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SYNERGIS HOLDINGS LIMITED
昇捷控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 02340)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "Board") of directors (the "Directors") of Synergis Holdings Limited (the "Company" or "Synergis") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2019 (the "Reporting Period").

FINANCIAL OVERVIEW

		Six months ended 30 June		Change	
		2019	**2018**	**Amount**	**%**
Revenue	HK$' million	737.0	740.3	(3.3)	↓ 0.4%
Gross profit	HK$' million	77.1	75.3	1.8	↑ 2.4%
Gross profit margin		10.5%	10.2%	-	↑ 0.3%
Operating expenses	HK$' million	(51.6)	(71.0)	19.4	↓ 27.3%
Operating profit before exceptional items	HK$' million	25.5	4.3	21.2	↑ 493.0%
EBITDA	HK$' million	32.5	8.5	24.0	↑ 282.4%
Profit attributable to shareholders	**HK$' million**	**20.5**	**0.4**	**20.1**	**↑ 5,025.0%**
Basic earnings per share	HK cents	4.8	0.1	4.7	↑ 4,700.0%

The Group reported consolidated revenue of approximately HK$737.0 million and gross profit of approximately HK$77.1 million for the Reporting Period, which was very similar with the six months ended 30 June 2018 (the "Corresponding Period"). In spite of keen competition and rising cost, the management team had successfully improved gross profit margin to 10.5%, 0.3% higher than that of the Corresponding Period. Following a series of appropriate and successful cost control measures imposed during the Reporting Period, the operating expenses have been reduced by 27.3% to approximately HK$51.6 million. As a result of that the operating profit before exceptional items has been increased by 493.0% to HK$25.5 million. Furthermore, since lesser amounts of exceptional items to be taken in and the operating efficiency has been improved in the Reporting Period, the Group achieved a significant increase in profit attributable to shareholders of approximately HK$20.5 million as compared to approximately HK$0.4 million recorded for the Corresponding Period. Over two-thirds of net profit contribution (with allocated Corporate Overhead) was derived from the property and facility management (the "PFM") business and ancillary business (the "Ancillary Business") (collectively, the "PFM Business"). Earnings per share was 4.8 HK cents (2018: 0.1 HK cent).

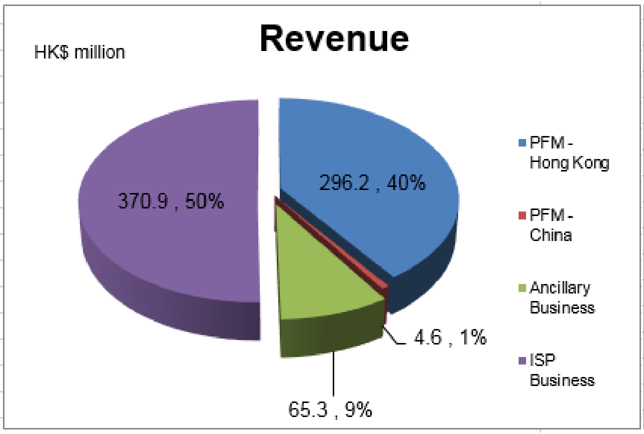
Reference is made to the annual report of the Company for the year ended 31 December 2018. In view that the financial position of Hsin Chong Group Holdings Limited ("Hsin Chong" and together with its subsidiaries "Hsin Chong Group") continued to worsen during the past few years, the Group had made a provision of amounts including contract assets and receivables of approximately HK$140.0 million from 2016 to 2018. The majority of which is mainly related to several contracts of interiors and special projects business (the "ISP Business") with Hsin Chong. The management considered that there are no further material balances with Hsin Chong Group. The Company delivered a petition (the "Petition") to the Court of First Instance of High Court of Hong Kong (the "High Court") against Hsin Chong on 18 January 2019 that Hsin Chong be wound up by the High Court so as to recover the outstanding receivables under the second settlement agreement dated 1 June 2018 (the "2018 Settlement Agreement") in the amount of approximately HK$79.0 million including interest due from Hsin Chong Group.

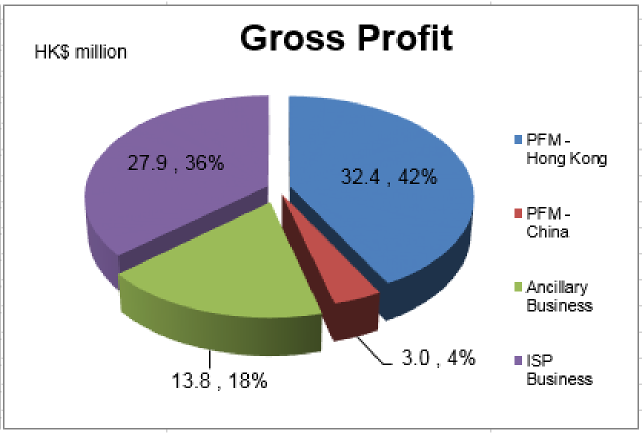
Given that no legal proceedings may be initiated by subsidiaries of the Group against Hsin Chong without leave of the Official Receiver's Office after commencement of the Petition, the provision is made by the Group up to the sum of HK$140.0 million above-mentioned, which mainly included net receivables under 2018 Settlement Agreement and the remaining balances of receivables and contract assets with Hsin Chong after the 2018 Settlement Agreement had been signed. Taking into account that the claim by the subsidiaries of the Group against Hsin Chong is estimated to be around HK$66.4 million, which shall in due course be proved by way of proof of debt after the winding order is granted. Meanwhile, the hearing for the Petition has been further adjourned to 2 December 2019 pending progress of the Winding Up Petition in its place of incorporation in Bermuda. The Company has sought legal advice as to actions it may take to protect its rights, and will make further announcements as and when appropriate.

BUSINESS REVIEW AND PROSPECTS

BUSINESS OVERVIEW

PFM Business of the Group remained stable in revenue and profits, and continued to maintain its solid market position whilst ISP Business has contributed over half of the Group's revenue.





- The Group saw the best half year results since 2016 in terms of profit attributable to shareholders of approximately HK$20.5 million in this Reporting Period.

- The revenue of PFM Business – Hong Kong recorded approximately HK$361.5 million which was 11.9% above that of the Corresponding Period (2018: HK$323.2 million).

- The gross profit of PFM Business – Hong Kong was approximately HK$46.2 million, representing an increase of 15.2% over that of the Corresponding Period (2018: HK$40.1 million).

- Because one of key contracts expired last year, the revenue and gross profit of PFM Business – China reduced substantially to approximately HK$4.6 million (2018: HK$23.4 million) and approximately HK$3.0 million (2018: HK$6.0 million) respectively as compared to those of the Corresponding Period.

- Our Ancillary Business recorded a substantial growth with an increase of revenue by 26.3% to HK$65.3 million (2018: HK$51.7 million) compared to that of the Corresponding Period and a huge jump in operating profit to HK$5.8 million (2018: HK$0.2 million).

- Due to the completion of several key contracts and fewer new contracts with substantial revenue contributions of ISP Business, the revenue and gross profit slightly reduced by 5.8% and 4.8% to approximately HK$370.9 million (2018: HK$393.7 million) and HK$27.9 million respectively (2018: HK$29.3 million) as compared with the Corresponding Period.

The operating results of PFM and ISP Businesses in the following sections excluded the exceptional items, being the impairment of receivables due to credit loss and the recovery of doubtful debts respectively, which was immaterial to the result in the Reporting Period.

	Revenue				Operating Results before exceptional items			
	Six months ended 30 June				Six months ended 30 June			
HK$' million	2019	2018	Change		2019	2018	Change	
			Amount	%			Amount	%
PFM - Hong Kong	296.2	271.5	**24.7**	**↑ 9.1%**	14.0	8.2	**5.8**	**↑ 70.7%**
Ancillary Business - Hong Kong	65.3	51.7	**13.6**	**↑ 26.3%**	5.8	0.2	**5.6**	**↑ 2,800.0%**
PFM Business - Hong Kong Sub-total	**361.5**	**323.2**	**38.3**	**↑ 11.9%**	**19.8**	**8.4**	**11.4**	**↑ 135.7%**
PFM - China	4.6	23.4	**(18.8)**	**↓ 80.3%**	0.2	(2.4)	**2.6**	**↑ 108.3%**
PFM Business Sub-total	**366.1**	**346.6**	**19.5**	**↑ 5.6%**	**20.0**	**6.0**	**14.0**	**↑ 233.3%**
ISP Business	**370.9**	**393.7**	**(22.8)**	**↓ 5.8%**	**9.9**	**3.6**	**6.3**	**↑ 175.0%**
Corporate Overheads	-	-	-	-	**(4.4)**	**(5.3)**	**0.9**	**↓ 17.0%**
Total	**737.0**	**740.3**	**(3.3)**	**↓ 0.4%**	**25.5**	**4.3**	**21.2**	**↑ 493.0%**

When comparing with the interim results in the Corresponding Period, the operating results has been improved substantially. The operating profit saw a remarkable increase from approximately HK$4.3 million to approximately HK$25.5 million in the Reporting Period, thanks to our extensive management expertise and quality professional management practice, coupled with innovation and technology. Besides, both the PFM and ISP Businesses have adopted a more cost conscious approach in monitoring the operating expenditure and the cost had been reduced successfully by approximately 27.3% after improved operating efficiency.

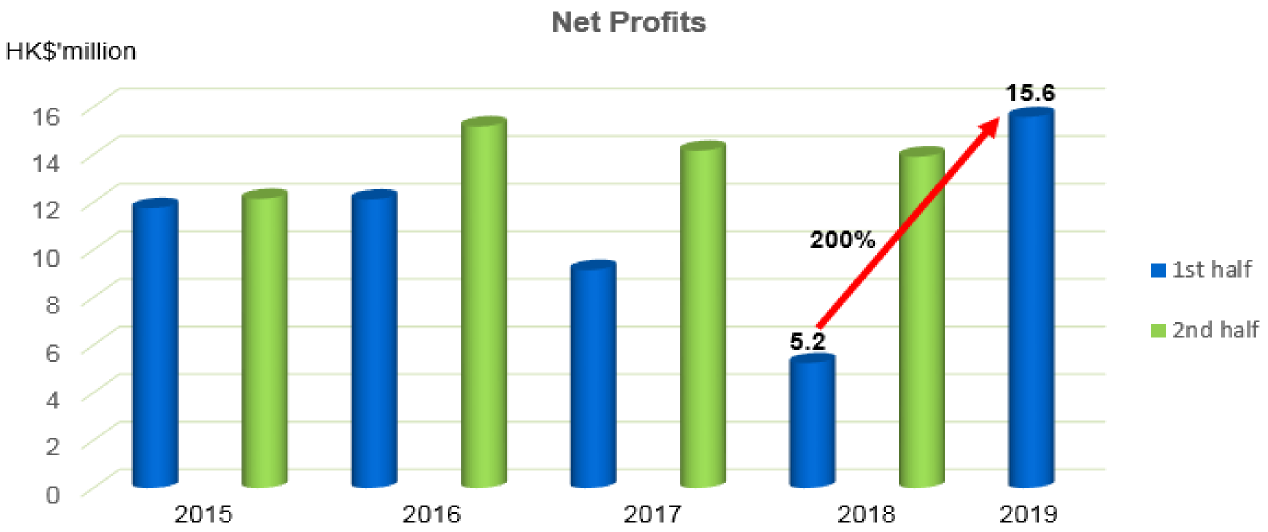
Property and Facility Management Business

Property and Facility Management

With our dazzling performance on PFM over more than 40 years, Synergis has established a leading position in the market. As at 30 June 2019, PFM business maintained a stable performance and managed about 80,000 residential units and 330 projects covering around 7 million square metres of residential, commercial and industrial facilities in Hong Kong and China. We are capable of sustaining a broad and diversified portfolio with a wide spectrum of clients including government, corporate clients, public institutions and private clients. The scope of service covers government departments, large-scale public facilities, transportation systems, airport cargo terminals, education institutions, hospitals, commercial and industrial properties, public housing estate, private housing and car parks, etc.

Operating Profit		1st half 2018	2nd half 2018	1st half 2019
Facility Management	HK$' million	2.8	4.9	2.3
Property Management - Hong Kong	HK$' million	5.4	13.0	11.7
Property Management - China	HK$' million	(2.4)	(6.2)	0.2
Ancillary Business	HK$' million	0.2	4.7	5.8
Total	**HK$' million**	**6.0**	**16.4**	**20.0**

- Since the second half of 2018, the Group has seen a steady growth of PFM Business with satisfactory contribution.
- Substantial increase in operating profit contribution (HK$20.0 million) for the Reporting Period compared with the Corresponding Period (HK$6.0 million) and second half of 2018 (HK$16.4 million), was mainly due to the improvement in the operating efficiency and implementation of successful cost control measures.
- Since the operating profit contribution in the Reporting Period achieved around 90% of full year operating profit contribution of 2018 (HK$22.4 million), the management is confident of delivering much better performance in 2019 than we did in 2018.



* with allocated corporate overhead

In the first half of 2019, the PFM business has maintained a stable revenue and achieved remarkable growth of 200.0% in net profits with allocated corporate overhead compared to that of the Corresponding Period after the team are making unremitting efforts from mid of 2018. The profit has increased over triple from HK$5.2 million of the Corresponding Period to HK$15.6 million of this Reporting Period.

Hong Kong:

With our rich management experience, exceptional talents and leading-edge innovative technology, we are capable of providing the most appropriate "one-stop-shop" solution to our clients and earning their trust. As at the date of this announcement, the Group has secured 20 new key contracts ranging from one-year to three-year project period with a total contract sum over HK$280 million.

In the first half of 2019, our property management team are continuing to expand our business in the management of prestige residential properties and won some successful bids in Mid-levels including Wisdom Court, Conduit Tower and Elegant Garden. Together with numerous new wins at various prime locations in both Hong Kong Island and Kowloon that we were awarded from last year, we have already achieved phenomenal results in the luxury property management portfolio. The awarded property management contracts of these elegant residences include:

- Boland Court Phase I and II, Braemar Hill Mansions, Grenville House, Mirror Marina, Conduit Tower, Robinson Mansion, Wisdom Court, Elegant Garden, Grosse Pointe Villa, Kent Mansion, Mandarin Villa, etc.

We were also awarded a new security services contract with Television Broadcasts Limited ("TVB") in Tseung Kwan O during the Reporting Period for our non-residential portfolio. We expect to explore more business opportunities with TVB in the coming future.

Subsequent to the Reporting Period, the Group has been awarded three 3-year new contracts with substantial total contract sum amount of over HK$250 million. The three new contracts are as follows and shall commence in September and October respectively:

- Property Management Support Services ("PMSS") for Shopping Centres, Car Parks & Cooked-Food Stalls (Tin Shui Wai & Tuen Mun)

- Property Management Support Services ("PMSS") for Shopping Centres, Car Parks & Cooked-Food Stalls (Kowloon Central, Sham Shui Po, Homantin & Tsz Wan Shan)

- Provision of Term Concierge Personnel for Elements

The contracts for provision of property management support services have been awarded by The Link Asset Management Limited ("The Link"). Covering about 50 shopping centres, these new contracts shall make our business portfolio leap to a new milestone remarkably. Besides, the contract for provision of term concierge personnel for Elements, under MTR Corporation Limited, has extended our business portfolio to grade A shopping mall. Elements is a renowned mall covering luxury brands, delicacies and entertainment with top shopping experience. We will be managing a customer service team and a club and membership management team to provide excellent services to the customers in Elements.

In addition, our property management team has been appointed as the DMC manager of T-Plus in Tuen Mun recently, which will strengthen the business portfolio of the Group. Another new project, Serene Garden in Tsing Yi, being a two-year property management contract, has also been successfully awarded, further enriching our business profile in the New Territories district.

Besides, we are also continuing to develop our car park business apart from car park contracts of The Link and West Kowloon Station; we have secured the carpark management contracts of Ming Yuen Mansions and Wealth Commercial Centre in North Point and Mong Kok respectively.

Our facility management team has won a contract of management and supporting services to Ping Shan Tang Clan Gallery cum Heritage Trail Visitors Centre of the Development Bureau to provide comprehensive facility management services including facility management, customer services, security services and cleaning services, gardening and small-scale maintenance. The team has been collaborating with numerous public and private clients on a long-term basis over the years. Representative contracts includes provision of services for customer services centre and backend accountancy for MTR Tseung Kwan O Line Stations, Causeway Bay Group Stations, Kennedy Town Group Stations, West Rail Line Stations, Homantin Group Stations and South Island Line Stations, taxi services management at the Hong Kong International Airport, provision of facilities management services at HKU SPACE Kowloon East Campus and Island East Campus, and residential, riding schools and other associated properties at The Hong Kong Jockey Club, etc.

On the other hand, our property and facility management teams have achieved outstanding renewal rate of approximately 90%. Several significant contracts were successfully renewed with satisfactory growth rate which enables us to generate steady revenue to the Group and contribute to the increment of operating profit. The following key contracts were successfully renewed with an increase in service fee:

- Property Management Service Contracts: Radiant Towers, Symphony Garden, Sun Tin Wai Commercial Centre and Car Park, King Shing Court and Tin Fu Court.

- Facility Management Service Contracts: Customer and Supporting Services to Hong Kong Heritage Museum and Sheung Yiu Folk Museum of the Leisure and Cultural Services Department, Provision of Station Assistant Services for various projects of MTR and Services of Ticket Selling, Fee Collection and Customer Service at the Hong Kong Wetland Park.

Revenue has increased by 9.1% and the operating profit has increased by 70.7% to approximately HK$14.0 million for the Reporting Period. With the growth in revenue and the effect of cost reduction after improved operating efficiency, the results in the first half of 2019 were encouraging. We succeeded in reducing the operating expenses substantially by 16.4% to approximately HK$18.4 million. The Group is able to maintain its competitiveness in the market with quality services offered to our clients. We strived hard to expand our business under keen competitive environment and exercise tight cost control to sustain our profit margin. With our stable and unique market position, we will continue to retain our current portfolio whilst exploring opportunities in commercial and operational facilities in the territory.

China:

In view of keen competition from large developers in China, our Group revisited its long term development strategy in China by strategically allocating its resources to Shanghai team starting from last year. After that, the China team has successfully turned around from the operating loss last year to breakeven with our strong commitment. With the potential opportunities including leasing of commercial properties on hand, we are confident to generate profit in the second half of 2019 with effective cost control.

Starting from August 2019, China team has provided asset management services (including business positioning, technical support consultancy, leasing and operation management) for Jinan Traffic Center with an expected income ranging from HK$2.0 million to HK$4.0 million. Jinan Traffic Center is a commercial complex developed by Jinan Sijian Construction Group, a famous developer in Shandong Province. Located in the heart of Tianqiao District of Jinan City, Jinan Traffic Center project is a commercial development with 340,000 square metres comprising of top-grade office, residence, shopping center and deluxe hotel.

Ancillary Business:

Our Ancillary Business comprising of integrated procurement, laundry, cleaning, security, maintenance and technical support services has long been offering flexible services to clients and supporting our core PFM business. During the Reporting Period, our Ancillary Business recorded a substantial growth with an increase of revenue by 26.3% to HK$65.3 million as compared to that of the Corresponding Period and a huge jump of operating profit from HK$0.2 million to HK$5.8 million. The result was satisfactory and encouraging. It revealed the advancement of service provision and active expansion of various business portfolios with strong commitment of the new management team especially the credit putting to our cleaning and maintenance and technical support services businesses.

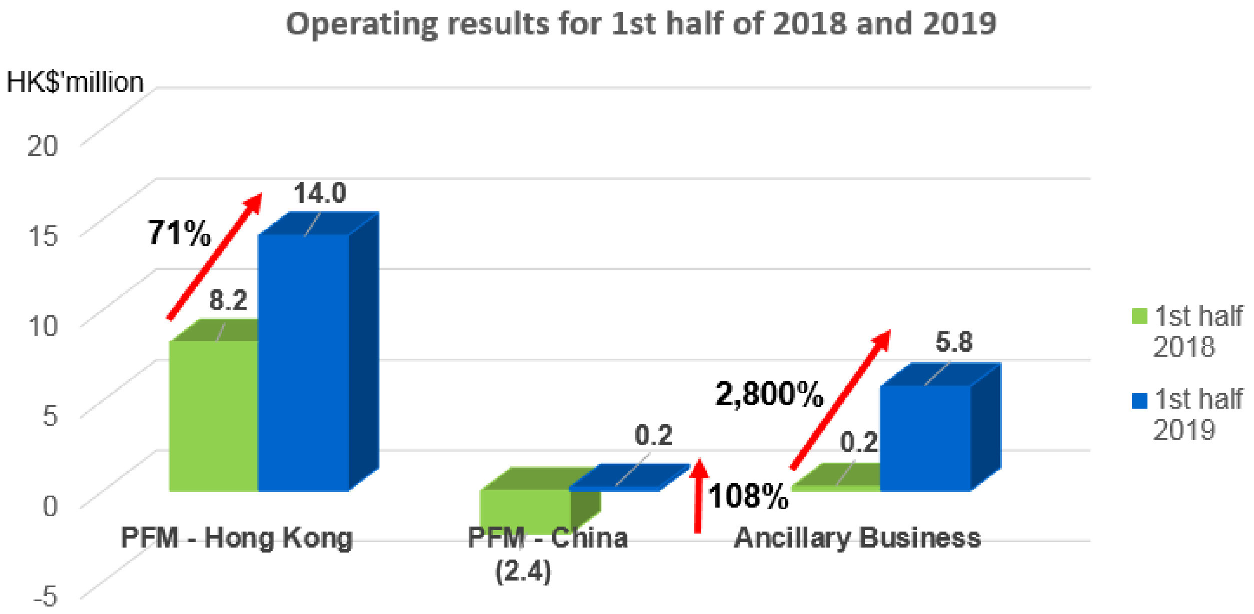
In 2019, cleaning business remains the major revenue contributor under Ancillary Business. A number of new and significant cleaning services contracts were awarded from one-year to two-year with a contract sum over HK$19 million. Since last year, our cleaning business team has been expanding its service scope to serviced apartments. During the Reporting Period, the team clinched new contracts of two posh and quality serviced apartments, Mori Mori and The Unit, both of them are located at prime locations on Hong Kong Island. Other significant new cleaning services contracts include:

- Ching Wah Court is a 6-block Home Ownership Scheme ("HOS") court;
- Hong Lok Yuen is large-scale luxury standalone residences in Tai Po;
- Fair Way Garden is high-end private residential properties in Homantin;
- Yee Fung Garden is a small scale residence composing 2-block located in Yuen Long; and
- Hong Kong Baptist University Senior Staff Quarters.

Our maintenance and technical support services business has been growing steadily as well as increasingly professional. In addition to obtaining the qualifications of Registered Minor Works Contractor and Registered Electrical Contractor last year, we are successfully registered as a Fire Service Installation Contractor (Class 1 and Class 2) during the Reporting Period. This enables us to provide our clients with a more comprehensive service. Meanwhile, the team is also eyeing on the security company license and the qualification of Registered General Building Contractor ("RGBC"), which would further enhance our business capability. Significant new contracts include:

- Rectification works of external wall spalling concrete of Kwong Ming Court;
- Waterproofing and maintenance of podium and external wall of block 9 at Lung Mun Oasis;
- Replacement of manhole cover in Elegance Garden;
- Maintenance of waterproof layer and finishing of driveway in Cloudview Mansion; and
- Replacement of stainless steel canal cover works of Full Wealth Gardens.

We saw great potential of the Ancillary Business development and are putting more effort as well as strong commitment to this business. We will continue to enlarge the client pool and also enhance the comprehensiveness and quality of supporting services to the core business and external customers.



Stepping into second half of 2019, given that Synergis has continued to adopt a total quality management approach, which helps us to maintain our premium customer service standard of services. We have a dedicated management team and a strong backup force comprising of professional headquarters supporting team, and technical and security support team. We believed that we must keep pace with the times and employ innovation and technology to help boost our management efficiency and strengthen our relationship with clients. This gives us confidence to grasp all possible opportunities to expand our market share with our enlarging service scope and quality service and to retain our current clients for more prosperous reward. The management team is ambitious to perform much better than we did in 2018 and we aim to achieve excellent results for the full year of 2019.

Interiors and Special Projects Business

As another key business arm of Synergis, ISP Business provides one-stop ISP services including planning, design, consultancy, project management, repair and restoration of historic buildings work, curtain wall, sourcing services, etc. to its local and overseas customers.

ISP Business continues to contribute approximately 50% of the total revenue of the Group. During the Reporting Period, the total revenue and operating profit of ISP Business recorded HK$370.9 million and HK$9.9 million respectively, representing a decrease of 5.8% in the revenue and increase of 175.0% in operating profit respectively when compared to those of the Corresponding Period. The decrease in revenue and gross profit were mainly due to the completion of a fewer key contracts. The significant revenue contribution came from several key projects including the Façade works for the Kowloon East Regional Headquarters and Ngau Tau Kok Divisional Police Station, proposed commercial building development at Electric Road and the new factory development of a well-established pharmaceutical brand in Yuen Long which contributed around half of ISP Business's revenue for the period. Last year, the management of ISP Business took a more cautious approach to monitor operating expenses and such effective cost control measure has significantly uplifted the operating profit from HK$3.6 million in the Corresponding Period to HK$9.9 million in this Reporting Period.

ISP Business remains healthy with outstanding workload for the contracts on hand of around HK$1.0 billion, which was very similar with those standing at the end of last year, and over half of which would be expected to complete by end of 2019. During the Reporting Period, we were awarded a number of new projects with the contract sum over HK$220.0 million. The key projects are listed as below:

- ✧ Cognita Annex Works at 25 Man Fuk Road in Homantin;
- ✧ Main Contract for Renovation Works at Fung Tak Market in Diamond Hill;
- ✧ Proposed Alteration and Addition Works at Kam Tai Shopping Centre in Ma On Shan; and
- ✧ Fitting-out works for Chow Tai Fook at K11 in Tsim Sha Tsui.

Facing with the challenging business environment and the keen competition in the market, we continue to strive for the growth of the ISP Business. We will stay focused on the core businesses including fitting-out, alteration and addition, renovation, special construction project, etc. With the team's commitment to excellence, we are looking for an overall business performance improvement in the near future.

OUTLOOK OF THE GROUP

Aligning our values of customer focus, integrity, teamwork, innovation and pursuit of excellence, sustainability is our core business strategy. We are committed to enhancing customer satisfaction through better communication with client. Looking ahead in the second half of 2019, despite social unrest and the escalating China-United States trade war, we expect that the local property market would remain strong due to steadily high demand of housing, which offers numerous business opportunities for both our PFM and ISP Businesses. The Group will capture these opportunities and expand our business portfolio and client base. The Group is cautiously optimistic about the outlook of both PFM and ISP Businesses with continuing challenge and uncertainties in future. While we would continue to maintain our solid foundation, we would also seek for continuous improvement and look forward to reaching a new height.

Financial Position and Financial Risk Management

As of 30 June 2019, the total outstanding bank loan was HK$144.0 million, and scheduled to be repaid within one year. This includes an outstanding balance of HK$24.0 million related to the banking facility drawn down for acquiring the ISP Business in November 2012 and a term loan of HK$30.0 million drawn down to support ISP operation. The remaining sum represents the working capital loans for supporting ISP operation and business development. During the Reporting Period, the Group's sources of fund were generated primarily from operating activities.

Interest costs on bank borrowings are primarily charged based on a spread over HIBOR. With regard to the current portfolio of businesses, management expects that financial requirements for the foreseeable future will be met from a combination of shareholders' equity and banking facilities. The Group would continue to proactively monitor the financial position and maintain sufficient working capital and liquidity in the way that can enable us to capture any good business opportunities and to meet the challenges ahead.

The financial performance of operating results has been improved substantially. As a result, the gearing ratio (net debt to net assets) substantially decreased from 58.1% to 25.3% and the net assets have been increased HK$19.0 million to HK$109.0 million as compared with the year ended 31 December 2018. The basic earnings per share improved to 4.8 HK cents as well.

Financial position (HK$'000)	30 June 2019	31 December 2018
Total assets	**805,129**	**838,874**
Receivables and other assets	647,124	698,105
Deposit, cash and cash equivalents	116,529	113,950
Current assets	**763,653**	**812,055**
Payables and other liabilities	546,428	581,200
Bank loans	144,000	166,000
Current liabilities	**690,428**	**747,200**
Net assets	**108,558**	**89,522**
Gearing ratios and liquidity		
Net debt to net assets	25.3%	58.1%
Total debt to net assets	132.6%	185.4%
Current ratio	1.1	1.1

Financial position	30 June 2019	30 June 2018
Per share data		
Shares in issue (all classes)	504,850,000	504,850,000
Basic earnings per share (HK cents)	4.8	0.1
Diluted earnings per share (HK cents)	4.1	0.1
Net tangible assets per share (HK cents)	21.5	26.8

The Group adopts a conservative approach in the management of its financial risks and resources, under the supervision of the Executive Committee.

Interest rate risk arising from bank borrowings is low as interest rates are fixed for short-term periods to take advantage of the lower rates thus available. Interest rates will be subject to fluctuation at the time of renewal.

The Group's business is conducted primarily in Hong Kong, and the majority of its assets and liabilities is denominated in Hong Kong Dollars. Therefore, the Group has minimal foreign currency exposure. The growth of the Group's business in China has been funded via permanent capital injection, which is for the long-term and as such, foreign currency hedging is considered unnecessary.

It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest its financial resources in financial products, including hedge funds or similar instruments, with significant underlying leverage or derivative exposure.

Cash Management

The Group operates a centralised cash management system. Cash balances surplus to meet immediate requirements are mainly placed as short-term bank deposits with a number of licensed banks in Hong Kong.

Human Resources

As at 30 June 2019, the Group employed a total of 5,087 staff (31 December 2018: 5,294) in Hong Kong and China.

In order to sustain our quality services, it is always our long-term goal to retain capable staff. We have put a lot of effort into ensuring our staff members are having desirable staff remuneration and benefits through market research and regular review. Our Human Resources Team always strives their best to keep track of changes in the latest market conditions for attracting more talented candidates to serve the Group. In addition, aiming for the mutual growth of the staff and the Company, the Company is willing to share resources with our staff. We have formulated a holistic policy on personnel management "We Care We Share 盡展關懷 共享成果". We believe the staff will reward the Company and customers through providing quality services and thus gain more appreciation and recognition from the customers. Besides, the team manages to enhance the existing Human Resources system to promote the effectiveness and efficiency of business operations.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2019 (2018: nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Note	**HK$'000**	HK$'000
Revenue	4	**736,955**	740,331
Cost of sales		**(659,848)**	(664,990)
Gross profit		**77,107**	75,341
Other income		**1,602**	2,166
General and administrative expenses		**(49,309)**	(68,537)
Doubtful debts recovery	10	**89**	41
Impairment of receivables	10	**(408)**	(3,934)
Interest expenses		**(3,311)**	(2,779)
Loss on disposal of subsidiaries		**-**	(623)
Profit before taxation	5	**25,770**	1,675
Taxation	6	**(5,290)**	(1,571)
Profit for the period		**20,480**	104
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		**(123)**	(205)
Realisation of exchange reserve upon disposal of a subsidiary		**-**	152
Total comprehensive income for the period		**20,357**	51
Profit for the period attributable to:			
Equity holders of the Company		**20,480**	350
Non-controlling interests		**-**	(246)
		20,480	104

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Unaudited Six months ended 30 June	
		2019	2018
	Note	**HK$'000**	HK$'000
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**20,357**	51
Earnings per share for profit attributable to the equity holders of the Company			
- basic (HK cents)	7	**4.8**	0.1
- diluted (HK cents)	7	**4.1**	0.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	**Unaudited 30 June 2019 HK$'000**	Audited 31 December 2018 HK$'000
Non-current assets			
Property, plant and equipment	9	**27,302**	10,960
Investment properties		**7,200**	7,000
Deferred tax assets		**6,159**	6,528
Prepayment		**815**	2,331
Total non-current assets		**41,476**	26,819
Current assets			
Contract assets		**266,921**	293,143
Receivables	10	**353,897**	379,983
Deposits and prepayments	10	**24,694**	22,188
Taxation recoverable		**1,612**	2,791
Cash and cash equivalents		**105,543**	103,084
Time deposits with original maturities over three months		**10,986**	10,866
Total current assets		**763,653**	812,055
Current liabilities			
Payables and accruals	11	**516,114**	569,783
Contract liabilities		**15,576**	10,953
Bank loans	12	**144,000**	166,000
Lease liabilities		**10,771**	-
Taxation payable		**3,967**	464
Total current liabilities		**690,428**	747,200
Net current assets		**73,225**	64,855
Total assets less current liabilities		**114,701**	91,674
Non-current liabilities			
Lease liabilities		**3,776**	-
Long service payment liabilities		**1,963**	1,963
Deferred tax liabilities		**404**	189
Total non-current liabilities		**6,143**	2,152
Net assets		**108,558**	89,522
Equity attributable to equity holders of the Company			
Share capital	13	**50,486**	50,486
Retained profits and other reserves		**58,072**	39,036
Total equity		**108,558**	89,522

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of Preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Except as described below, the accounting policies used in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those set out in the annual report for the year ended 31 December 2018.

The Hong Kong Institute of Certified Public Accountants has issued a number of new or revised standards, interpretations and amendments to standards which are effective for accounting period beginning 1 January 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of the standards and the new accounting policies are disclosed in Note 2.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

The Group adopts prudent liquidity risk management which includes maintaining sufficient bank balances and cash, and having available funding through an adequate amount of committed credit facilities. Cash flow forecast is performed in the operating segments of the Group and aggregated by corporate finance team taking into account the Group's history of refinancing, its available banking facilities and its assets backing. Corporate finance team monitors forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to operate and meet its liabilities as and when they fall due.

As at 30 June 2019, a financial ratio requirement of bank loans of HK$114,000,000 was not met which might cause these borrowings to become immediately repayable. In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group has communicated with the bank over the continuing of the aforesaid bank facility and the lender has not indicated any demand for any immediate repayment so far;

(ii) The Group has taken action to seek for settlement of the overdue receivables from Hsin Chong Group pursuant to the settlement agreements;

(iii) The Group will closely monitor the cash flow requirement before submitting new tenders to ensure any additional working capital commitment will not cast doubt on the Group's ability to continue as a going concern;

(iv) The Group will continue to take active measures to control administrative costs through various channels; and

(v) The Group will seek for new credit facilities from other commercial banks and financial institutions, if necessary.

Since the year end, there have been no changes in the risk management department or in any risk management policies.

2 Changes in accounting policies

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

	HK$'000
Statement of financial position as at 1 January 2019	
Right-of-use assets presented in property, plant and equipment	14,946
Payables and accruals	2,836
Lease liabilities (non-current)	2,468
Lease liabilities (current)	10,963
Retained earnings	(1,321)

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 January 2019:

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 31 December 2018	14,283
Less: future interest expenses	(852)
Total lease liabilities as of 1 January 2019	13,431
Of which are:	
Current lease liabilities	10,963
Non-current lease liabilities	2,468
	13,431

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 is 4.7%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Group, carparks that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 and would be carried at fair value. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these condensed consolidated interim financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and (ii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

3 Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

As at 30 June 2019, the Group had certain claims over its contract assets and receivables in respect of disputes or prolonged negotiation between the Group and the employers in certain building construction contracts. The Group is closely monitoring the development of these contracts and has been negotiating with the employers or seeking relevant resolutions. The directors are of the view that the carrying value of the balances as at 30 June 2019 would be fully recoverable. The determination of the recoverability involved significant management estimation.

The Group assesses on a forward looking basis the expected credit losses associated with its contract assets and receivables under HKFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. Significant estimates and judgements are required in determining the amount that is not recoverable and the forecast of future economic conditions.

4 Segment Information

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, identified as the Executive Committee, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments and their results are as below:

- ✧ property and facility management services in Hong Kong;
- ✧ property and facility management services in China;
- ✧ ancillary business including integrated procurement, laundry, cleaning, security, maintenance and technical support services; and
- ✧ interiors and special projects.

Unaudited six months ended 30 June 2019 (in HK$'000)	PFM Hong Kong	PFM China	Ancillary Business	PFM Business	ISP Business	Corporate Overhead (Note I)	Total
Revenue							
-At a point in time	-	-	7,790	7,790	-	-	7,790
-Over time	296,199	4,574	57,525	358,298	370,867	-	729,165
	296,199	**4,574**	**65,315**	**366,088**	**370,867**	**-**	**736,955**
Gross profit	**32,413**	**2,973**	**13,780**	**49,166**	**27,941**	**-**	**77,107**
General and administrative expenses	**(18,734)**	**(2,996)**	**(8,228)**	**(29,958)**	**(14,928)**	**(4,423)**	**(49,309)**
Doubtful debt recovery (Note II)	**-**	**89**	**-**	**89**	**-**	**-**	**89**
Impairment of receivables	**(348)**	**2**	**(62)**	**(408)**	**-**	**-**	**(408)**
	13,331	**68**	**5,490**	**18,889**	**13,013**	**(4,423)**	**27,479**
Interest expenses				**(154)**	**(2,366)**	**(791)**	**(3,311)**
Other income				**1,443**	**159**	**-**	**1,602**
Profit before taxation				**20,178**	**10,806**	**(5,214)**	**25,770**
Taxation				**(2,712)**	**(2,578)**	**-**	**(5,290)**
Profit for the period				**17,466**	**8,228**	**(5,214)**	**20,480**

Unaudited six months ended 30 June 2018 (in HK$'000)	PFM Hong Kong	PFM China	Ancillary Business	PFM Business	ISP Business	Corporate Overhead (Note I)	Total
Revenue							
-At a point in time	-	-	10,555	10,555	-	-	10,555
-Over time	271,452	23,449	41,137	336,038	393,738	-	729,776
	271,452	23,449	51,692	346,593	393,738	-	740,331
Gross profit	30,214	5,982	9,853	46,049	29,292	-	75,341
General and administrative expenses	(21,598)	(8,158)	(9,413)	(39,169)	(24,033)	(5,335)	(68,537)
Doubtful debt recovery (Note II)	41	-	-	41	-	-	41
Impairment of receivables	37	(3,095)	(473)	(3,531)	(403)	-	(3,934)
	8,694	(5,271)	(33)	3,390	4,856	(5,335)	2,911
Interest expenses				-	(1,543)	(1,236)	(2,779)
Loss on disposal of subsidiaries				-	(623)	-	(623)
Other income				2,166	-	-	2,166
Profit before taxation				5,556	2,690	(6,571)	1,675
Taxation				(1,135)	(436)	-	(1,571)
Profit for the period				4,421	2,254	(6,571)	104

Note I: Corporate overhead mainly represents corporate and administrative activities, and shared services.
Note II: The amount represents settlement of receivables which were previously impaired.

5 Profit Before Taxation

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Profit before taxation is arrived after charging /(crediting):		
Staff costs, including directors' emoluments	**329,645**	346,266
Depreciation of property, plant and equipment	**3,441**	3,804
Depreciation of right-of-use assets	**6,554**	-
Short-term lease expenses	**339**	-
Loss on disposal of property, plant and equipment	**102**	26
Rental income from investment properties	**(204)**	(187)
Fair value gain on investment properties	**(200)**	(800)
Bank interest income	**(303)**	(145)
Operating lease rental on land, buildings and office equipment	**-**	6,449

6 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the period after application of available tax losses brought forward for both periods.

The amount of tax charged/(credited) to the condensed consolidated interim income statement represents:

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the period	**4,682**	2,450
- under/(over) provision in prior years	**24**	(1)
Deferred taxation	**584**	(878)
	5,290	1,571

7 Earnings Per Share

(a) Basic earnings per share is calculated by dividing the Group's unaudited profit attributable to equity holders less dividends (if any) to convertible preference shareholders by the weighted-average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June **2019**	 2018
Profit attributable to equity holders (HK$'000)	**20,480**	350
Weighted-average ordinary shares issued ('000)	**424,850**	424,850
Basic earnings per share (HK cents)	**4.8**	0.1

(b) Diluted earnings per share for the period ended 30 June 2019 is calculated by dividing the Group's unaudited profit attributable to the equity holders by the weighted-average ordinary shares outstanding after adjusting for the potential ordinary shares to be issued on convertible preference shares.

	Unaudited Six months ended 30 June **2019**	 2018
Profit attributable to equity holders (HK$'000)	**20,480**	350
Weighted-average ordinary shares issued ('000)	**424,850**	424,850
Adjustments for potential ordinary shares to be issued ('000)	**80,000**	80,000
Weighted-average ordinary shares for calculating diluted earnings per share ('000)	**504,850**	504,850
Diluted earnings per share (HK cents)	**4.1**	0.1

8 Dividend

At a meeting held on 27 August 2019, the Board resolved not to declare interim dividend for the period ended 30 June 2019 (2018: nil).

9 Property, plant and equipment

As discussed in note 2, the Group has initially applied HKFRS 16 using the full retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leased land and buildings and office equipment which were previously classified as operating leases under HKAS 17. The right-of-use assets amounted to HK$16,705,000 was recognised as at 30 June 2019.

10 Receivables, Deposits and Prepayments

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days. (31 December 2018: 30 to 60 days). The ageing analysis of accounts receivable by invoice date is as follows:

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Accounts receivable		
0 to 30 days	**114,404**	145,452
31 to 60 days	**38,957**	41,098
61 to 90 days	**17,321**	14,516
Over 90 days	**128,111**	117,934
	298,793	319,000
Retention receivables and other receivables	**149,215**	155,795
Receivables	**448,008**	474,795
Deposits and prepayments	**24,694**	22,188
	472,702	496,983
Impairment of accounts receivable, retention receivables and other receivables	**(94,111)**	(94,812)
	378,591	402,171

Retention receivables in respect of the contract works business are settled in accordance with the terms of the respective contracts. At 30 June 2019, retention receivables held by customers for contract works amounting to approximately HK$13,716,000 (31 December 2018: HK$19,028,000) are expected to be recovered or settled in more than 12 months from the end of the reporting period.

At 30 June 2019, over 95% of the impairment of receivables which was related to Hsin Chong Group (31 December 2018: 95%). The management considered that there are no further material balances with Hsin Chong Group.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

11 Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days. (31 December 2018: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Accounts payable		
0 to 30 days	**268,528**	323,386
31 to 60 days	**15,388**	17,822
61 to 90 days	**12,758**	5,727
Over 90 days	**39,935**	34,011
	336,609	380,946
Retention payables, other payables and accruals	**179,505**	188,837
	516,114	569,783

12 Bank Loans

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Portion due for repayment within one year	**144,000**	144,000
Portion due for repayment in the second year, which contains a clause of repayment on demand	**-**	22,000
	144,000	166,000

Notes:

(a) As at 30 June 2019, the Group had bank loans of HK$144,000,000 (31 December 2018: HK$166,000,000) denominated in Hong Kong dollars.

(b) The bank loans of the Group carried weighted average interest rates of 4.7% (31 December 2018: 4.5%) per annum.

(c) The Group's term loan of HK$24,000,000 (31 December 2018: HK$36,000,000) is subject to a floating charge over the assets of the Company and its subsidiaries.

(d) The Group's revolving loans of HK$90,000,000 (31 December 2018: HK$90,000,000) is subject to a floating charge over the assets of the Company and its subsidiaries.

(e) The Group's bank loan of HK$114,000,000 (31 December 2018: HK$126,000,000) is personally guaranteed by an indirect controlling shareholder.

(f) The carrying amounts of loans approximate their fair values.

(g) As at 30 June 2019, bank deposit of HK$10,000,000 (31 December 2018: HK$10,000,000) is pledged as security for the Group's bank loan of HK$30,000,000 (31 December 2018: HK$40,000,000).

13 Share Capital

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
Ordinary shares		
At 1 January 2019 and 30 June 2019	**424,850**	**42,486**
Convertible preference shares		
At 1 January 2019 and 30 June 2019	**80,000**	**8,000**
Ordinary shares and convertible preference shares issued and fully paid		
At 30 June 2019	**504,850**	**50,486**
At 31 December 2018	504,850	50,486

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

REVIEW OF INTERIM FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial statements of the Company for the Reporting Period has been reviewed by the Company's external auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee of the Company comprises three members, namely, Mr. Lau Man Tak (chairman of the Audit Committee), Mr. Eric Lee Hon Man and Dr. Wong Yun Kuen. With the participation of the management and the Company's external auditor, BDO Limited, the Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Company for the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by the Directors. Having been made specific enquiry by the Company, all the Directors confirmed they have complied with the required standard set out in the Model Code throughout the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles in the code provisions and certain recommended best practices set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules.

During the Reporting Period, the Company complied with all code provisions of the CG Code.

By order of the Board
Synergis Holdings Limited
Kingston Chu Chun Ho
Chairman

Hong Kong, 27 August 2019

As at the date of this announcement, the Board comprises Mr. Kingston Chu Chun Ho (Chairman) and Ms. Hui Suk Man (Deputy Chairman and Managing Director for the property and facility management) as Executive Directors; and Mr. Lau Man Tak, Mr. Eric Lee Hon Man and Dr. Wong Yun Kuen as Independent Non-executive Directors.