Sanroc International Holdings Limited
善樂國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Sanroc International Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2017 (the "**Period**") together with its comparative figures for the corresponding period in 2016 (the "**Previous Period**") as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2017

		Unaudited Six months ended 30 September	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**71,061**	89,128
Cost of sales and services		**(42,045)**	(57,967)
Gross profit		**29,016**	31,161
Other income and gains/(losses), net		**2,604**	(520)
Selling expenses		**(1,492)**	(1,258)
Administrative expenses		**(10,271)**	(11,811)
Operating profit		**19,857**	17,572
Finance income		**58**	130
Finance costs		**(1,236)**	(800)
Finance costs, net		**(1,178)**	(670)
Profit before income tax		**18,679**	16,902
Income tax expenses	*4*	**(2,758)**	(3,500)
Profit for the period	*5*	**15,921**	13,402
Profit attributable to equity holders of the Company		**15,921**	13,402
Other comprehensive loss, net of tax			
Items that may be subsequently reclassified to profit or loss			
Fair value loss on revaluation of available-for-sale financial asset		**(875)**	—
Total comprehensive income for the period, net of tax		**15,046**	13,402
		HK cents	*HK cents*
Earnings per share for profit attributable to equity holders of the Company:			
Basic and diluted	*7*	**1.28**	1.49

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2017

	Note	**Unaudited 30 September 2017** *HK$'000*	Audited 31 March 2017 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**174,583**	160,795
Deferred income tax assets		**675**	7,068
Available-for-sale financial asset		**14,202**	—
Deposits, prepayments and other receivables	*8*	**1,879**	1,054
Finance lease receivables		**—**	804
		191,339	169,721
Current assets			
Inventories		**12,540**	12,102
Trade receivables	*8*	**38,631**	39,523
Deposits, prepayments and other receivables	*8*	**1,638**	3,924
Amounts due from related companies		**42**	22
Income tax recoverable		**704**	527
Finance lease receivables		**1,829**	2,437
Restricted cash		**7,700**	15,500
Cash and cash equivalents		**120,784**	133,807
		183,868	207,842
Total assets		**375,207**	377,563
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12,390**	12,390
Reserves		**252,017**	236,971
Total equity		**264,407**	249,361

	Note	Unaudited 30 September 2017 HK$'000	Audited 31 March 2017 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**18,932**	23,972
Obligations under finance leases		**7,733**	11,460
		26,665	35,432
Current liabilities			
Trade and bills payables	*9*	**18,626**	28,036
Accruals and other payables	*9*	**4,384**	11,107
Borrowings		**50,273**	42,699
Income tax payable		**2,627**	2,553
Obligations under finance leases		**8,225**	8,375
		84,135	92,770
Total liabilities		**110,800**	128,202
Total equity and liabilities		**375,207**	377,563

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2017 has been prepared in accordance with HKAS 34 'Interim financial reporting'. The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2017, which have been prepared in accordance with HKFRSs.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 March 2017, as described in those consolidated financial statements.

(a) Classification of available-for-sale financial asset:

Available-for-sale financial asset are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

(b) Recognition and measurement of available-for-sale financial asset:

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as 'other income and gains/(losses)'.

Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

(c) Estimation of income tax:

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Changes in accounting policy and disclosures:

(a) Amendments to HKFRSs effective for the financial year ending 31 March 2018 do not have a material impact on the Group.

(b) Impact of standards issued but not yet applied by the Group

(i) HKFRS 9 "Financial Instruments"

HKFRS 9 "Financial Instruments" addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for impairment model and a new hedge accounting for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory for the financial year commencing on 1 April 2018.

During the Period, all of the Group's financial assets and financial liabilities were carried at amortised costs without significant impairment on the former, the implementation of HKFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

(ii) HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$2,582,000. The impacts on the Group's financial results and position upon the adoption of HKFRS 16 as lessee of finance leases and operating leases are not expected to be material. The standard is mandatory for the financial year commencing on 1 April 2019. The Group does not intend to adopt the standard before its effective date.

(iii) HKFRS 15 "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for the financial year commencing on 1 April 2018.

Management has performed a preliminary assessment and expects that the implementation of the HKFRS 15 would not result in any significant impacts on the Group's financial position and results of operations. Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption.

The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

Revenue represents gross receipts on sales of machinery and spare parts, leasing of machinery, the provision of transportation services and the provision of related services in the ordinary course of business. Revenue recognised for the periods are as follows:

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of machinery and spare parts and provision of related services	**22,131**	49,764
Leasing of machinery and provision of related services	**38,894**	35,217
Transportation services	**10,036**	4,147
	71,061	89,128

The Group's reportable segments are as follows:

1. Trading — Sales of machinery and spare parts and provision of related services

2. Leasing — Leasing of machinery and provision of related services

3. Transportation — Provision of transportation services

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the six months ended 30 September 2017

		Unaudited		
	Trading	**Leasing**	**Transportation**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue				
Segment revenue from external customers	**22,131**	**38,894**	**10,036**	**71,061**
Results				
Segment profit	**5,305**	**18,707**	**991**	**25,003**
Unallocated corporate income				**1,995**
Unallocated corporate expenses				**(8,319)**
Profit before tax				**18,679**

For the six months ended 30 September 2016

		Unaudited		
	Trading	Leasing	Transportation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Segment revenue from external customers	49,764	35,217	4,147	89,128
Results				
Segment profit/(loss)	11,914	15,586	(245)	27,255
Unallocated corporate income				130
Unallocated corporate expenses				(10,483)
Profit before tax				16,902

4 INCOME TAX EXPENSES

The amount of income tax charged to profit or loss represents:

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**1,405**	2,583
Deferred income tax	**1,353**	917
Income tax expenses	**2,758**	3,500

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 September 2017 (six months ended 30 September 2016: 16.5%).

5 PROFIT FOR THE PERIOD

	Unaudited Six months ended 30 September	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging/(crediting):		
Costs of machinery and equipment and spare parts	**15,853**	36,832
Staff costs, including directors' emoluments	**10,506**	7,295
Leasing expense of machinery and equipment	**1,974**	2,510
Operating lease rental in respect of office and storage premises	**797**	580
Auditor's remuneration	**900**	650
Listing expenses	**—**	5,510
Depreciation		
— owned machinery and equipment	**11,893**	10,307
— machinery and equipment held under finance leases	**2,048**	1,543
Foreign exchange (gain)/loss, net	**(1,480)**	1,023
Gain on disposal of property, plant and equipment	**(667)**	(360)

6 DIVIDENDS

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

No dividend has been paid or declared by the Company since its incorporation.

On 15 July 2016, Sanroc Leasing (Plant & Machinery) Limited, now a wholly-owned subsidiary of the Company, declared a final dividend for the year ended 31 March 2016 of HK$12 million and a special dividend of HK$3 million, which had been approved on 15 August 2016 and fully paid to its then shareholders on 23 August 2016.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the reorganisation completed on 10 November 2016 and the capitalisation issue of the ordinary shares which took place on 10 February 2017.

	Unaudited Six months ended 30 September	
	2017	2016
Profit attributable to equity holders of the Company *(HK$'000)*	**15,921**	13,402
Weighted average number of ordinary shares in issue *(thousands)*	**1,239,000**	900,000
Basic earnings per share *(HK cents)*	**1.28**	1.49

(b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary share outstanding as at 30 September 2017 (30 September 2016: same).

8 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2017 *HK$'000*	Audited 31 March 2017 *HK$'000*
Trade receivables	**39,653**	40,545
Provision for impairment	**(1,022)**	(1,022)
	38,631	39,523
Deposits, prepayments and other receivables	**3,517**	4,978
Less: non-current portion	**(1,879)**	(1,054)
Current portion	**1,638**	3,924

The credit period granted to trade customers was generally between 30 to 60 days. The Group does not hold any collateral as security.

As at 30 September 2017, the ageing analysis of the trade receivables based on invoice date was as follows:

	Unaudited 30 September 2017 *HK$'000*	Audited 31 March 2017 *HK$'000*
0 to 30 days	**14,197**	12,329
31 to 60 days	**6,241**	10,740
61 to 90 days	**6,158**	4,781
More than 90 days	**12,035**	11,673
	38,631	39,523

9 TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	Unaudited 30 September 2017 *HK$'000*	Audited 31 March 2017 *HK$'000*
Trade and bills payables	**18,626**	28,036
Accruals and other payables *(Note i)*	**4,384**	11,107
	23,010	39,143

Note i: The amounts mainly represent advance from customers, accruals and other payables for wages, legal and professional fees and transportation costs.

The ageing analysis of the trade and bills payables based on invoice date was as follows:

	Unaudited 30 September 2017 *HK$'000*	Audited 31 March 2017 *HK$'000*
0 to 30 days	**5,542**	5,921
31 to 60 days	**952**	2,724
61 to 90 days	**350**	325
More than 90 days	**11,782**	19,066
	18,626	28,036

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

The Group provides construction machinery trading and leasing services in Hong Kong. Our business includes: (i) trading of construction machinery, which are mainly foundation machinery and drilling accessories; (ii) leasing of construction machinery, which are mainly power and energy machinery; and (iii) the provision of local transportation services with our crane lorries.

Regarding to the business environment, the slow recovery of the global economy coupled with political filibuster in Hong Kong has unfavored Hong Kong macroeconomic environment and the construction industry, resulting in delay of a number of construction projects.

Nevertheless, Hong Kong government's support in different infrastructure plan, especially for the Ten Major Infrastructure, and the continual development plan in public and private housing sectors have undoubtedly stimulated the Hong Kong construction market.

Our Group continues to strengthen our competitive position and believes that further business growth can be enhanced by maintaining (a) well-founded reputation in the market; (b) the provision of a variety of leasing machinery to cater for customers' specification; (c) experienced and dedicated management team; and (d) long term relationship with customers.

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately HK$18.1 million, or approximately 20.3%, from approximately HK$89.1 million for the Previous Period to approximately HK$71.0 million for the Period. Such decrease was mainly attributable to the combined effect from (i) the drop in revenue from trading of construction machinery and (ii) the increase in revenue from leasing of construction machinery and transportation services.

Trading of construction machinery

Our Group's revenue generated from trading of construction machinery recorded a decrease by approximately HK$27.7 million, or approximately 55.6%, from approximately HK$49.8 million for the Previous Period to approximately HK$22.1 million for the Period. Such decrease was mainly attributable to the decrease in trading volume of construction machinery due to the delay in commencement of several public-related projects which reduced the demand of construction machinery in the industry.

Leasing of construction machinery

Our Group's revenue generated from leasing of construction machinery recorded an increase by approximately HK$3.7 million, or approximately 10.5%, from approximately HK$35.2 million for the Previous Period to approximately HK$38.9 million for the Period. Such increase was mainly due to the increase in leasing of power generators, foundation equipment, forklift trucks and aerial platforms for the Period.

Transportation services

Our Group's revenue generated from transportation services increased by approximately HK$5.9 million, or 143.9%, from approximately HK$4.1 million for the Previous Period to approximately HK$10.0 million for the Period, as the transportation business has been developing during the Period and additional crane lorries were acquired during the Period.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK$42.0 million for the Period, representing a decrease of approximately 27.6% (Previous Period: approximately HK$58.0 million). Cost of sales and services mainly comprised of costs of machinery and equipment and spare parts, staff costs and depreciation, which together accounted for approximately 82.4% (Previous Period: 89.3%) of the Group's total cost of sales and services for the Period.

Among the three major items under cost of sales and services, the Group recorded a decrease of approximately 56.8% in costs of machinery and equipment and spare parts, which is in line with the decrease in trading business for the Period. Staff costs increased substantially by approximately 47.2% due to an increase in staff headcount to cope with business expansion and annual salary increment for the Period. Depreciation increased by approximately 17.5% mainly due to additions of machinery and equipment and crane lorries as a result of the expansion of the Group's owned fleet and transportation service respectively.

Gross Profit and Gross Profit Margin

Our Group's gross profit decreased by approximately HK$2.1 million, or 6.8%, from approximately HK$31.1 million for the Previous Period to approximately HK$29.0 million for the Period. The decrease in gross profit was mainly due to the decrease in trading volume of construction machinery. Our gross profit margin increased from approximately 34.9% for the Previous Period to approximately 40.8% for the Period which is resulted from the increment contributed by all business segments.

Other Income and Gains

Our Group's other income and gains increased by approximately HK$3.1 million, or 620.0%, from losses of approximately HK$0.5 million for the Previous Period to gain of approximately HK$2.6 million for the Period. The increase in other income and gains was mainly attributable to the gain on exchange difference, gain on disposal of property, plant and equipment and interest income from bank deposits of approximately HK$1.5 million (the Previous Period: loss on exchange difference of HK$1.0 million), HK$0.7 million (the Previous Period: HK$0.4 million) and HK$0.3 million (the Previous Period: HK$26,000) respectively for the Period.

Selling Expenses

Our Group's selling expenses increased by approximately HK$0.3 million, or approximately 25.0%, from approximately HK$1.2 million for the Previous Period to approximately HK$1.5 million for the Period, mainly due to the increase in staff costs in the selling department.

Administrative Expenses

Our Group's administrative expenses decreased by approximately HK$1.5 million, or 12.7%, from approximately HK$11.8 million for the Previous Period to approximately HK$10.3 million for the Period. The decrease in administrative expenses was mainly due to the combined effect of (i) no recognition of the one-off listing expenses for the Period (the Previous Period: HK$5.5 million); (ii) the increase in staff costs and expenses; and (iii) the increase in professional fee after the listing of the shares of the Company (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (collectively the "**Listing**") compared with that during the Previous Period.

Finance Income

Our Group's finance income decreased by approximately HK$72,000 or 55.4%, from approximately HK$130,000 for the Previous Period to approximately HK$58,000 for the Period, was mainly attributable to the finance lease interest income generated from our customers.

Finance Costs

Our Group's finance costs increased by approximately HK$0.4 million, or 50.0%, from approximately HK$0.8 million for the Previous Period to approximately HK$1.2 million for the Period. The increase in finance costs was mainly attributable to the increase in borrowings for the Period.

Income Tax Expenses and Effective Tax Rate

Our Group's income tax expenses decreased by approximately HK$0.7 million, or approximately 20.0%, from approximately HK$3.5 million for the Previous Period to approximately HK$2.8 million for the Period. Such decrease was in line with our profit before income tax net of non-deductible listing expenses.

Our Group's effective tax rate decreased from approximately 20.7% for the Previous Period to approximately 15.0% for the Period, which was mainly due to non-deductible listing expenses incurred for the Previous Period.

Net Profit and Net Profit Margin

Our Group's net profit increased by approximately HK$2.5 million, from approximately HK$13.4 million for the Previous Period to HK$15.9 million for the Period, representing a net profit increase of approximately 18.7%.

Our Group's net profit margin were approximately 22.4% for the Period and 15.0% for the Previous Period, where the increase was mainly due to the reasons illustrated above.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group financed its operations through a combination of cash flow from operations, borrowings and obligations under finance leases. As at 30 September 2017, the Group had cash and cash equivalents of approximately HK$120.8 million (31 March 2017: approximately HK$133.8 million) which were mainly denominated in HK$, Japanese Yen ("**JPY**"), EURO Dollar ("**EUR**") and United States Dollar ("**USD**"), and had borrowings of approximately HK$50.3 million (31 March 2017: approximately HK$42.7 million) and obligations under finance leases of approximately HK$16.0 million (31 March 2017: approximately HK$19.8 million) respectively that were denominated in HK$.

Gearing ratio is calculated by dividing total debts (including borrowings and obligations under finance leases) by total equity at the end of the reporting Period. The slightly decrease of gearing ratio from approximately 25.1% as at 31 March 2017 to 25.0% as at 30 September 2017 was mainly due to the combined effect of the (i) increase in interest-bearing borrowings; (ii) decrease in obligations under finance leases; and (iii) increase in equity due to the receipts of listing proceeds upon the Listing and profit generated for the Period.

As at 30 September 2017, our Group's total current assets and current liabilities were approximately HK$183.9 million (31 March 2017: approximately HK$207.8 million) and approximately HK$84.1 million (31 March 2017: approximately HK$92.8 million) respectively. Our Group's current ratio is maintained at approximately 2.2 times as at 30 September 2017 (31 March 2017: 2.2 times). The slight decrease in the current ratio was mainly due to the combined effect of the decrease in (i) cash and cash equivalents for the acquisition of property, plant and equipment and available-for-sales investment; (ii) restricted cash; and (iii) trade and bills payables.

PLEDGE OF ASSETS

As at 30 September 2017, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK$89.7 million (31 March 2017: approximately HK$74.9 million).

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Period was approximately HK$28.1 million (31 March 2017: approximately HK$92.8 million) which was mainly used in purchase of machinery for our leasing business.

CURRENCY RISK

Certain transactions of the Group are denominated in currencies which are different from the functional currency of the Group, namely, HK$, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its purchases from suppliers are generally denominated in HK$, JPY, USD and EUR. Payments received by the Group from its customers are mainly denominated in HK$.

The Group does not have a foreign currency hedging policy. However, the Group will continue to monitor closely its exposure to currency movement and take proactive measures.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at the end of the reporting period (31 March 2017: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 30 September 2017, there were approximately HK$46.2 million (31 March 2017: nil) capital commitments of property, plant and equipment contracted but not provided for.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, our Group had 67 staff (31 March 2017: 40). The total staff costs incurred by our Group for the Period were approximately HK$10.5 million (Previous Period: approximately HK$7.3 million). The increase in staff costs was mainly due to increase in headcount and salary increment for the Period.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory provident funds scheme and provides other benefits to the employees. New employees are required to be equipped with the necessary skills and knowledge during induction programmes to perform their duties. In order to promote overall efficiency, we also offer technical trainings to our existing employees on the operation of more advanced construction machinery. Selected operation staff are chosen to attend external trainings which are conducted by the manufacturers to acquire up-to-date technical skills and knowledge on the products we rent and sell out to our customers.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from the available-for-sale financial asset, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Period. Save for the business plan as disclosed in the Prospectus, there was no other plan for material investments or capital assets as at 30 September 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to shareholders of the Company for the Period.

USE OF NET PROCEEDS FROM THE LISTING

The Shares have been listed on the Stock Exchange since 10 February 2017 (the "**Listing Date**"). The receipt of proceeds net of listing expenses upon the Listing were approximately HK$109.4 million. As at 30 September 2017, the net proceeds had been utilised as follows:

	Net proceeds from the Listing	**Actual utilisation up to 30 September 2017**	**Unutilised amounts as at 30 September 2017**
	HK$ million	*HK$ million*	*HK$ million*
Expansion of our leasing fleet	69.5	23.2	46.3
Expansion of our transportation fleet	38.6	0.9	37.7
General working capital	1.3	1.3	—
	109.4	25.4	84.0

During the Period, the Group acquired various machines for the leasing segment, and lorries for transportation segment respectively based on the expansion plan as stated in the prospectus of the Company dated 27 January 2017 taking into account the then market demand.

The unutilised net proceeds had been deposited into licensed banks in Hong Kong.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities since the Listing Date.

OTHER INFORMATION

Corporate Governance Practices

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as our corporate governance practices. Save as disclosed elsewhere in this interim announcement, the Company has complied with the applicable code provisions under the CG Code since the Listing Date on 10 February 2017.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made enquiries to all Directors regarding any non-compliance with the Model Code.

All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Period.

Review of Financial Statements

The unaudited interim condensed consolidated financial statements of the Group for the Period have been reviewed by the external auditor of the Company, PricewaterhouseCoopers. The comparative unaudited interim condensed consolidated statements of comprehensive income for the Previous Period and the relevant explanatory notes disclosed in these unaudited interim condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and has included such in the "Other Matter" paragraph in the report on review of the unaudited interim condensed consolidated financial statements of the Group for the Period.

Audit Committee

The Audit Committee was established on 23 January 2017, with specific written terms of references with rule 3.22 of the Listing Rules and paragraph C3 of the CG Code. The Audit Committee comprises three members, namely Mr. Leung Siu Hong (Chairman), Mr. Chui Kwong Fun and Mr. Li Ching Wing, all of them are independent non-executive Directors.

The unaudited interim condensed consolidated financial statements of the Group for the Period has been reviewed by the Audit Committee.

Publication of the Results Announcement and Interim Report

This results announcement is published on the Company's website (https://www.sanrochk.com/investors) and the website of the Stock Exchange (http://www.hkex.com.hk).

The interim report of the Company for the Period will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to the shareholders of the Company in due course.

By order of the Board
Sanroc International Holdings Limited
Siu Chun Yiu Jonathan
Chairman and Executive Director

Hong Kong, 27 November 2017

As at the date of this announcement, the Board comprises Mr. Siu Chun Yiu Jonathan, Ms. Wong Fei Heung Terbe, Mr. Ho King Chiu, Ms. Yip Kam Ling and Ms. Cheng Shing Yan, as executive Directors; Mr. Chui Kwong Fun, Mr. Leung Siu Hong and Mr. Li Ching Wing as independent non-executive Directors.