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SYNERGIS HOLDINGS LIMITED

新昌管理集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 02340)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “Board”) of directors (the “Directors”) of Synergis Holdings Limited (the “Company” or “Synergis”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015.

FINANCIAL OVERVIEW

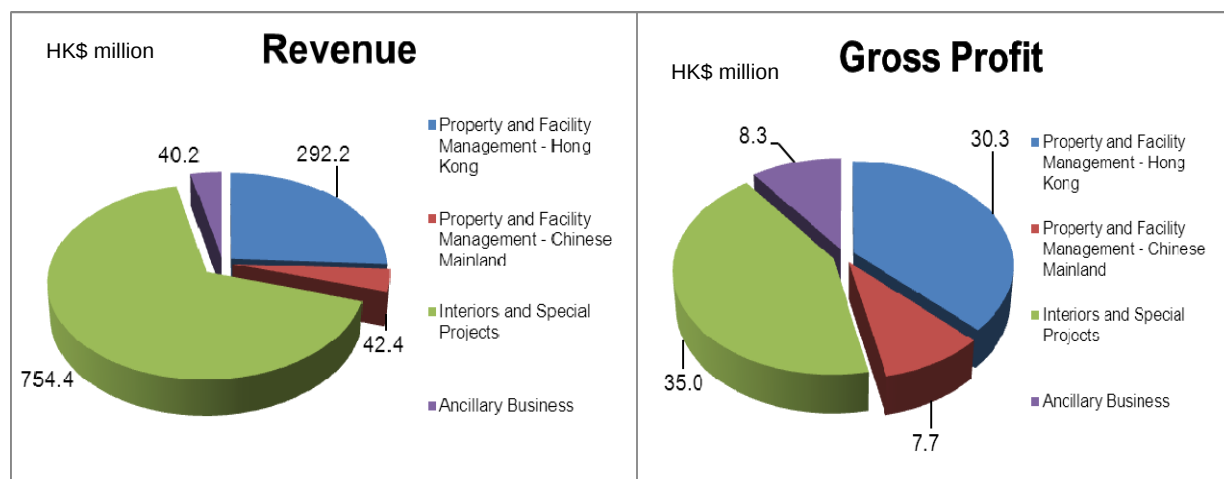
		Six months ended 30 June		
		2015	2014	Change
Revenue	HK\$' million	1,129.2	943.6	+19.7%
Gross Profit	HK\$' million	81.3	97.9	-17.0%
Operating Profit	HK\$' million	28.3	40.3	-29.8%
Profit attributable to Shareholders	HK\$' million	19.1	25.5	-25.1%
EBITDA	HK\$' million	33.8	43.7	-22.7%
Gross Profit Margin		7.2%	10.4%	-3.2%
Net Profit Margin		1.7%	2.7%	-1.0%
Basic Earnings Per Share	HK cents	5.0	7.0	-28.6%

With increasing operating costs and narrower profit margins, both the management services business and the interiors and special projects (the “ISP”) business of the Group maintained a stable but lacklustre performance during the six months ended 30 June 2015 (the “Reporting Period”). ISP business remains the key contributor of the Company in terms of revenue and gross profit, representing 67% and 43% of the total revenue and total gross profit of the Group respectively.

The Group reported consolidated revenue of HK\$1.1 billion for the Reporting Period, an increase of 19.7% compared with the six months ended 30 June 2014 (the “Corresponding Period”). Gross profit and operating profit, however, dropped to approximately HK\$81.3 million and HK\$28.3 million, a decrease of 17.0% and 29.8% respectively compared to the Corresponding Period. After amortisation of intangible assets and interest on bank loan related to the ISP business, the profit attributable to shareholders was HK\$19.1 million, a decrease of 25.1% from the Corresponding Period. Earnings per share was 5.0 HK cents (2014: 7.0 HK cents).

BUSINESS REVIEW AND PROSPECTS

BUSINESS OVERVIEW



	Revenue (HK\$'M)			Operating Profit/(Loss) (HK\$'M)		
	Six months ended 30 June 2015	2014	Change	Six months ended 30 June 2015	2014	Change
Property & Facility Management – Hong Kong	292.2	308.9	-5.4%	16.7	21.3	-21.6%
Ancillary Business – Hong Kong	40.2	40.5	-0.7%	2.6	5.0	-48.0%
Management Services Business – Hong Kong Sub-total	332.4	349.4	-4.9%	19.3	26.3	-26.6%
Property & Facility Management – Chinese Mainland	42.4	38.8	9.3%	(0.9)	(1.6)	43.8%
Management Services Business Sub-total	374.8	388.2	-3.5%	18.4	24.7	-25.5%
ISP Business	754.4	555.4	35.8%	21.2	28.6	-25.9%
Corporate Overhead	-	-	-	(11.3)	(13.0)	13.1%
Total	1,129.2	943.6	19.7%	28.3	40.3	-29.8%

Management Services Business

“This segment generated steady revenue but less profit in the first half of 2015 with improvement on the result of the Chinese Mainland business compared to the same period of last year”

Property and Facility Management Services

As of 30 June 2015, the Group managed 324 property and facility management service contracts comprising 294 contracts in Hong Kong and 30 contracts in the Chinese Mainland. The gross floor area (“GFA”) under the Group’s management was approximately 12,500,000 square metres (“sqm”) (Hong Kong: 10,100,000 sqm and Chinese Mainland: 2,400,000 sqm).

Hong Kong:

Property and facility management business has maintained a well-diversified portfolio of contracts comprising different sectors from government, public institutions to private clients.

(i) Hong Kong Housing Authority (“HKHA”)

The Group secured a new management contract of HKHA’s Block 3 and 4 Headquarters Buildings in April 2015 for two years with a total contract sum of HK\$17 million.

(ii) Corporate Clients and Public Institutions

The Group obtained the following facility management (the “FM”) contracts with a total contract sum of HK\$94 million for three years during the Reporting Period:

- Technical/Engineering Support Services at Cathay Pacific Cargo Terminal in February 2015;
- Facility Maintenance and Logistic Support Services at the Asia World Expo in Hong Kong International Airport in May 2015; and
- Property Services for the new laundry building of Vogue Laundry Service Limited in June 2015.

We were able to maintain high retention rate for the contracts due for renewal during the Reporting Period. Under the property management service segment, the contracts of Lung Mun Oasis, Shan King Estate, Wan Tau Tong Estate and Fu Shin Estate have been renewed. For the FM business segment, the contracts of CLP Power Stations, Cathay Pacific Cargo Terminal, Town Campus of the HKU SPACE, Customer Services of the Tseung Kwan O Lines and West Rail Lines of MTR and the English Schools Foundation have been successfully renewed. Most of the contracts have been renewed with increase in service fee and expanded scope of work. The high contract retention rate is important as it contributed towards stabilizing the revenue to the Group.

The additional revenue of those newly secured contracts has been offset by the contract expiration of HKHA Property Services Contracts in September 2014 and the Government Property Agency in March 2015 respectively. The revenue of management services business remains stable but the operating profit decreased by 26.6% to HK\$19.3 million. The decrease was mainly due to increasing labour cost resulting from shortage of labour and keen business competition leading to a 1.4% reduction on the gross margin.

Looking forward to the second half of 2015, the management believes that the business environment will remain challenging. However, we plan to put more efforts in developing the FM business with focus on the opportunities arising from airport operations and educational institutions. There is a great demand for FM services within the vicinity in the airport as many corporations operating in that area adopt the strategy of outsourcing their non-core activities, such as FM, cleaning and maintenance services. The Group’s intensive experience in the

airport area will definitely help our service team to explore more business opportunities in that area. The management has spent years on building up a management portfolio of education sector comprising training establishments of HKU SPACE, Chinese University of Hong Kong, Ying Wa College and the English School Foundations. The Group is confident in further developing business in the education sector, as a result of its solid credential of relevant engagements.

Chinese Mainland:

The performance of this business segment was encouraging in the first half of 2015. With more income for the period under review, the operating loss has been improved to HK\$0.9 million.

The service team in China has built up solid experience in asset management services business in the past years. With their efforts in developing business and good relationship with the investors, the team was able to secure the following contracts on consultancy, asset management service and agency service with a total contract sum of HK\$4.0 million (with contract durations ranging from four months to three years) in the Reporting Period:

- EC Mall Shopping Center (歐美匯購物中心) in Beijing;
- China Shipbuilding Industry Corporation (中國船舶重工集團公司第七研究院) in Beijing;
- Beijing University of Posts and Telecommunications Apartments (北京電郵大學公寓) in Beijing;
- Taizhou Baodai Shopping Mall (泰州寶帶購物中心) in Jiangsu;
- Jiangxi Lifestyle Mall (嘉興優活新天地商業中心) in Zhejiang; and
- Huaihai New Sunshine Mall (淮海新業中心) in Shanghai.

In addition to the above contracts, the service team has also secured another seven projects with commencement dates after the Reporting Period. With the different skill set requirement in Northern China and Southern China, the management has adopted different strategies in developing its business in these two regions. The management team of Northern China will focus on developing business of consultancy, sales and leasing businesses, while the Southern China team will focus on developing the business in property management and asset management services. With the recent improvements in the China real estate market conditions, the Group is confident that its business in China will further improve in the second half of the year.

Interiors & Special Projects

“ISP business is affected by the slowdown of the retail market although value of contracts on hand still exceeds HK\$1.5 billion”

For the Reporting Period, the ISP business recorded HK\$754.4 million in total revenue and HK\$35.0 million in gross profit, representing an increase of 35.8% in revenue and a decrease of 18.5% in gross profits compared with the Corresponding Period. The significant contribution in revenue came from the retail fitting-out project at Galaxy Resort & Casino in Macau, building revitalization project in Wong Chuk Hang and the commercial development of a 28-storey commercial building in Causeway Bay. The gross profit margin for ISP business for this period was 3.1% below that of the Corresponding Period. The decrease was mainly due to the low gross margin of construction contracts brought forward from last year. As a result, the operating profit of ISP business decreased by 25.9% to HK\$21.2 million.

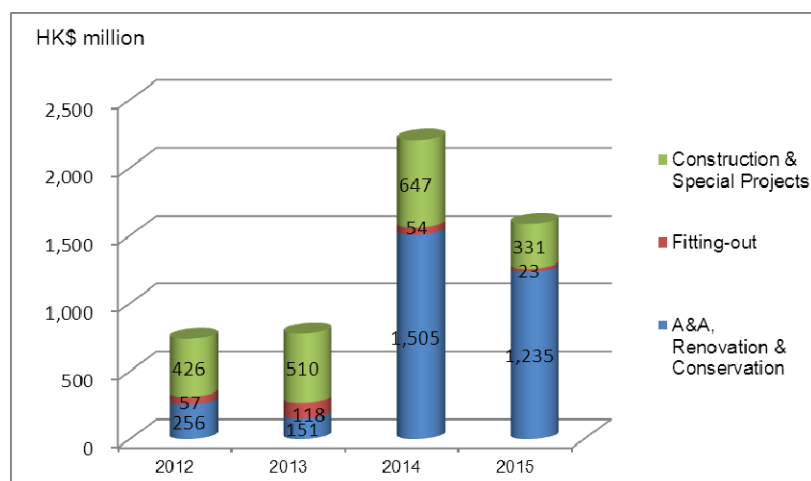
New Contracts Awarded

New contracts amounting to HK\$32.4 million (with contract durations ranging from three months to five months) has been secured during the Reporting Period. The newly awarded projects for the Reporting Period are as follows:

- Renovation works for Kee Wah Industrial Building;
- Renovation project for MUJI Store in Hopewell Centre;
- Building services installation nominated sub-contractor work for the proposed alteration and addition (A&A) works at Tropicana Garden; and
- A&A works at China Hong Kong City in Tsim Sha Tsui.

Outstanding Workload

The total outstanding contracts on hand as of 30 June 2015 exceeds HK\$1.5 billion. The management will adopt two major strategies including better cost control and enhanced project management methods to achieve better financial performance in 2015.



With our good track record in the ISP business in the past few years, the Group will continue to focus securing more businesses in the second half of 2015.

Financial Position and Financial Risk Management

After acquisition of the ISP business in November 2012, new banking facilities and liquidity lines have been obtained to support the increased scale of operations.

As of 30 June 2015, the total outstanding bank loan was HK\$316.0 million, which is scheduled to be repaid over next three years. This includes an outstanding balance of HK\$120 million relating to the banking facility for acquiring the ISP business in November 2012. The remaining balance is made up of working capital loans to support mainly the ISP operations and business development. The management will continue to proactively monitor the financial position of the Group.

Interest costs on bank borrowings are primarily charged based on a spread over HIBOR. With reference to the current portfolio of businesses, the management expects that the financial requirements for future can be met from a combination of retained earnings and bank borrowings.

Financial position (HK\$'000)	30 June 2015	31 December 2014
Total assets	1,120,988	950,114
Contracting WIP, receivables, deposits and prepayments	744,753	629,142
Deposit, cash and cash equivalents	152,160	91,195
Current assets	896,913	720,337
Net assets	258,714	245,954
Current liabilities	852,339	693,361
Bank loans due in 1 year	219,971	139,000
Bank loans due over 1 year	96,000	108,000
Total debt	315,971	247,000
Gearing ratios and liquidity		
Net debt to net assets	63.3%	63.3%
Total debt to net assets	122.1%	100.4%
Current ratio	1.1	1.0
Financial position	30 June 2015	30 June 2014
Per share data		
Shares in issue (all classes)	427,502,000	412,720,000
Basic earnings per share (HK cents)	5.0	7.0
Diluted earnings per share (HK cents)	4.4	6.2
Dividend per share (HK cents)	2.5	3.0
Net assets per share (HK cents)	60.5	57.2
Other key ratios		
Return on shareholders' equity (ROE)	7.4%	10.8%
Dividend payout ratio	56%	48%

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

Interest rate risk arising from bank borrowings is low as the interest rates are fixed for short-term periods for taking advantage of the lower interest rates. The 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 are denominated in Hong Kong Dollars, and therefore it has minimal foreign currency exposure. The growth in Chinese Mainland has been funded by permanent capital injection and 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 in financial products, including hedge funds or similar instruments, with significant underlying leverage or derivative exposure.

Cash Management

The Group operates a centralized cash management system. Cash balance surpluses are mainly placed as short-term bank deposits with a number of licensed banks in Hong Kong to meet with immediate requirements and provide the necessary liquidity.

Human Resources

As of 30 June 2015, the Group employed a total of 5,934 staff (30 June 2014: 6,168) in Hong Kong, Macau and the Chinese Mainland.

Employee Engagement and Staff Development are the two major focuses for the sustainable business growth of the Group. The Human Resources Effectiveness Committee, comprising senior management as well as divisional representatives, continues to review current policies and work out strategies for attracting and retaining talents.

Continuous training and development programs are offered to staff. Core Trainings serve as a mandatory factor for staff promotion preparation. Apart from Core Trainings, the Learning and Development Team also arranges general skills courses to facilitate staff performing up to the standard set by the Company. In view of the great success and positive feedback of the Manager Development Program held last year in Hong Kong, the Learning and Development Team has extended this curriculum to our Mainland management staff. The program concentrated on development under different aspects including Problem Solving, Team Leadership and Management, Staff Engagement and Communication & Influencing Power, which effectively enhance their working skills with building up their positive mind-set for facing challenges at work. The team will continuously review the learning and development strategies and develop tailor-made programs to further enhance staff competency. The Group will also continue with their support to qualified staff for attaining the Recognition of Prior Learning under Qualification Framework.

To offer more support in recruiting talents for operational needs, there has been a restructuring of the Human Resources Team by assigning a dedicated recruitment team for offering assistance to line managers in staff recruitment. Various new recruitment channels have been explored for increasing our exposure and attract competent personnel through different platforms.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of 2.5 HK cents per share for the six months ended 30 June 2015 (30 June 2014: 3.0 HK cents per share). The interim dividend will be paid on or around Friday, 2 October 2015 to shareholders of the Company whose names appear on the register of members of the Company on Thursday, 24 September 2015 (Hong Kong time).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 21 September 2015 to Thursday, 24 September 2015, both days inclusive (Hong Kong time). No transfer of shares of the Company will be registered during the period. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 18 September 2015 (Hong Kong time).

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Unaudited	
		Six months ended 30 June	
		2015	2014
	Note	HK\$'000	HK\$'000
Revenue	2	1,129,201	943,573
Cost of sales		(1,047,937)	(845,712)
Gross profit		81,264	97,861
Other income		3,353	2,773
General and administrative expenses		(53,127)	(60,163)
Amortisation of intangible assets		(4,363)	(4,363)
Interest expenses		(3,680)	(4,123)
Profit before taxation	3	23,447	31,985
Taxation	4	(4,342)	(6,442)
Profit for the period		19,105	25,543
Earnings per share for profit attributable to the equity holders of the Company			
- basic	5	5.0 cents	7.0 cents
- diluted	5	4.4 cents	6.2 cents
Dividends	6	10,688	12,382

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	19,105	25,543
Other comprehensive loss:		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	(24)	(549)
Total comprehensive income for the period	19,081	24,994

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2015

		Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		7,584	8,891
Investment properties		2,800	2,800
Intangible assets	7	44,611	48,974
Goodwill	7	168,968	168,968
Deferred tax assets		112	144
Total non-current assets		224,075	229,777
Current assets			
Contracting work-in-progress		307,232	180,871
Receivables	8	334,110	326,089
Deposits and prepayments	8	56,666	56,136
Amount due from ultimate holding company	9	17,624	12,358
Amounts due from fellow subsidiaries	9	29,121	53,444
Taxation recoverable		-	244
Deposit, cash and cash equivalents		152,160	91,195
Total current assets		896,913	720,337
Current liabilities			
Payables and accruals	11	521,597	431,763
Bank loans	10	315,971	247,000
Amount due to other partner of joint operations		267	144
Amounts due to fellow subsidiaries	9	788	5,504
Taxation payable		13,716	8,950
Total current liabilities		852,339	693,361
Net current assets		44,574	26,976
Total assets less current liabilities		268,649	256,753
Non-current liabilities			
Long service payment liabilities		1,940	1,940
Deferred tax liabilities		7,995	8,859
Total non-current liabilities		9,935	10,799
Net assets		258,714	245,954
Equity attributable to equity holders of the Company			
Share capital	12	42,750	41,589
Retained profits and other reserves		205,276	187,729
Proposed interim/final dividends		10,688	16,636
Total equity		258,714	245,954

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of Preparation

The unaudited condensed consolidated financial information 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.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments mandatory for the first time for the financial year beginning 1 January 2015:

HKAS 19 (2011) Amendment	Employee Benefits
Annual Improvements Projects	Annual Improvement to HKFRS 2010-2012 Cycle
Annual Improvements Projects	Annual Improvement to HKFRS 2011-2013 Cycle

The adoption of these revised HKFRS and amendments that are relevant to the Group’s operations and mandatory for the annual period beginning 1 January 2015 has had no material impact on the Group’s results and financial position of the Group.

2. Segment Information

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

- property and facility management services in Hong Kong;
- property and facility management services in Chinese Mainland including leasing services;
- interiors and special projects business; and
- ancillary business including security, cleaning, laundry, etc.

During the period, the Group has changed the composition of its reportable segments to four operating segments (2014: five) and the method of expenses allocation between its reportable segments due to changes in segment performance assessment within the Group. The corresponding segment information for the period ended 30 June 2014 has been restated.

(a) Segment Result (in HK\$'000)

<u>Unaudited six months ended 30 June 2015</u>	Property and Facility Management Services		Ancillary Business	Property and Facility Management and Ancillary Business	Interiors and Special Projects Business	Corporate (Note 1)	Total
	Hong Kong	Chinese Mainland					
Revenue	292,193	42,352	40,200	374,745	754,456	-	1,129,201
Gross profit	30,316	7,681	8,233	46,230	35,034	-	81,264
Operating expenses	(13,659)	(8,584)	(5,667)	(27,910)	(13,833)	(11,268)	(53,011)
Operating profit/(loss)	16,657	(903)	2,566	18,320	21,201	(11,268)	28,253
Amortisation of intangible assets				-	-	(4,363)	(4,363)
Acquisition loan interest expenses				-	-	(2,350)	(2,350)
Interest expenses				(198)	(1,132)	-	(1,330)
Other expenses				250	117	(483)	(116)
Other income				1,471	1,882	-	3,353
Profit before taxation				19,843	22,068	(18,464)	23,447
Taxation				(1,043)	(3,299)	-	(4,342)
Profit for the period				18,800	18,769	(18,464)	19,105

<u>Unaudited six months ended 30 June 2014</u>	Property and Facility Management Services		Ancillary Business	Property and Facility Management and Ancillary Business	Interiors and Special Projects Business	Corporate (Note 1)	Total
	Hong Kong	Chinese Mainland					
Revenue	308,898	38,850	40,477	388,225	555,348	-	943,573
Gross profit	35,394	9,608	9,860	54,862	42,999	-	97,861
Operating expenses	(14,130)	(11,183)	(4,890)	(30,203)	(14,380)	(12,952)	(57,535)
Operating profit/(loss)	21,264	(1,575)	4,970	24,659	28,619	(12,952)	40,326
Amortisation of intangible assets				-	-	(4,363)	(4,363)
Acquisition loan interest expenses				-	-	(2,761)	(2,761)
Interest expenses				(132)	(1,230)	-	(1,362)
Other expenses				(1,562)	(259)	(807)	(2,628)
Other income				1,382	1,391	-	2,773
Profit before taxation				24,347	28,521	(20,883)	31,985
Taxation				(1,667)	(4,775)	-	(6,442)
Profit for the period				22,680	23,746	(20,883)	25,543

Note 1: Corporate mainly represents corporate and administrative activities, and shared services.

(b) Customers Information

For the six months ended 30 June 2015, revenue of approximately HK\$138,906,000 (for the six months ended 30 June 2014: HK\$107,110,000) was derived from one single external customer which was attributable to the ISP business.

3 Profit Before Taxation

Unaudited
Six months ended 30 June
2015 2014
HK\$'000 HK\$'000

Profit before taxation is arrived after charging:

Staff costs, including directors' emoluments	351,649	355,751
Depreciation	2,304	3,268
Operating lease rental on land, buildings and office equipments	6,185	5,420

4 Taxation

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the period after application of available tax losses brought forward for both periods. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

Unaudited
Six months ended 30 June
2015 2014
HK\$'000 HK\$'000

Current taxation		
Hong Kong profits tax		
- provision for the period	4,721	6,198
Overseas tax		
- provision for the period	453	1,028
Deferred taxation	(832)	(784)
	4,342	6,442

5 Earnings Per Share

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

Unaudited
Six months ended 30 June
2015 2014

Profit attributable to equity holders (HK\$'000)	19,105	25,543
Less: dividend to convertible preference shareholders (HK\$'000)	(2,000)	(2,400)
Profit attributable to ordinary shareholders (HK\$'000)	17,105	23,143
Weighted-average ordinary shares issued ('000)	338,790	332,100
Basic earnings per share (HK cents)	5.0	7.0

- (b) Diluted earnings per share is calculated by dividing the Group's unaudited profit attributable to equity holders by the weighted-average ordinary shares outstanding after adjusting for the potential dilutive effect in respect of outstanding employee share options and potential ordinary shares to be issued on convertible preference shares during the period.

	Unaudited Six months ended 30 June	
	2015	2014
Profit attributable to equity holders (HK\$'000)	19,105	25,543
Weighted-average ordinary shares issued ('000)	338,790	332,100
Adjustments for share options ('000)	10,967	1,300
Adjustments for potential ordinary shares to be issued ('000)	80,000	80,000
Weighted-average ordinary shares for calculating diluted earnings per share ('000)	429,757	413,400
Diluted earnings per share (HK cents)	4.4	6.2

6 Dividends

At a meeting held on 19 August 2015, the Company's Board of directors declared the payment of an interim dividend of 2.5 HK cents per ordinary share (30 June 2014: 3.0 HK cents). This interim dividend is not reflected as a dividend payable in this condensed consolidated interim financial information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2015.

7 Intangible Assets and Goodwill

	Goodwill HK\$'000	Trademark HK\$'000	Backlog orders HK\$'000	Non-competition agreement HK\$'000	Total HK\$'000
<u>Cost</u>					
At 1 January 2014,					
31 December 2014 &	168,968	48,826	15,934	2,393	67,153
30 June 2015					
<u>Accumulated amortisation</u>					
At 1 January 2014	-	(3,526)	(5,754)	(173)	(9,453)
Amortisation for the year	-	(3,255)	(5,311)	(160)	(8,726)
At 31 December 2014	-	(6,781)	(11,065)	(333)	(18,179)
Amortisation for the period	-	(1,628)	(2,656)	(79)	(4,363)
As 30 June 2015	-	(8,409)	(13,721)	(412)	(22,542)
<u>Net Book Value</u>					
At 30 June 2015	168,968	40,417	2,213	1,981	44,611
At 31 December 2014	168,968	42,045	4,869	2,060	48,974

Intangible assets arising from the acquisition of the ISP business included goodwill, trademark, backlog orders and non-competition agreement.

Goodwill is allocated to the Group's cash-generating units that are expected to benefit from the business combination. Annual assessment of any impairment of goodwill is based on the recoverable amount of the Interiors & Special Projects segment derived from cash flow projections based on approved management budget over a three-year period. Cash flows beyond the three-year period are extrapolated with zero growth rate. A discount rate of 14.7% was adopted to reflect specific risk relating to the segment. The key assumptions adopted are the discount rates, growth rates and projected operating profit, which were determined based on past performance and management's expectations for the market development. Management believes that any reasonably foreseeable changes in any of the above key assumptions will not cause the carrying amount of goodwill to exceed the recoverable amount.

The trademark refers to the use of the "Hsin Chong" in Hong Kong. Other than the value included in the acquisition consideration, there is no on-going fee for utilizing the trademarks. Although there is no expiry date, management has prudently adopted a 15 year useful life for amortisation purpose.

Backlog orders refer to the contractual sales that are outstanding at time of acquisition, totalling around HK\$300 million, from which there is a set of expected benefits to be received and accordingly management has adopted amortisation over 3 years.

Based on the non-competition agreement, management has adopted amortisation over 15 years.

8 Receivables, Deposits and Prepayments

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days. (31 December 2014: 30 to 60 days). The ageing analysis of accounts receivable by due date is as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Accounts receivable		
Not yet due	166,525	150,959
1 to 30 days	22,649	31,942
31 to 60 days	7,130	10,985
61 to 90 days	2,873	11,249
Over 90 days	18,641	20,928
	<u>217,818</u>	<u>226,063</u>
Retention receivables and other receivables	<u>116,292</u>	<u>100,026</u>
Receivables	<u>334,110</u>	<u>326,089</u>
Deposits and prepayments (Note 1)	<u>56,666</u>	<u>56,136</u>
	<u>390,776</u>	<u>382,225</u>

Note 1: Balance included a RMB23,000,000 refundable deposit paid to a PRC company for entering into the tender of an interior fitting-out project in Hainan, the PRC. RMB11,046,000 was subsequently settled after period end.

The majority of the Group's accounts receivable are denominated in Hong Kong dollars. There were no accounts receivables impaired as of 30 June 2015 (2014: Nil). The maximum exposure to credit risk at the reporting date is the carrying value of the accounts receivable mentioned above. The company does not hold any collateral as security.

9 Balances with Fellow Subsidiaries and Ultimate Holding Company

Balances with fellow subsidiaries and ultimate holding company are unsecured, interest free, repayable on demand with no fixed terms of repayment and mainly denominated in Hong Kong dollars.

Balances included net receivables in trade nature amounted to HK\$4,654,000 (2014: net payables in trade nature amounted to HK\$693,000) and HK\$26,195,000 (2014: HK\$37,912,000) due from ultimate holding company and fellow subsidiaries respectively.

10 Bank Loans

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Portion due for repayment within one year	219,971	139,000
Portion due for repayment after one year, which contains a clause of repayment on demand		
(i) in the second year	24,000	24,000
(ii) in the third to fifth years, inclusive	72,000	84,000
Total bank loans	<u>315,971</u>	<u>247,000</u>

Notes:

- (a) As at 30 June 2015, the Group has bank loan of HK\$267,427,000 (31 December 2014: HK\$247,000,000) and HK\$48,544,000 (31 December 2014: Nil) denominated in Hong Kong dollars and Macau Pataca respectively.
- (b) The bank loans of the Group carried weighted average interest rates of 2.8% (31 December 2014: 2.9%) per annum.
- (c) The Group's bank loan of HK\$120,000,000 (31 December 2014: HK\$132,000,000) is subject to a floating charge over the assets of its subsidiaries.
- (d) The carrying amounts of loans approximate their fair values.

11 Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days. (31 December 2014: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Accounts payable		
Not yet due	325,799	238,348
1 to 30 days	14,524	19,512
31 to 60 days	9,021	6,549
61 to 90 days	4,251	8,074
Over 90 days	19,459	14,536
	<u>373,054</u>	<u>287,019</u>
Retention payables, other payables and accruals	<u>148,543</u>	<u>144,744</u>
	<u>521,597</u>	<u>431,763</u>

12 Share Capital

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each	9,000,000	900,000
Convertible preference shares of HK\$0.10 each	1,000,000	100,000
	10,000,000	1,000,000
Issued and fully paid:		
<u>Ordinary shares</u>		
At 1 January 2014	332,000	33,200
Share issued upon exercise of options granted under the Share Option Scheme	3,890	389
At 1 January 2015	335,890	33,589
Share issued upon exercise of options granted under the Share Option Scheme	11,612	1,161
At 30 June 2015	347,502	34,750
<u>Convertible preference shares</u>		
At 1 January 2014, 1 January 2015 and 30 June 2015	80,000	8,000
Ordinary shares and convertible preference shares issued and fully paid		
At 30 June 2015	427,502	42,750
At 31 December 2014	415,890	41,589

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 period.

REVIEW BY AUDITOR AND AUDIT COMMITTEE

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2015 has been reviewed by the Company's external auditor, PricewaterhouseCoopers, 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. David Yu Hon To (chairman of the Audit Committee), Mr. Kan Fook Yee and Mr. Wong Tsan Kwong. The Audit Committee together with the participation of the management and the Company's external auditor, PricewaterhouseCoopers, have reviewed the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2015.

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 of Hong Kong Limited (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 made specific enquiry of all the Directors, all the Directors confirmed they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2015.

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 six months ended 30 June 2015, the Company complied with all code provisions of the CG Code.

REPORT OF THE SPECIAL COMMITTEE

Internal Controls Review on the Procurement and Tendering Process

The Special Committee (the "Committee") had appointed an independent professional firm to conduct a review of the internal procurement control and tendering process of the property and facilities management services. The professional firm completed their review and set out their findings in their report. Certain opportunities for improvement were identified and relevant recommendations were set out by the professional firm. The professional firm conducted the review based on information provided by the Company and no assurance or opinion on internal controls was expressed by the professional firm.

The Committee has reviewed and agreed with the findings of the report and recommended the same to the Board. The Board has accepted the recommendations and instructed the management to implement the various improvements recommended.

Garden Vista Investigation

Pursuant to its Terms of Reference, the Committee will continue to monitor the progress of the investigations by the Independent Commission Against Corruption of Hong Kong on the case relating to the renovation project of Garden Vista.

By order of the Board of
Synergis Holdings Limited
Wilfred Wong Ying Wai
Chairman

Hong Kong, 19 August 2015

As at the date of this announcement, the Board comprises Dr. Wilfred Wong Ying Wai (Chairman), Dr. Fan Cheuk Hung, Ms. Brenda Yau Shuk Mee (Acting Managing Director) and Mr. Terence Leung Siu Cheong as Executive Directors; and Mr. Stephen Ip Shu Kwan, Mr. Kan Fook Yee, Mr. Wong Tsan Kwong and Mr. David Yu Hon To as Independent Non-executive Directors.

** for identification purpose only*