760</u>
Interest on lease liabilities	68	189
Expense relating to short-term leases and other leases with remaining lease term ending on or before the end of reporting period	1,894	3,297

During the year, additions to right-of-use assets were Nil (2020: Nil).

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

The Group has obtained the right to use leasehold land as its office and workshop through land premium paid. The land use right held an unexpired lease term of 26 years.

- (ii) Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses through tenancy agreements. The leases typically run for an initial period of 2 to 3 years. Lease payments are usually increased every 3 years to reflect market rentals.

## 10 Interests in an associate

	<b>2021</b> <b>\$'000</b>	2020 \$'000
Share of net assets	<b>74,149</b>	69,389
Loans to an associate ( <i>note 10(a)</i> )	<b>34,165</b>	16,560
Amount due from an associate ( <i>note 10(b)</i> )	<b>1,324</b>	36
	<b>109,638</b>	85,985
Represented by:		
Non-current portion	<b>91,231</b>	80,429
Current portion	<b>18,407</b>	5,556
	<b>109,638</b>	85,985

### (a) Loans to an associate

At 31 March 2021, loans to an associate comprise of:

- loan of RMB14,400,000 (equivalent to approximately \$17,083,000) (2020: \$16,560,000) which is unsecured, interest-bearing at the rate of 5% per annum. The loan will be repaid by instalments of RMB9,600,000 (equivalent to approximately \$11,389,000) and RMB4,800,000 (equivalent to approximately \$5,694,000) on 16 March 2022 and 16 March 2023 respectively; and
- loan of RMB14,400,000 (equivalent to approximately \$17,083,000) (2020: Nil) which is unsecured, interest-bearing at the rate of 5% per annum. The loan will be repaid by instalments of RMB4,800,000 each (equivalent to approximately \$5,694,000) on 28 September 2021, 28 September 2022 and 28 September 2023 respectively.

### (b) Amount due from an associate

The amount due from an associate at 31 March 2021 and 31 March 2020 are unsecured, interest-free and has no fixed terms of repayment.

## 11 Interests in joint ventures

	2021 \$'000	2020 \$'000
Share of net liabilities	(13,425)	(15,705)
Loans to joint ventures (note 11(a))	39,482	46,982
Amounts due from joint ventures (note 11(b))	19,702	10,796
	<u>45,759</u>	<u>42,073</u>
Represented by:		
Non-current portion	8,866	3,795
Current portion	36,893	38,278
	<u>45,759</u>	<u>42,073</u>

On 26 March 2020, the Group entered into a shareholders' agreement with a third party to set up Smart City Logistics Hong Kong Limited ("Smart City"), a joint venture company at the consideration of \$25,000. On 13 May 2020, Smart City was incorporated in Hong Kong for the purpose of providing services for logistics of wastes in Hong Kong. The Group is entitled to share 25% of the financial results of Smart City.

### (a) Loans to joint ventures

At 31 March 2021, loans to joint ventures of \$39,482,000 (2020: \$46,982,000) comprised of:

- (i) loan of \$19,982,000 (2020: \$19,982,000) which is unsecured, interest-bearing at the rate of 7% per annum and repayable on demand;
- (ii) loan of \$7,500,000 (2020: \$12,000,000) which is unsecured, interest-bearing at the rate of HIBOR plus 4% per annum and repayable on 19 February 2022; and
- (iii) loan of \$12,000,000 (2020: \$15,000,000) which is unsecured, interest-bearing at the rate of HIBOR plus 4% per annum. The loan will be repaid by instalments, of which \$4,500,000 is repayable on 2 May 2021 and the remaining \$7,500,000 is repayable on 2 May 2022.

### (b) Amounts due from joint ventures

The amounts due from joint ventures at 31 March 2021 and 31 March 2020 are unsecured, interest-free and has no fixed terms of repayment.

## 12 Trade receivables

	2021 \$'000	2020 \$'000
Trade receivables	8,189	10,857
Less: Loss allowance ( <i>note 12(b)</i> )	(2,556)	(3,877)
Trade receivables, net	<u>5,633</u>	<u>6,980</u>

### (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:

	2021 \$'000	2020 \$'000
0 – 30 days	5,467	4,990
31 – 60 days	93	1,419
61 – 90 days	21	1
91 – 120 days	5	196
Over 120 days	2,603	4,251
	<u>8,189</u>	<u>10,857</u>
Less: Loss allowance ( <i>note 12(b)</i> )	(2,556)	(3,877)
	<u>5,633</u>	<u>6,980</u>

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

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

	2021 \$'000	2020 \$'000
Balance at 1 April	3,877	4,237
Provision for loss allowances	694	5
Uncollectable amounts written off during the year	(2,015)	(365)
Balance at 31 March	<u>2,556</u>	<u>3,877</u>

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

- origination of new trade receivables net of those settled resulted in an increase in loss allowance of \$694,000 (2020: \$5,000); and
- a write-off of trade receivables with a gross carrying amount of \$2,015,000 (2020: \$365,000)

resulted in a decrease in loss allowance of \$1,321,000 (2020: \$360,000).

### 13 Trade payables

	<b>2021</b> <b>\$'000</b>	2020 \$'000
Trade payables	<b>1,092</b>	2,411

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

	<b>2021</b> <b>\$'000</b>	2020 \$'000
Current	<b>581</b>	1,558
1 – 30 days	<b>73</b>	41
31 – 60 days	<b>29</b>	33
61 – 90 days	<b>11</b>	46
91 – 120 days	<b>8</b>	16
Over 120 days	<b>390</b>	717
	<b>1,092</b>	2,411

### 14 Share capital

#### (a) *Authorised share capital of the Company*

	<b>2021</b> <b>\$'000</b>	2020 \$'000
<b>Authorised:</b>		
5,000,000,000 ordinary shares of \$0.10 each	<b>500,000</b>	500,000

#### (b) *Issued share capital of the Company*

	<b>Number of ordinary shares '000</b>	<b>Amount \$'000</b>
<b>Issued and fully paid:</b>		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<b>4,823,009</b>	482,301

**(c) Equity settled share-based transactions**

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

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

*(i) Share options granted in 2016*

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

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

			Number of share options					
Date of grant	Initial exercise price \$	Exercisable period	Outstanding at	Cancelled/ lapsed during the year ended	Outstanding at	Cancelled/ lapsed during the year ended	Outstanding at	Remaining contractual life
			1 April 2019	31 March	31 March 2020 and 1 April 2020	31 March	31 March	
				2020		2021	2021	
<b>Directors</b>								
7 September 2016	0.128	7 September 2017 to 6 September 2022	86,400,000	–	86,400,000	–	86,400,000	1.4 years
<b>Employees</b>								
7 September 2016	0.128	7 September 2017 to 6 September 2022	17,300,000	(2,200,000)	15,100,000	(2,100,000)	13,000,000	1.4 years
			103,700,000	(2,200,000)	101,500,000	(2,100,000)	99,400,000	

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

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

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

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

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

The Group recognised expenses of Nil (2020: Nil) related to equity settled share-based payment transactions paid during the year ended 31 March 2021.

## 15 Capital commitments

<b>2021</b>	2020
<b>\$'000</b>	<b>\$'000</b>

### Contracted but not provided for

Investment in I-Talent Paper Product (HK) Limited ("I-Talent")	<b>510</b>	–
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On 25 August 2020, the Group entered into a shareholders' agreement with a third party to establish I-Talent for the purpose of developing business in trading and manufacturing of assorted paper products. As at 31 March 2021, the Group's total commitment to the investment in I-Talent is \$510,000 for capital contribution. Upon completion of capital injection, the Group will hold 51% equity interest in I-Talent.

## **GROUP OVERVIEW**

Integrated Waste Solutions Group Holdings Limited is one of the major solid-waste solutions providers in Hong Kong, specialised in waste collection, recycling and treatment businesses. The Group provides waste management services related to Confidential Materials Destruction Services (“CMDS”), Waste Electrical and Electronic Equipment (“WEEE”) and other recyclable waste to a broad range of customers in both public and private sectors.

The Group recognises the importance of its business in contributing to resolution of the waste handling and disposal problem in Hong Kong and China. We have been diversifying our waste management and recycling business. We expanded our business to cover Mainland China in 2020 through our investment in the hazardous waste treatment project located in Lianyungang, Jiangsu Province. The first phase of operations has been fully operational while the second phase is expected to commence operation in the second half of 2021. Another project in Kaifeng, Henan Province has undergone environmental impact assessment and approval was granted in December 2020. The facilities provide hazardous waste treatment solution services to respective cities.

## **MARKET REVIEW**

Hong Kong has been facing the waste management problem as quantities of solid waste being disposed at landfills is high and the recycling rate is relatively low. Stringent global regulations related to waste have made it challenging for Hong Kong’s waste recycling industry. The complete ban on imports of waste in China and the embodiment of Basel Convention in 2021 has adversely affected the local recycling industry. The ongoing global outbreak of COVID-19 pandemic continues to impact the recycling performance. Anti-pandemic regulations and lockdown measures such as remote work are resulting in a drop in waste collection and recycling activities. However, as the impacts of COVID-19 subside, the recycling business is expected to gather pace, albeit slowly. Future policy initiatives by the Hong Kong SAR government on waste management and municipal solid waste, including the Producer Responsibility Scheme implemented for municipal solid waste, plastic bags and plastic beverage containers, are part of the solutions of waste management that lead to new opportunities for the recycling industry.

## FINANCIAL REVIEW

Loss attributable to equity shareholders of the Company for the year ended 31 March 2021 (“FY2021”) amounted to HK\$23.9 million, a decrease of HK\$53.7 million compared to the year ended 31 March 2020 (“FY2020”).

	<b>FY2021</b> <b>HK\$'000</b>	<b>FY2020</b> <b>HK\$'000</b>	<b>Fav./ (Unfav.)</b> <b>Change</b> <b>HK\$'000</b>	<b>%</b>
<b>Results of Operating Segments</b>	<b>13,998</b>	(14,704)	<b>28,702</b>	<b>195.2</b>
<b>Net Corporate expenses</b>	<b>(43,766)</b>	(45,948)	<b>2,182</b>	<b>4.7</b>
	<b>(29,768)</b>	(60,652)	<b>30,884</b>	<b>50.9</b>
<b>Share of results of an associate</b>	<b>3,563</b>	389	<b>3,174</b>	<b>815.9</b>
<b>Share of results of joint ventures</b>	<b>6,460</b>	(460)	<b>6,920</b>	<b>1,504.3</b>
<b>Non-operating item:</b>				
Impairment loss of property, plant and equipment	<b>(4,148)*</b>	(16,866)	<b>12,718</b>	<b>75.4</b>
<b>Loss attributable to equity shareholders of the Company</b>	<b>(23,893)</b>	(77,589)	<b>53,696</b>	<b>69.2</b>

\* The amount was recognised in the share of results of joint ventures of the Group in FY2021.

	<b>FY2021</b> <b>HK\$'000</b>	<b>FY2020</b> <b>HK\$'000</b>	<b>Fav./ (Unfav.)</b> <b>Change</b> <b>HK\$'000</b>	<b>%</b>
<b>Revenue Analysis</b>				
Sales of recovered paper and materials				
– Sales of recovered paper	<b>19,294</b>	66,599	<b>(47,305)</b>	<b>(71.0)</b>
– Sales of recycled plastic pellets	<b>1,893</b>	9,790	<b>(7,897)</b>	<b>(80.7)</b>
– Sales of other waste materials	<b>34</b>	330	<b>(296)</b>	<b>(89.7)</b>
	<b>21,221</b>	76,719	<b>(55,498)</b>	<b>(72.3)</b>
CMDS service income	<b>20,452</b>	19,169	<b>1,283</b>	<b>6.7</b>
Sales of tissue paper products	<b>224</b>	35	<b>189</b>	<b>540.0</b>
Logistics service income	<b>9,429</b>	8,372	<b>1,057</b>	<b>12.6</b>
	<b>51,326</b>	104,295	<b>(52,969)</b>	<b>(50.8)</b>

Revenue from **Recovered Paper** business declined by HK\$47.3 million or 71.0%. The total ban on waste imports into Mainland China brought a significant impact to the business. The Group decided to cease the operation of outside recovered paper depots.

in May 2020, given the worsening of performance of the segment. We are constantly monitoring the external environment and shall take appropriate measures that are most beneficial to the Group's long-term development.

Revenue of **Confidential Materials Destruction Services ("CMDS")** increased to approximately HK\$ 20.4 million, representing a 6.7% increase. As economic activities in Hong Kong gradually resumed, the impact of COVID-19 towards the CMDS service was relatively low. We serve a wide range of customers from government authorities to financial and professional institutions and private corporations in Hong Kong. We expect the income from this service to rise steadily after home office arrangements due to COVID-19 pandemic are revoked.

RGF Environmental New Material Limited, our joint venture for the production of **recycled engineering plastic pellets**, has been operating under difficult conditions due to tightening of restraints under the Basel Convention on import and export of wastes, while the global manufacturing sector was at a standstill for quite some time due to the pandemic lockdown which further undermined sales volume and profit margin. However, despite external challenges, we are actively seeking opportunities to transform the current business model into an OEM solution provider for plastic wastes. During the year ended 31 March 2021, an impairment loss on property, plant and equipment of HK\$8.5 million was provided by the joint venture due to the decline in profitability of the **recycled engineering plastic pellets** business. Accordingly, the Group has recognised its share of HK\$4.1 million in the share of results of joint ventures for the year.

The joint venture with ALBA Group for treatment and recycling of **waste electrical and electronic equipment ("WEEE")** increased its income by 2.4% to HK\$15.7 million. Collection volume of WEEE increased by 7.0% compared to FY2020. We are confident that the WEEE operations will continue to grow and bring further revenue to the Group.

The **Logistics** segment primarily focuses on providing support services to other business segments of the Group. Services income increased by HK\$1.1 million or 12.6%. The marked increase in income from logistics services was due to the expansion of logistics services and management for door-to-door collection services of WEEE.

The investment in Dugong IWS HAZ Limited ("DI") in January 2020 constituted a new milestone of the Group in expansion of the **Hazardous Waste Treatment** business in Mainland China. Environmental policies in the Mainland China offer vast opportunities for waste treatment. The Sino-American trade war, COVID-19 pandemic and intense market competition are factors affecting profit performance and margin. However, the performance of this business improved during FY2021 as volume began to grow as China's economy recovered swiftly. DI had completed the second phase expansion of its Lianyungang plant in Jiangsu and, its new project in Kaifeng, Henan is expected to commence operations in 2022. We expect to see growth in capacity and revenue after it begins operations.

## **Gross Profit and Gross Profit Margin**

The Group recorded a gross profit of HK\$29.1 million in FY2021, increased by HK\$9.9 million or 51.4% when compared to FY2020. The gross profit margin of the Group increased from 18.4% to 56.7% in FY2021 compared to FY2020. The increase in both gross profit and gross profit margin was due to the increase in total service income and the significant decrease in the total revenue of **Recovered Paper** and **Recycled LDPE Pellets** which have lower profit margins.

## **Selling, Distribution, Administrative and Other Operating Expenses**

Selling, distribution, administrative and other operating expenses amounted to a total of HK\$81.2 million, representing a decrease of HK\$15.6 million compared to FY2020. The reduction in these expenditures was due to the cost control measures initiated by the management throughout the year.

## **Loss before Interest, Tax, Depreciation and Amortisation (“LBITDA”)**

With the increase in total gross profit and share of profits from joint ventures and associate, together with the reduction in expenditures as a result of the cost control measures throughout the year, LBITDA for the year has been significantly improved by approximately HK\$51.2 million from HK\$52.2 million in FY2020 to HK\$1.0 million in FY2021.

## **Liquidity and Financial Resources**

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

As at 31 March 2021, the Group had unrestricted bank deposits and cash of approximately HK\$78.3 million (2020: HK\$99.0 million). The Group had no bank loans and overdrafts as at 31 March 2021 (2020: Nil).

As at 31 March 2021, the Group had net current assets of approximately HK\$135.3 million, as compared to net current assets of approximately HK\$142.3 million as at 31 March 2020. The current ratio of the Group was 10.0 as at 31 March 2021 as compared to 7.1 as at 31 March 2020.

## **Foreign Exchange Exposure**

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

For the year ended 31 March 2021, the Group recorded a net foreign exchange gain of HK\$1.2 million (2020: loss of HK\$0.9 million) as a result of the appreciation of Renminbi during the year. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

## **Major Capital Expenditure and Commitments**

During the current financial year, the Group incurred HK\$0.3 million for the capital expenditure in respect of the headquarters of the Group in Tseung Kwan O Industrial Estate, Hong Kong. As at 31 March 2021, the Group has capital commitments of approximately HK\$0.5 million, which are mainly related to the capital contribution in I-Talent Paper Product (HK) Limited, a company established with a third party on 24 September 2020 for the purpose of developing business in trading and manufacturing of assorted paper products in which the Group holds 51% equity interest. Details of the capital commitment of the Group are set out in Note 15.

## **Pledge of Assets**

As at 31 March 2021, the Group had no restricted and pledged bank deposits (2020: Nil).

## **Capital Structure**

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

## **Contingent Liabilities**

As at 31 March 2021, the Group has, upon legal advice, lodged certain claims against its former director and employee and the outcomes of which remain to be seen.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

The Group has been striving to become a trusted integrated waste solutions provider in Hong Kong and Mainland China. We are committed to bearing our share of environmental and social responsibility to ensure a sustainable future. We have been integrating environmental, social and governance ("ESG") considerations into our daily business operations. By engaging our stakeholders actively through various channels, we

continue to identify material topics and align them with the United Nation Sustainable Development Goals. We hope to contribute to resolution of sustainability issues by adopting environment-friendly measures and responsible operating practices.

Detailed ESG performance will be published in the Group's ESG report in August 2021 on websites of the Stock Exchange and the Group, in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules"). This section explains the Group's environmental policy and relationship with its key stakeholder groups.

## **Environmental Policy and Compliance**

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

The Group identifies environmental risks that its operations might entail and develops remedial initiatives. Control procedures and measures are implemented to minimise the environmental impacts of our business operations. Our logistics fleet ensures emission control through strategic route planning.

We strictly adhere to all relevant environmental laws and regulations, including but not limited to the Waste Disposal Ordinance, Water Pollution Control Ordinance and Air Pollution Control Ordinance. During the year, one case of non-compliance of environmental laws and regulations was recorded. The case has been investigated internally and rectification measures implemented.

## **Engagement with Stakeholders**

The Group spares no efforts to maintain a close relationship with its stakeholders. In order to ensure effective communication with internal and external stakeholders, we have established various communication channels to engage and consult stakeholders from different sectors and backgrounds including employees, customers, investors, NGOs, suppliers and subcontractors. By identifying material issues in sustainability related topics, we continue to address stakeholders' concerns and expectations.

## **Employees**

As of 31 March 2021, the Group had a total of 128 employees. Employee costs, including directors' emoluments, amounted to HK\$46.2 million for FY2021 (FY2020: HK\$58.8 million). In addition to compliance with relevant employment laws, we respect the rights of our employees and adhere to fair employment practices in recruitment, appraisal and provision of welfare and benefits. The Group respects each individual employee at every stage of employment and has zero tolerance to any form of discrimination. We maintain two-way communication via a grievance mechanism to address employees' concerns and needs.

The Group considers health and safety of employees as its first priority. We strictly comply with relevant laws and regulations related to occupational health and safety. A Safety Management Committee is in place to ensure occupational health and safety policies are up-to-date, by serving as a channel to facilitate actions related to safety issues within the Group.

We value the contribution of our employees to the Group and are committed to build an inclusive workforce and support employees' career development. A wide range of internal and external training schemes are offered to employees to enhance their professional skills.

## **Customers**

The Group strives to exceed customers' expectations and ensure high quality products and services are delivered. We collect feedback and take corresponding rectification measures by facilitating communication with customers. A customer satisfaction survey is conducted annually to better understand their needs and expectations of our products and services. To handle complaints in an efficient and professional manner, a complaint mechanism has been established to examine complaints and to carry out improvement measures to maintain service quality.

## **Suppliers**

We collaborate with a broad network of suppliers and subcontractors who share environmental and social responsibilities related to our operations. We have developed a selection criterion to ensure the suppliers meet our standards on quality and ESG requirements. Every year, we conduct sample assessment of existing suppliers to evaluate their performance based on price, product and service quality, cooperation, on-time delivery and environmental requirements. Suppliers with environment-friendly measures are given priority. We remove unqualified suppliers from our supplier list if their performance remains unsatisfactory.

## **Community**

The Group always seeks opportunities to contribute to the well-being of the community where it operates. In order to support the community on combating the COVID-19 pandemic, we donated tissue paper to nursery homes. We also encouraged employees to participate in Earth Hour so as to raise awareness on climate change and nature conservation.

## **PROSPECTS**

The impacts of stringent global regulatory regimes and the COVID-19 pandemic continue to pose challenges to the recycling business. Despite a rather volatile business environment, we will continue to manage and monitor risks in a professional manner, while transforming ourselves into a high value-added business.

We expect to continue to maintain high-quality CMDS services and an efficient logistics fleet, optimization of the WEEE collection service and treatment and ensure smooth operations of the hazardous waste treatment facilities in China. The resumption of tissue paper manufacturing aims to cater for the growing domestic demand resulting from a change of living habits and the increase in health awareness and is expected to bring new sources of income to the Group.

With the Group's devotion and professionalism, we are moving towards the goal of becoming one of the most reputable integrated waste solutions providers in Hong Kong and the Greater China.

## **DIVIDEND**

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2021 (2020: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 23 August 2021 to Friday, 27 August 2021 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 2021 annual general meeting of the Company to be held on Friday, 27 August 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 August 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's share during the year ended 31 March 2021.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain a high standard of corporate governance and has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules. The Company has complied with the code provisions set out in the CG Code throughout the financial year ended 31 March 2021.

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

conduct and growth of its business, and aligning the corporate value of good governance with its purpose, value and strategy, thereby meeting the expectations of shareholders and investors.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. Following specific enquiries by the Company, all Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2021.

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

The Company has also adopted Code for Securities Transactions by Relevant Employees (the “Own Code”) on no less exacting terms than the Model Code for governing securities transactions by the relevant employees who are likely to be in possession of inside information of the Company or its securities. No incident of non-compliance of the Own Code by any relevant employee was noted by the Company during the year ended 31 March 2021.

### **AUDIT COMMITTEE**

The Audit Committee of the Company, which comprises three independent non-executive Directors, namely, Mr. Wong Man Chung, Francis (chairman of the Audit Committee), Mr. Chow Shiu Wing, Joseph and Mr. Chan Ting Bond, Michael; and two non-executive Directors, namely, Mr. Cheng Chi Ming, Brian and Mr. Tsang On Yip, Patrick, has reviewed the consolidated financial statements of the Group for the year ended 31 March 2021 and discussed with the management of the Company on the accounting principles and practices adopted by the Group, risk management and internal controls and financial reporting matters.

### **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2021. The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the designated websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.iwsggh.com](http://www.iwsggh.com)). The annual report of the Company for the year ended 31 March 2021 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board

**Integrated Waste Solutions Group Holdings Limited**

**Cheng Chi Ming, Brian**

*Chairman*

Hong Kong, 29 June 2021

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