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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Sanroc International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2017 (the "**Year**") together with comparative figures of 2016 (the "**Previous Year**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Note	Year ended 31 March **2017** ***HK$'000***	2016 *HK$'000*
Revenue	*4*	**175,862**	205,439
Cost of sales and services		**(115,029)**	(147,477)
Gross profit		**60,833**	57,962
Other income and gains/(losses), net		**1,389**	(62)
Selling expenses		**(2,937)**	(3,453)
Administrative expenses		**(34,456)**	(13,828)
Operating profit		**24,829**	40,619
Finance income		**958**	229
Finance costs		**(1,843)**	(927)
Finance costs, net		**(885)**	(698)
Profit before income tax		**23,944**	39,921
Income tax expenses	*5*	**(6,762)**	(6,936)
Profit for the year	*6*	**17,182**	32,985
Profit and total comprehensive income attributable to equity holders of the Company		**17,182**	32,985
		HK cents	*HK cents*
Earnings per share for profit attributable to equity holders of the Company:			
Basic and diluted	*8*	**1.82**	3.67

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2017

		As at 31 March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**160,795**	121,141
Deferred income tax assets		**7,068**	163
Deposits, prepayments and other receivables	*9*	**1,054**	1,640
Finance lease receivables		**804**	3,098
Restricted cash		**—**	10,000
		169,721	136,042
Current assets			
Inventories		**12,102**	12,813
Trade and bills receivables	*9*	**39,523**	36,621
Deposits, prepayments and other receivables	*9*	**3,924**	2,540
Amounts due from related companies		**22**	—
Amount due from a director		**—**	591
Income tax recoverable		**527**	—
Finance lease receivables		**2,437**	3,309
Restricted cash		**15,500**	—
Cash and cash equivalents		**133,807**	37,420
		207,842	93,294
Total assets		**377,563**	229,336
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12,390**	—
Reserves		**236,971**	118,442
Total equity		**249,361**	118,442

		As at 31 March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**23,972**	16,630
Obligations under finance leases		**11,460**	10,114
		35,432	26,744
Current liabilities			
Trade and bills payables	*10*	**28,036**	28,520
Accruals and other payables	*10*	**11,107**	4,747
Amounts due to related companies		**—**	216
Amounts due to directors		**—**	18,583
Borrowings		**42,699**	23,300
Income tax payable		**2,553**	3,776
Obligations under finance leases		**8,375**	5,008
		92,770	84,150
Total liabilities		**128,202**	110,894
Total equity and liabilities		**377,563**	229,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, and the provision of transportation services in Hong Kong.

Pursuant to the group reorganisation as set out in the section headed "History, Development and Reorganisation" in the Company's prospectus dated 27 January 2017 (the "**Prospectus**"), which was completed on 10 November 2016 (the "**Reorganisation**"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 February 2017 (the "**Listing Date**") (collectively the "**Listing**").

The consolidated financial statements of the Group have been prepared as if the Group had always been in existence throughout both years presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group:

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2016:

- Accounting for acquisitions of interests in joint operations — Amendments to Hong Kong Financial Reporting Standards ("**HKFRS**") 11
- Clarification of acceptable methods of depreciation and amortisation — Amendments to Hong Kong Accounting Standards ("**HKAS**") 16 and HKAS 38
- Annual improvements to HKFRSs 2012-2014 cycle, and
- Disclosure initiative — Amendments to HKAS 1.

The adoption of these amendments did not have any impact on the financial statements for the current year or any prior period and is not likely to affect those for the future periods.

(b) New standards and interpretations not yet adopted:

The following are new standards and amendments to standards that have been published but are not yet effective for the annual periods beginning after 1 April 2016 and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[2]
HKFRS 15*	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

Notes:

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 Effective date not yet been determined

* Including clarifications to HKFRS 15 — Revenue from contracts with customers

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with all applicable HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

4. 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 during the Year is as follows:

	Year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of machinery and spare parts and provision of related services	**92,192**	137,128
Leasing of machinery and provision of related services	**74,203**	66,993
Transportation services	**9,467**	1,318
	175,862	205,439

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

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

For the Year

	Trading	**Leasing**	**Transportation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Segment revenue from external customers	**92,192**	**74,203**	**9,467**	**175,862**
Results				
Segment profit/(loss)	**18,306**	**32,806**	**(74)**	**51,038**
Unallocated corporate income				**958**
Unallocated corporate expenses				**(28,052)**
Profit before tax				**23,944**

For the Previous Year

	Trading *HK$'000*	Leasing *HK$'000*	Transportation *HK$'000*	Total *HK$'000*
Revenue				
Segment revenue from external customers	137,128	66,993	1,318	205,439
Results				
Segment profit/(loss)	26,081	26,873	(1,517)	51,437
Unallocated corporate income				229
Unallocated corporate expenses				(11,745)
Profit before tax				39,921

5. INCOME TAX EXPENSES

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

	Year ended 31 March	
	2017 ***HK$'000***	2016 *HK$'000*
Hong Kong profits tax		
Current income tax	**6,325**	5,329
Deferred income tax	**437**	1,607
	6,762	6,936

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the Year.

6. PROFIT FOR THE YEAR

	Year ended 31 March	
	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Costs of machinery and equipment and spare parts	**71,220**	110,820
Staff costs, including directors' emoluments	**17,942**	10,311
Leasing expense of machinery and equipment	**5,461**	7,875
Operating lease rental in respect of office and storage premises	**859**	923
Auditor's remuneration (Audit services for the annual audit)	**1,300**	1,000
Listing expenses	**17,174**	2,108
Depreciation		
— owned machinery and equipment	**21,016**	18,699
— machinery and equipment held under finance leases	**3,434**	2,028
Donation	**1,000**	—
Loss on derivative financial instruments	**—**	407
Foreign exchange loss, net	**134**	47
Gain on disposal of property, plant and equipment	**(1,320)**	(328)

7. DIVIDENDS

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.

8. 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 respective years. 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 issue of additional 899,999,600 shares, credited as fully paid, to the then existing shareholders of the Company on 10 February 2017.

	Year ended 31 March	
	2017	2016
Profit attributable to equity holders of the Company *(HK$'000)*	**17,182**	32,985
Weighted average number of ordinary shares in issue *(thousands)*	**943,265**	900,000
Basic earnings per share *(HK cents)*	**1.82**	3.67

(b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding as at 31 March 2017 (2016: same).

9 TRADE AND BILLS RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Trade and bills receivables	**40,545**	37,643
Provision for impairment	**(1,022)**	(1,022)
	39,523	36,621
Deposits, prepayments and other receivables	**4,978**	4,180
Less: non-current portion	**(1,054)**	(1,640)
Current portion	**3,924**	2,540

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 31 March 2017, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**12,329**	13,034
31 to 60 days	**10,740**	16,353
61 to 90 days	**4,781**	3,124
More than 90 days	**11,673**	4,110
	39,523	36,621

10. TRADE AND BILLS PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
Trade and bills payables	**28,036**	28,520
Accruals and other payables *(note i)*	**11,107**	4,747
	39,143	33,267

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 were as follows:

	As at 31 March	
	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**5,921**	5,353
31 to 60 days	**2,724**	10,100
61 to 90 days	**325**	10,205
More than 90 days	**19,066**	2,862
	28,036	28,520

11. SUBSEQUENT EVENTS

(a) Appointment of an executive Director

Ms. Cheng Shing Yan was appointed as an executive Director with effect from 1 April 2017.

(b) Establishment of an investment committee

The Company established an investment committee on 15 May 2017 which consists of Mr. Siu Chun Yiu Jonathan and Ms. Wong Fei Heung Terbe, both executive Directors. For details, please refer to the announcement of the Company dated 15 May 2017.

(c) Investment in a fund

On 18 May 2017, Jovial Lead Global Limited, a subsidiary of the Company, entered into a subscription agreement with a fund, Quasar Global Selection SPC Fund (an exempted company incorporated with limited liability and registered as a segregated portfolio company under the Companies Law of the Cayman Islands), pursuant to which Jovial Lead Global Limited agreed to subscribe for Class A shares of the fund. The subscription amount for the Class A shares was HK$15,000,000, which was funded out of the internal resources of the Group generated prior to the Listing. To the best of the knowledge of the Directors after making reasonable enquiry, the fund and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")). The subscription did not constitute a notifiable transaction under the Listing Rules. The investment in the fund will be accounted for as an available-for-sale financial asset of the Group for the year ending 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

Our 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.

As the global economy has experienced slow recovery, the demand for construction projects has greatly contracted which also led to the contraction of the construction machinery manufacturing industry and excessive production. Hong Kong, being one of the international cities in the world, has undoubtedly been impacted by the macroeconomic environment. Besides, the construction industry in Hong Kong has been affected by political filibuster, resulting in delay of a number of construction projects.

Nevertheless, the Ten Major Infrastructure have significantly stimulated the Hong Kong construction market. It is projected that a number of new projects such as the public and private housing plan and the construction of a new runway at the airport will be put into practice in the following years with the Hong Kong government's support as a part of infrastructure plan. With the increase in demand of construction projects in the long run, contractors are likely to maintain a machinery fleet to ensure efficient operation. As such, we believe that the commencement of the construction projects coupled with our competitive strength maintained in the market would lead to the growing demand by our customers for contribution to our revenue as a result.

In addition, we have a leasing fleet of over 600 units of power and energy machinery as at 31 March 2017, including a wide range of selection of power generators and air compressors of different models and standards. As planned, we continue to expand our leasing fleet to maintain our strength on our principal type of machinery, namely power and energy machinery, in order to cater for the demand for leasing of construction machinery in Hong Kong.

To improve cost-efficiency and the monitoring of delivery of leasing machinery to our customers, we have developed transportation services by leasing of crane lorries with various lifting capacity to customers to not only unload, hoist and install heavy components of construction machinery, but also perform the function of transportation of these components and raw materials among construction sites. We have expanded our transportation services during the Year with improved performance. We believe that the development of transportation services would be welcomed by our customers and help to maintain our quality of services in leasing operation as well.

Looking forward, we will continue to focus on our competitive edge and support further business growth to consolidate our business platforms. We will endeavor to manage the challenge in the fast and changing environment and maintain our leading position among industry players to achieve satisfactory results in the future.

FINANCIAL REVIEW

Revenue

Our total revenue decreased by approximately HK$29.5 million, or 14.4%, from approximately HK$205.4 million for the Previous Year to approximately HK$175.9 million for the Year. 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$44.9 million, or approximately 32.7%, from approximately HK$137.1 million for the Previous Year to approximately HK$92.2 million for the Year. Such decrease was mainly attributable to the decrease in trading volume of construction machinery due to the delay in commencement of several public projects and 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$7.2 million, or approximately 10.7%, from approximately HK$67.0 million for the Previous Year to approximately HK$74.2 million for the Year. Such increase was mainly due to the increase in leasing of power generators for the Year.

Transportation services

Our Group's revenue generated from transportation services increased by approximately HK$8.2 million, or 630.8%, from approximately HK$1.3 million for the Previous Year to approximately HK$9.5 million for the Year, as the transportation business has been commenced since July 2015 and was in a full year operation for the Year.

Cost of Sales and Services

Our Group's cost of sales and services amounted to approximately HK$115.0 million for the Year, representing a decrease of approximately 22.0% (2016: approximately HK$147.5 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 89.2% (2016: 91.7%) of the Group's total cost of sales and services for the Year.

Among the three major items under cost of sales and services, the Group recorded a decrease of approximately 35.7% in costs of machinery and equipment and spare parts, which is in line with the decrease in trading business for the Year. Staff costs increased substantially by approximately 64.3% due to an increase in staff headcount to cope with business expansion and annual salary increment for the Year. Depreciation increased by approximately 19.7% 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 increased by approximately HK$2.8 million, or 4.8%, from approximately HK$58.0 million for the Previous Year to approximately HK$60.8 million for the Year, while our gross profit margin increased from approximately 28.2% for the Previous Year to approximately 34.6% for the Year. The increased in gross profit and gross profit margin was due to higher gross profit contributed by our trading and leasing business.

Besides, since the transportation business was commenced in July 2015 and hence the related gross loss decreased by a significant margin as this business segment continues to develop for the Year.

Other Income and Gains

Our Group's other income and gains increased by approximately HK$1.5 million, or 2,419.4%, from approximately HK$62,000 loss for the Previous Year to approximately HK$1.4 million gain for the Year. The increase in other income and gains was mainly attributable to the gain on disposal of property, plant and equipment of approximately HK$1.3 million for the Year.

Selling Expenses

Our Group's selling expenses decreased by approximately HK$0.6 million, or approximately 17.1%, from approximately HK$3.5 million for the Previous Year to approximately HK$2.9 million for the Year, mainly due to the decrease in staff costs in the selling department.

Administrative Expenses

Our Group's administrative expenses increased by approximately HK$20.7 million, or 150.0%, from approximately HK$13.8 million for the Previous Year to approximately HK$34.5 million for the Year. The increase in administrative expenses was mainly attributable to (i) the recognition of the one-off listing expenses as anticipated and disclosed in the Prospectus and (ii) the increase in staff costs and expenses.

Finance Income

Our Group's finance income increased by approximately HK$729,000 or 318.3%, from approximately HK$229,000 for the Previous Year to approximately HK$958,000 for the Year, was mainly attributable to the finance lease interest income generated from our customers and interest income generated from bank deposits.

Finance Costs

Our Group's finance costs increased by approximately HK$0.9 million, or 100%, from approximately HK$0.9 million for the Previous Year to approximately HK$1.8 million for the Year. The increase in finance costs was mainly attributable to the increase in borrowings and obligations under finance leases for the Year.

Income Tax Expenses and Effective Tax Rate

Our Group's income tax expenses decreased by approximately HK$0.1 million, or approximately 1.4%, from approximately HK$6.9 million for the Previous Year to approximately HK$6.8 million for the Year. Such decrease was in line with our profit before income tax and non-deductible listing expenses.

Our Group's effective tax rate increased from approximately 17.4% for the Previous Year to approximately 28.2% for the Year, which was due to non-deductible listing expenses.

Net Profit and Net Profit Margin

Our Group's net profit decreased by approximately HK$15.8 million, from approximately HK$33.0 million for the Previous Year to HK$17.2 million for the Year, representing a net profit decline of approximately 47.9%.

Our Group's net profit margin were approximately 9.8% for the Year and 16.1% for the Previous Year, where the decrease 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 31 March 2017, the Group had cash and cash equivalents of approximately HK$133.8 million (2016: approximately HK$37.4 million) which were mainly denominated in HK$, Japanese Yen ("**JPY**"), EURO Dollar ("**EUR**") and United States Dollar ("**USD**"), and had borrowings of approximately HK$42.7 million (2016: approximately HK$23.3 million) and obligations under finance leases of approximately HK$19.8 million (2016: approximately HK$15.1 million) respectively that were denominated in HK$.

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 decrease of gearing ratio from approximately 32.4% as at 31 March 2016 to 25.1% as at 31 March 2017 was mainly due to the combined effect of the increases in (i) obligations under finance leases; (ii) interest-bearing borrowings; and (iii) equity due to the receipts of listing proceeds and profit generated for the Year.

As at 31 March 2017, our Group's total current assets and current liabilities were approximately HK$207.8 million (2016: approximately HK$93.3 million) and approximately HK$92.8 million (2016: approximately HK$84.2 million) respectively. Our Group's current ratio increased to approximately 2.2 times as at 31 March 2017 (2016: 1.1 times). The current ratio increased mainly due to the fact that the current assets growth in terms of amount and percentage. The increase in our current assets as at 31 March 2017 was mainly caused by the increase in cash and cash equivalents as a result of the Listing and trade and bills receivables.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from operations, borrowings and the net proceeds received by the Company through the Listing.

PLEDGE OF ASSETS

As at 31 March 2017, our borrowings and obligations under finance leases were secured by property, plant and equipment with net carrying amount of approximately HK$74.9 million (2016: approximately HK$20.0 million).

CAPITAL STRUCTURE

As at 31 March 2017, the total issued share capital of the Company was approximately HK$12.4 million representing 1,239,000,000 ordinary shares.

CAPITAL EXPENDITURE

The total capital expenditure incurred for the Year was approximately HK$92.8 million (2016: approximately HK$32.6 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 (2016: nil).

CAPITAL COMMITMENTS

Our capital commitments consist primarily of purchase of construction machinery for leasing purpose. As at 31 March 2017, there were no (2016: approximately HK$30.8 million) capital commitments of property, plant and equipment contracted but not provided for.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, our Group had 40 staff (2016: 30). The total staff costs incurred by our Group for the Year were approximately HK$17.9 million (2016: approximately HK$10.3 million). The increase in staff costs was mainly due to increase in headcount and salary increment for the Year.

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 as mentioned in the Company's share option scheme. 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 Reorganisation in relation to the Listing as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year. Save for the business plan as disclosed in the Prospectus, there was no other plan for material investments or capital assets as at 31 March 2017.

USE OF NET PROCEEDS FROM THE LISTING

The receipt of proceeds net of listing expenses upon the Listing were approximately HK$109.4 million. Since the net proceeds from the Listing were just received by the Company shortly before the end of the reporting period, the plan for the use of proceeds as disclosed in the Prospectus had not been executed yet as at 31 March 2017.

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.

SHARE OPTION SCHEME

The Company's share option scheme ("**Share Option Scheme**") was adopted pursuant to a resolution passed on 23 January 2017. From the date of the adoption of the Share Option Scheme and up to the end of the reporting period, no share option has been granted, or agreed to be granted, under the Share Option Scheme.

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 Listing Rules as our corporate governance practices. Save as disclosed elsewhere in the annual report, 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 since the Listing Date and up to the end of the reporting period.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an 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 PricewaterhouseCoopers on the preliminary announcement.

Review by Audit Committee

The annual results of the Group for the Year have been reviewed by the audit committee of the Company.

Dividends

Before the shares of the Company were listed on the Stock Exchange, a final dividend in relation to the year ended 31 March 2016 of HK$12.0 million and a special dividend of HK$3.0 million, had been approved on 15 August 2016 and fully paid on 23 August 2016. The Board does not recommend the payment of a final dividend for the Year.

Closure of Register of Members

For determining the entitlement to attend and vote at the annual general meeting ("**AGM**") of the Company to be held on 8 September 2017, the register of members of the Company will be closed from 5 September 2017 to 8 September 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 4 September 2017.

Publication of the Results Announcement and Annual 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 annual report of the Company for the Year 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 late July.

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

Hong Kong, 23 June 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.