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 2018

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 2018 (the "Reporting Period").

FINANCIAL OVERVIEW

		Six months ended 30 June		Change	
		2018	**2017**	**Amount**	**%**
Revenue	HK$' million	740.3	1,094.2	(353.9)	-32.3%
Gross profit	HK$' million	75.4	79.0	(3.6)	-4.6%
Gross profit margin		10.2%	7.2%	-	+3.0%
Operating profit before exceptional operating items	HK$' million	5.9	7.5	(1.6)	-21.3%
Doubtful debts recovery	HK$' million	-	1.5	(1.5)	-
Impairment of receivables	HK$' million	(3.9)	-	(3.9)	-
Operating profit	HK$' million	2.0	9.0	(7.0)	-77.8%
Intangible asset write off	HK$' million	-	(33.9)	33.9	-
EBITDA	HK$' million	8.5	27.3	(18.8)	-68.9%
Profit/(loss) attributable to shareholders	HK$' million	0.4	(22.1)	22.5	+101.8%
Basic earnings/(losses) per share	HK cents	0.1	(6.1)	6.2	+101.6%

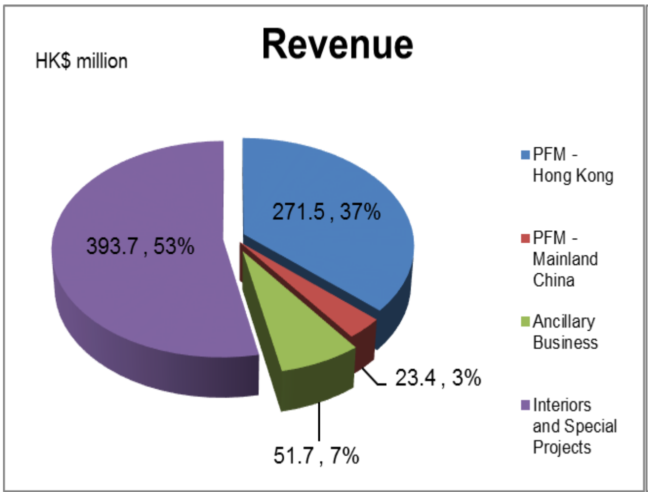
The Group reported consolidated revenue of approximately HK$740.3 million for the Reporting Period, a decrease of approximately one-third over the six months ended 30 June 2017 (the "Corresponding Period") as a result of fewer new contracts of interiors and special projects business (the "ISP Business") having been awarded. The management team had focused on improving gross profit and was able to achieve a higher profit margin of 3% over that of the Corresponding Period in spite of keen competition and rising cost. The Group recorded an operating profit before exceptional operating items including the impairment of receivables, of approximately HK$5.9 million after taking into account operating expenses arising from tearing up business segments and recruiting talents, poised to open a new page for the Company. Including the additional amount of approximately HK$3.9 million on impairment of receivables, the Group recorded a minor profit attributable to shareholders of approximately HK$0.4 million as compared to the loss of approximately HK$22.1 million recorded for the Corresponding Period mainly due to the Company's write off of Hsin Chong's trademark. Earnings per share was 0.1 HK cents (2017: losses per share was 6.1 HK cents).

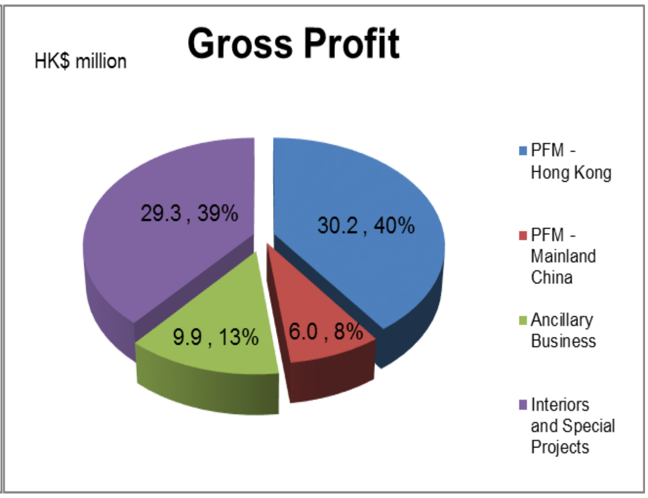
Regarding the update on the repayment status of Hsin Chong Group Holdings Limited ("Hsin Chong"), the Company entered into a second settlement agreement (the "2018 Settlement Agreement") with Hsin Chong on 1 June 2018, which superseded the previous settlement agreement dated 27 March 2017 (the "Settlement Agreement") and the supplemental agreement dated 17 August 2017 (the "Supplemental Agreement"), for the repayment of the net receivables of approximately HK$75.8 million as of 30 April 2018 plus interest by five installments over the period from 1 June 2018 to 30 April 2019 after arm's length negotiation. The Company is monitoring the situation closely and seeking legal advice as to actions it may take to protect its rights. Details of the update can be referred to the voluntary announcement of the Company dated 1 June 2018.

BUSINESS REVIEW AND PROSPECTS

BUSINESS OVERVIEW

The Group's property and facility management (the "PFM") business and ancillary business (the "Ancillary Business") (collectively, the "PFM Business") remained stable in revenue and continued to maintain its solid market position whilst ISP Business has contributed over half of the Group's revenue.





The operating results of PFM Business and ISP Business in the following sections excluded the exceptional operating items, being the impairment of receivables and the recovery of doubtful debts, in the Reporting Period and the Corresponding Period.

	Revenue (HK$' million)			**Operating Profit/(Loss) before exceptional operating items (HK$' million)**		
	Six months ended 30 June			**Six months ended 30 June**		
	2018	**2017**	**Change**	**2018**	**2017**	**Change**
PFM – Hong Kong	271.5	263.5	3.0%	8.2	15.7	-47.8%
Ancillary Business	51.7	44.4	16.4%	0.2	(0.4)	150%
PFM Business – Hong Kong Sub-total	**323.2**	**307.9**	**5.0%**	**8.4**	**15.3**	**-45.1%**
PFM – Mainland China	23.4	31.7	-26.2%	(2.4)	(1.9)	-26.3%
PFM Business Sub-total	**346.6**	**339.6**	**2.1%**	**6.0**	**13.4**	**-55.2%**
ISP Business	**393.7**	**754.6**	**-47.8%**	**5.2**	**1.7**	**205.9%**
Corporate Overheads	**-**	**-**	**-**	**(5.3)**	**(7.6)**	**30.3%**
Total	**740.3**	**1,094.2**	**-32.3%**	**5.9**	**7.5**	**-21.3%**

Property and Facility Management Business

Property and Facility Management

As at 30 June 2018, the Group managed 341 PFM service contracts with the gross floor area of approximately 9.2 million square metres ("sqm") (Hong Kong: 5.6 million sqm and Mainland China: 3.6 million sqm). The PFM Business in Hong Kong is capable of sustaining a diverse portfolio for 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 estates, private housing and car parks, etc.

Hong Kong:

In the first half of 2018, our facility management team has successfully extended our portfolio to management services for international school by the award of the first facilities management contract for the newly established Malvern College Hong Kong in Tai Po with a contract period of over three years. In addition, our property management team also put effort to extend its scope of services to the luxurious residential properties from late last year. Priding ourselves on our extensive property management expertise and professional, quality-based management model, we won some successful bids in Mid-levels and Stanley including Grenville House, Robinson Mansion, Grosse Pointe Villa and 6 – 8 Stanley Village Road.

Besides, we have been providing car park management services for public and private car park operators, including 42 the Hong Kong Housing Authority's car parks and 48 Link Real Estate Investment Trust's car parks during the Reporting Period. With effort to develop our car park business, we have also gained recognition from MTR Corporation Limited, which awarded us a three-year car park management contract with an estimated contract sum of approximately HK$40 million for West Kowloon Station Car Park in Hong Kong Section of Express Rail Link.

In addition to the contracts above, the Group has also obtained 12 new contracts from two-year to three-year in the first half of 2018 with a total contract sum of more than HK$20 million. Significant contracts include:

- Property Management Service Contracts: Kwong Ming Court, Yee Fung Garden and Casa Paradizo at Yuen Long; and

- Facility Management Service Contracts: Social Services Centres at The Waterfront, West Kowloon Cultural District Authority Cyberport Office, and Offices of Employees Retraining Board and Hong Kong Council for Accreditation of Academic and Vocational Qualifications.

Apart from expanding our business portfolio, we are also capable of maintaining high retention rate for our existing contracts, which proves that our quality services are being recognised by our clients and also contributed steady revenue to the Group. Below are the key contracts being successfully renewed with a contract period of two-year to three-year with an increase in service fee during the Reporting Period:

- Property Management Service Contracts: Broadview Terrace, Arran Court, Hong Pak Court, Evelyn Towers, Yuk Ming Court and Wan Tau Tong Estate; and

- Facility Management Service Contracts: Provision of Services for Customer Service Centre and Backend Accountancy for MTR Tseung Kwan O Line Stations, Causeway Bay Group Stations and Kennedy Town Group Stations of Island Line, West Rail Line Stations, Ho Man Tin Group Stations and South Island Line Stations with MTR Corporation Limited.

Subsequent to the end of the Reporting Period, we have been successfully awarded by the Airport Authority Hong Kong a contract with a term of four years, including a three-year base and a one-year option, for provision of taxi services management at the Hong Kong International Airport with a substantial contract sum of over HK$100 million.

Revenue for this business segment has increased by 3.0% but gross profit has decreased by 10.9% to HK$30.2 million. In view of upward pressure on salary increases of different talents in the market, the overheads have increased by 20.2%. Thus, the operating profit has decreased by around half of that of the Corresponding Period to HK$8.2 million. We are striving hard to expand our business under keen competition and exercising tighter cost control to push for a higher profit margin.

The Group also expects to focus more on expanding the facility management business as well. Apart from offering value added services such as consultancy services to our existing clients, the team also expects to increase our market share by expanding our service scope to other areas including building consultancy and energy audit, facility management audit, and pre-management consultancy services. Besides, the team will continue to find new customers including international schools or other institutions and develop technical consultancy and supporting services for food and beverage industry. With our stable and unique market position in the facility management segment, we will continue to retain our current portfolio whilst exploring opportunities in commercial and operational facilities in the territory.

Mainland China:

In view of keen competition from large developers in Mainland China, our Group would strategically focus on and put resources to Beijing and Shanghai. Our Mainland China Team has also managed to award three minor new contracts during the Reporting Period which include the asset management and agency services for Hangzhou Boee Olympic Center, property management services for Qingdao Jiaozhou Xingyuan Paris City and property management consultancy services for Taian Sanlitun. However, without substantial new contracts awarded in the first half of 2018, revenue for this business segment has decreased by 26.2% from that of the Corresponding Period. The operating loss for this segment has increased by 26.3% to HK$ 2.4 million.

With different requirements of skillsets and job references in Northern China and Eastern China, management has adopted different development strategies for our developing businesses in different regions. The management team in Northern China focuses on developing the commercial consultancy, while the Eastern China team focuses on developing business in property management. We will utilise our extensive network and experience in property and facility management to provide our customers with the most specialised services.

Ancillary Business

The Group has continued to develop our new brand - SynWave (新浪潮) and aimed at providing integrated “5 in 1” professional services including procurement, laundry, cleaning, security and maintenance contracting services since last year. We can offer flexible and tailor-made services to our clients. Among all different services of the Ancillary Business, cleaning business is still the key revenue and profit contributor. In the first half of 2018, 16 new cleaning services contracts have been awarded from two-year to three-year with a total contract sum of over HK$30 million. Major contracts included cleaning services contracts for Hampton Place, 33 Des Veoux Road Building, Loplus@Johnston, Foodies Market Limited in Tai Wai and branches of the Bank of East Asia, Limited at Hong Kong Island and the New Territories.

Total revenue from the Ancillary Business reported a 16.4% increase from that of the Corresponding Period to HK$51.7 million. The gross profit margin was very similar to that of the Corresponding Period. However, due to the increase in general and administrative expenses for business development, this business segment only recorded a minor operating profit of HK$0.2 million for the Reporting Period.

Interiors and Special Projects Business

As a part of the core business of Synergis, ISP Business provides one-stop ISP services including planning, design, consultancy, project management, demolition work, site formation work, repair and restoration of historic buildings work, etc. to its local and overseas customers.

For the Reporting Period, the total revenue and gross profit of ISP Business recorded HK$393.7 million and HK$29.3 million respectively, representing a decrease of 47.8% and 3.0% in the revenue and gross profit respectively when compared to those of the Corresponding Period. The decrease in revenue was mainly due to a lack of new order replenishment in the first half of 2018 but we have tried our best to improve and successfully increased our profit margin by 3.4% from 4.0% to 7.4%. The significant revenue contribution came from residential development at Discovery Bay North Phase 16, fitting-out works for M+ Museum project at West Kowloon Cultural District, the new factory development of a well-established pharmaceutical brand in Yuen Long, which covered over half of ISP Business's revenue for the Reporting Period. ISP Business took a more cautious approach to monitor the overheads this Reporting Period and thus overheads were decreased by 15.4% and the operating profit tripled from HK$1.7 million recorded for the Corresponding Period to HK$5.2 million.

Our ISP segment continues its growth in 2018. With our expertise and extensive industry experience and the launch of our new branding, we strive to do better than ever before. We have been engaged as a construction manager and general contractor for the contract of temple renovation project in Kowloon Tong with an estimated contract sum of over HK$400 million during the Reporting Period. ISP Business will provide professional construction manager services at the pre-construction stage to manage project design, project cost control, selection of building materials, plant and equipment, project planning and construction schedule of works. It is a renovation project of a 8-storey tall building with a total gross floor area of 5,200 sqm. Works involved will be a complete renovation of the property, including replacement of ceilings, enhancement of mechanical and electrical facilities, renovation of outer wall, and interior refurbishment. The project is expected to complete by end of 2020.

Apart from the above-mentioned project, ISP Business has also awarded another 12 new contracts amounting to approximately HK$47 million for the Reporting Period. The major projects, mainly for alteration and addition ("A&A") and fitting-out works, are listed below:

- Renovation of Existing Toilets at Watson Centre in Kwai Chung;
- Enabling Works for Passenger Charging Points in Terminal 1 and North Satellite Concourse at Hong Kong International Airport;
- Re-development Works Project at Travessa do Faisão, Macau; and
- Basic Fitting-Out Works for B1-M Restaurant at West Kowloon Station.

The total outstanding workload for contracts on hand, as of 30 June 2018, exceeded HK$1.6 billion, over one-third of which would be completed in 2018. During the Reporting Period, new contracts amounting to HK$468 million were awarded. Subsequent to the end of the Reporting Period, ISP Business has also been awarded several contracts including a substantial main contract for commercial building development works for two years at Lau Li Street & Electric Road. The total new contracts amounting to approximately HK$670 million were awarded from the beginning of this year to the date of this announcement.

ISP Business will continue to focus on the core businesses (fitting-out, A&A, renovation, special construction project, demolition, etc.) especially those with a higher profit margin in the coming years. With outstanding workloads on hand, our efforts and ability to replenish orders as in the past, management believes that the ISP Business would deliver growth through the team's commitment and dedication to excellence.

Financial Position and Financial Risk Management

As of 30 June 2018, the total outstanding bank loan was HK$178 million, which is scheduled to be repaid over the next two years. This includes an outstanding balance of HK$48.0 million (of which around $24.0 million is due over one year) relating to the banking facility drawn down for acquiring the ISP Business in November 2012 and a term loan of HK$40.0 million (of which around $30.0 million is due over one year) drawn down to support ISP operation. The remaining sum represents the working capital loans mainly for supporting ISP operation and business development. During the Reporting Period, the Group's sources of fund were generated primarily from operating activities and financing activities including existing banking facilities.

On 12 May 2017, the Company entered into a placing agreement (as supplemented by a side letter on 26 May 2017) with Kingston Securities Limited and VMS Securities Limited (the "Placing Agreement") as the placing agents (the "Placing Agents"), pursuant to which the Company conditionally agreed to place through the Placing Agents up to 69,520,000 placing shares (the "Placing Shares") to not fewer than six independent placees at the placing price of HK$1.09 per Placing Share (the "Placing Price") (collectively, the "Placing"). The Placing Price represented a discount of approximately 19.85% to the closing price of HK$1.36 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the Placing Agreement. The Placing was completed on 13 June 2017 and an aggregate of 69,520,000 Placing Shares were issued under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 20 May 2016. The aggregate nominal value of the Placing Shares under the Placing should be HK$6,952,000. The Company received the gross proceeds of approximately HK$75.8 million from the Placing while the net proceeds was approximately HK$73.9 million, which represents a net issue price of HK$1.06 per Placing Share.

The purpose of the Placing which raised approximately HK$73.9 million after expenses was to provide adequate buffer for the Group's working capital requirements in case that the outstanding receivables of HK$63.4 million due from Hsin Chong under its settlement agreement with the Group have not been received after taking into account the expected operating cash inflow and available banking and other facilities of the Group. The Group's working capital requirements include operating overheads and the upfront cash outlay (before receipt of payments for certified works carried out) in respect of projects on hand and new projects that may be awarded in the ISP Business. The Group closely manages its cash flow position to ensure that there is adequate cash buffer to support new projects if awarded. As at the date of this announcement, approximately HK$50.0 million out of the net Placing proceeds was used for supporting the subcontractor payments of ISP Business and the balance of approximately HK$23.9 million has been deposited in a bank. The Directors considered that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the market conditions and in the interests of the Company and the shareholders as a whole.

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.

Financial position (HK$'000)	30 June 2018	31 December 2017
Total assets	**1,013,054**	**1,120,897**
Receivables and other assets	736,779	864,921
Deposit, cash and cash equivalents	135,731	116,198
Current assets	**872,510**	**981,119**
Net assets	**251,989**	**250,827**
Current liabilities	**759,226**	**868,442**
Bank loans	**178,000**	**162,402**
Gearing ratios and liquidity		
Net debt to net assets	**16.8%**	**18.4%**
Total debt to net assets	**70.6%**	**64.7%**
Current ratio	**1.1**	**1.1**

Financial position	30 June 2018	30 June 2017
Per share data		
Shares in issue (all classes)	**504,850,000**	**504,850,000**
Basic earnings/(losses) per share (HK cents)	**0.1**	**(6.1)**
Diluted earnings/(losses) per share (HK cents)	**0.1**	**(6.1)**
Net assets per share (HK cents)	**49.9**	**55.9**

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 are denominated in Hong Kong Dollars. Therefore, the Group has minimal foreign currency exposure. The growth of the Group's business in Mainland 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 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 2018, the Group employed a total of 5,071 staff (31 December 2017: 5,695) in Hong Kong, Mainland China and Macau.

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 in ensuring our staff 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.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (2017: nil HK cents per share).

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	Unaudited Six months ended 30 June 2018 HK$'000	 2017 HK$'000
Revenue	4	**740,331**	1,094,210
Cost of sales		**(664,990)**	(1,015,216)
Gross profit		**75,341**	78,994
Other income		**2,166**	3,421
General and administrative expenses		**(68,537)**	(71,840)
Doubtful debts recovery	9	**41**	1,463
Impairment of receivables	9	**(3,934)**	-
Loss on disposal of subsidiaries		**(623)**	-
Amortisation of intangible asset		**-**	(1,628)
Intangible asset write off		**-**	(33,907)
Interest expenses		**(2,779)**	(2,800)
Profit/(loss) before taxation	5	**1,675**	(26,297)
Taxation	6	**(1,571)**	3,848
Profit/(loss) for the period		**104**	(22,449)
Profit/(loss) attributable to:			
Equity holders of the Company		**350**	(22,077)
Non-controlling interests		**(246)**	(372)
		104	(22,449)
Earnings/(losses) per share for profit/(loss) attributable to the equity holders of the Company			
- basic (HK cents)	7	**0.1**	(6.1)
- diluted (HK cents)	7	**0.1**	(6.1)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Unaudited	
	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Profit/(loss) for the period	**104**	(22,449)
Other comprehensive (loss)/income:		
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translating foreign operations	**(205)**	622
Realisation of exchange reserve upon disposal of a subsidiary	**152**	-
Total comprehensive income/(loss) for the period	**51**	(21,827)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2018

	Note	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Non-current assets			
Property, plant and equipment		**13,916**	15,263
Investment properties		**6,400**	5,600
Goodwill		**116,794**	116,794
Deferred tax assets		**1,130**	41
Prepayment		**2,304**	2,080
Total non-current assets		**140,544**	139,778
Current assets			
Contracting work-in-progress		-	349,294
Contract assets		**335,855**	-
Receivables	9	**371,534**	490,604
Deposits and prepayments	9	**27,509**	22,429
Taxation recoverable		**1,881**	2,594
Cash and cash equivalents		**124,395**	112,532
Time deposits with original maturities over three months		**11,336**	3,666
Total current assets		**872,510**	981,119
Current liabilities			
Payables and accruals	12	**558,339**	704,154
Contract liabilities		**20,773**	-
Bank loans	11	**178,000**	162,402
Amount due to non-controlling interests	10	**-**	1,306
Amount due to other partner of joint operation		**1**	15
Taxation payable		**2,113**	565
Total current liabilities		**759,226**	868,442
Net current assets		**113,284**	112,677
Total assets less current liabilities		**253,828**	252,455
Non-current liabilities			
Long service payment liabilities		**1,380**	1,380
Deferred tax liabilities		**459**	248
Total non-current liabilities		**1,839**	1,628
Net assets		**251,989**	250,827
Equity attributable to equity holders of the Company			
Share capital	13	**50,486**	50,486
Retained profits and other reserves		**201,503**	201,499
		251,989	251,985
Non-controlling interests		**-**	(1,158)
Total equity		**251,989**	250,827

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 Basis of Preparation

The unaudited condensed consolidated interim financial information has 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 condensed consolidated interim financial statements are consistent with those set out in the annual report for the year ended 31 December 2017.

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 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

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 information does 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 2017.

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 2018, a financial ratio requirement of bank loans of HK$138,000,000 was not met which might cause these borrowings to become immediately repayable. Such condition indicates the existence of certain uncertainties over the Group's liquidity position. 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 renewal of the aforesaid bank facility and the lender does not indicate for any immediate repayment so far;

(ii) The Group will continue to seek for settlement of the overdue receivables from Hsin Chong Group pursuant to the settlement agreements, and might take legal actions, if necessary;

(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

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2(b) below.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Notes	HK$'000
Closing retained earnings as at 31 December 2017 - HKAS 39		15,416
Increase in provision for accounts receivable and contract assets	(i)	(293)
Opening retained earnings as at 1 January 2018 - HKFRS 9		15,123

(i) Impairment of financial assets

The Group has receivables and contract assets that are subject to HKFRS 9's new expected credit loss model.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table above.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Accounts receivable and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and contract assets.

ISP Business

To measure the expected credit losses, accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days invoiced.

The contract assets related to unbilled work in progress substantially share the same risk characteristics as the accounts receivable and retention receivables for the same types of contracts generated from ISP Business. The Group has assessed that the expected loss rate for accounts receivable, retention receivables and contract assets from ISP Business was immaterial. Thus no additional impairment provision for accounts receivable and contracts assets from ISP Business was recognised during the period.

PFM Business

To measure the expected credit losses of accounts receivable from PFM business, accounts receivable have been grouped on shared credit risk characteristics and the days invoiced. On that basis, additional impairment provision of approximately HK$293,000 as at 1 January 2018 was determined.

The provision for impairment for accounts receivable as at 31 December 2017 reconcile to the opening provision for impairment on 1 January 2018 as follows:

	HK$'000
Accounts receivable as at 31 December 2017 - HKAS 39	70,577
Amounts restated through opening retained earnings	293
Opening provision for impairment as at 1 January 2018 - HKFRS 9	70,870

(b) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVOCI");

- those to be measured subsequently at fair value through profit or loss ("FVPL"); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows; and

- the contractual terms of the debt instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group classifies its financial assets as at FVOCI only if both of the following criteria are met:

- the objective of the Group's business model is to hold the asset to collect the contractual cash flows and to sell financial assets; and

- the contractual terms of the debt instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

(i) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

(ii) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(iii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets originally categorised as loans and receivables under HKAS 39 which all have been classified as financial assets at amortised cost under HKFRS 9 from 1 January 2018, the Group has determined that reliably assessing the probability of default of the counterparties at the initial recognition of each financial asset would result in undue cost and effort. As permitted by a transition provision in HKFRS 9, provision for doubtful debts account for these financial assets will be determined based on whether their credit risk are low at each reporting date, and if so by recognising a 12 months expected losses amount until the financial asset is derecognised. If the financial asset is not of a low credit risk, the corresponding provision for doubtful debts account will be recognised as equal to lifetime expected losses.

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the modified retrospective approach in HKFRS 15, comparative figures have not been restated.

The accounting policies were changed to comply with HKFRS 15, which replaces both the provisions of HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- contract assets recognised in relation to construction contracts were previously presented as amounts due from customers for contract work

- contract liabilities recognised in relation to construction contracts were previously presented as amounts due to customers for contract work

- contract liabilities recognised in relation to property management contracts were previously presented as amounts due to customers for property and facility management services

The following adjustments were made to the amounts recognised in the balance sheet on 1 January 2018:

	At 31 December 2017 (as previously presented) HK$'000	Effects of adoption of HKFRS 15 HK$'000	At 1 January 2018 (as restated) HK$'000
Consolidated balance sheet (extract)			
Contracting work-in-progress	349,294	(349,294)	-
Contract assets	-	349,294	349,294
Payables and accruals	704,154	(25,097)	679,057
Contract liabilities	-	25,097	25,097

The adoption of HKFRS 15 has no material impact to the condensed consolidated income statement and has no impact to the net cash flow from operating, investing and financing activities on the condensed consolidated statement of cash flows.

(d) HKFRS 15 Revenue from Contracts with Customers – Accounting policies

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns and discounts and after eliminating sales within the Group.

Revenue are recognised when or as the control of the services or goods is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the services or goods may transfer over time or at a point in time. Control of the services or goods is transferred over time if the Group's performance:

- provides all the benefits received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services or goods transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on output method that best depict the Group's performance in satisfying the performance obligation. The output method is made reference to the gross billing value of contracting work to date as compared to the total contract sum receivable under the contracts.

An entity is a principal if it controls the promised good or service before transferring it to the customer. An entity is an agent if its role is to arrange for another entity to provide the good or service. The Group considers it is a principle in providing its services.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(i) Provision of property and facility management services and other supporting services

Property and facility management fees and other supporting service fees are recognised when the services are rendered and in accordance with the terms of agreements. There are two types of agreement, namely management remuneration contracts ("MR Contracts") and lump sum contracts ("LS Contracts"). Under a MR Contract, the Group is remunerated based on a fixed percentage of the costs involved in the management of the property or facility, and only such fee is recognised as the Group's revenue. Under a LS Contract, the Group is paid a lump sum fee which normally covers the costs involved, thus the whole of lump sum fee is recognised as the Group's revenue.

(ii) Provision of construction services

Under HKFRS 15, revenue from construction contracts is recognised when or as the construction projects are transferred to the customer. Depending on the terms of the contracts and the laws that are applicable to the contracts, control of the construction projects may transfer over time or at a point in time. If construction projects create or enhance an asset that the customer controls as the asset is created or enhanced, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the output method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

(iii) Sale of goods

Revenue from the sale of goods is recognised when control of the goods has transferred, being when the products are delivered to the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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 condensed consolidated interim 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 2017.

As at 30 June 2018, 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 2018 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 receivables and contract assets 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 Mainland China;
- ancillary business including security, cleaning, laundry, procurement and maintenance contracting; and
- interiors and special projects.

Unaudited six months ended 30 June 2018 (in HK$'000)	**PFM Hong Kong**	**PFM Mainland 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**
Operating expenses	**(22,018)**	**(8,368)**	**(9,623)**	**(40,009)**	**(24,132)**	**(5,335)**	**(69,476)**
Operating profit/(loss) before exceptional operating items	**8,196**	**(2,386)**	**230**	**6,040**	**5,160**	**(5,335)**	**5,865**
Doubtful debt recovery (Note II)	**41**	**-**	**-**	**41**	**-**	**-**	**41**
Impairment of receivables	**37**	**(3,095)**	**(473)**	**(3,531)**	**(403)**	**-**	**(3,934)**
Operating profit/(loss)	**8,274**	**(5,481)**	**(243)**	**2,550**	**4,757**	**(5,335)**	**1,972**
Acquisition loan interest expenses				**-**	**-**	**(1,236)**	**(1,236)**
Interest expenses				**-**	**(1,543)**	**-**	**(1,543)**
Loss on disposal of subsidiaries				**-**	**(623)**	**-**	**(623)**
Other income				**3,006**	**99**	**-**	**3,105**
Profit/(loss) before taxation				**5,556**	**2,690**	**(6,571)**	**1,675**
Taxation				**(1,135)**	**(436)**	**-**	**(1,571)**
Profit/(loss) for the period				**4,421**	**2,254**	**(6,571)**	**104**

Unaudited six months ended 30 June 2017 (in HK$'000)	PFM Hong Kong	PFM Mainland China	Ancillary Business	PFM Business	ISP Business	Corporate Overhead (Note I)	Total
Revenue	263,502	31,713	44,369	339,584	754,626	-	1,094,210
Gross profit	33,940	6,250	8,620	48,810	30,184	-	78,994
Operating expenses	(18,260)	(8,165)	(9,033)	(35,458)	(28,480)	(7,563)	(71,501)
Operating profit/(loss) before exceptional operating items	15,680	(1,915)	(413)	13,352	1,704	(7,563)	7,493
Doubtful debt recovery (Note II)	-	1,180	283	1,463	-	-	1,463
Operating profit/(loss)	15,680	(735)	(130)	14,815	1,704	(7,563)	8,956
Amortisation of intangible assets				-	-	(1,628)	(1,628)
Intangible asset write off				-	-	(33,907)	(33,907)
Acquisition loan interest expenses				-	-	(1,540)	(1,540)
Interest expenses				(111)	(1,149)	-	(1,260)
Other expenses				-	-	(339)	(339)
Interest income from former ultimate holding company				140	1,197	-	1,337
Other income				2,079	5	-	2,084
Profit/(loss) before taxation				16,923	1,757	(44,977)	(26,297)
Taxation				(1,903)	(112)	5,863	3,848
Profit/(loss) for the period				15,020	1,645	(39,114)	(22,449)

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/(Loss) Before Taxation

	Unaudited Six months ended 30 June 2018 HK$'000	2017 HK$'000
Profit/(loss) before taxation is arrived after charging /(crediting):		
Staff costs, including directors' emoluments	**346,266**	350,563
Intangible asset write off	**-**	33,907
Depreciation	**3,804**	2,981
Impairment of receivables	**3,934**	-
Operating lease rental on land, buildings and office equipments	**6,449**	5,909
Interest income from former ultimate holding company	**-**	(1,337)
Fair value gain on investment properties	**800**	800
Loss on disposal of subsidiaries	**623**	-
Loss/(gain) on disposal of property, plant and equipment	**26**	(184)

6 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits/(loss) 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 2018 HK$'000	2017 HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the period	**2,450**	2,055
- over provision in prior years	**(1)**	(112)
Deferred taxation	**(878)**	(5,791)
	1,571	(3,848)

7 Earnings/(Losses) Per Share

(a) Basic earnings/(losses) per share is calculated by dividing the Group's unaudited profit/(loss) 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	
	2018	2017
Profit/(loss) attributable to equity holders (HK$'000)	**350**	(22,077)
Weighted-average ordinary shares issued ('000)	**424,850**	361,381
Basic earnings/(losses) per share (HK cents)	**0.1**	(6.1)

(b) Diluted earnings per share for the period ended 30 June 2018 is calculated by dividing the Group's 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. The diluted losses per share for the period ended 30 June 2017 is the same as the basic losses per share because convertible preference shares would result in a decrease in losses per share for the period.

	Unaudited Six months ended 30 June	
	2018	2017
Profit/(loss) attributable to equity holders (HK$'000)	**350**	(22,077)
Weighted-average ordinary shares issued ('000)	**424,850**	361,381
Adjustments for potential ordinary shares to be issued ('000)	**80,000**	-
Weighted-average ordinary shares for calculating diluted earnings/(losses) per share ('000)	**504,850**	361,381
Diluted earnings/(losses) per share (HK cents)	**0.1**	(6.1)

8 Dividend

At a meeting held on 28 August 2018, the Board resolved not to declare interim dividend for the period ended 30 June 2018 (30 June 2017: nil).

9 Receivables, Deposits and Prepayments

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days. (31 December 2017: 30 to 60 days). The ageing analysis of accounts receivable by invoice date is as follows:

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Accounts receivable		
0 to 30 days	**81,230**	173,954
31 to 60 days	**48,128**	43,424
61 to 90 days	**17,323**	15,977
Over 90 days	**113,959**	120,289
	260,640	353,644
Retention receivables and other receivables	**188,099**	207,537
Receivables	**448,739**	561,181
Deposits and prepayments	**27,509**	22,429
	476,248	583,610
Impairment of Accounts receivable, retention receivables and other receivables	**(77,205)**	(70,577)
	399,043	513,033

The Group made a provision for amounts of receivables of approximately HK$70,870,000 after restated as at 1 January 2018 based on the impairment assessment for the year ended 31 December 2017 which was mainly related to Hsin Chong Group. Contracting work-in-progress of approximately HK$2,570,000 previously impaired were reallocated to receivables and has also been impaired during the period. Further provision for amounts of receivables of approximately HK$3,934,000 based on the impairment assessment for the period ended 30 June 2018 has been made as well. During the Reporting Period, approximately HK$41,000 of receivables which were previously impaired, have been recovered. As a result, the total receivables under impairment as at 30 June 2018 were approximately HK$77,205,000. Detailed movement of provision for impairment is as follows:

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Receivables under impairment		
At 1 January	**70,577**	82,304
Change in accounting policy	**293**	-
As 1 January (as restate)	**70,870**	82,304
Provision for impairment transferred from contracting work-in-progress	**2,570**	4,847
Provision for impairment recognised	**3,934**	3,160
Doubtful debts recovery	**(41)**	(19,818)
Exchange difference arising from the provision of impairment	**(128)**	84
	77,205	70,577

The 2018 Settlement Agreement has been entered with Hsin Chong on 1 June 2018, which supersedes the previous Settlement Agreement and the Supplemental Agreement for the repayment of the net receivables of approximately HK$75,779,000 as of 30 April 2018 plus interest by five installments over the period from 1 June 2018 to 30 April 2019. The total amount of net receivables of approximately HK$75,925,000 plus interest was outstanding to be recovered with Hsin Chong Group as of 30 June 2018. 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.

10 Balance with Non-controlling Interests

Balance with non-controlling interests as at 31 December 2017 was unsecured, interest free, repayable on demand with no fixed terms of repayment and mainly denominated in Hong Kong dollars.

11 Bank Loans

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Due for repayment within one year	**124,000**	126,402
Due for repayment after one year, which contains a clause of repayment on demand		
(i) in the second year	**54,000**	24,000
(ii) in the third to fifth years, inclusive	**-**	12,000
	178,000	162,402

Notes:

(a) As at 30 June 2018, the Group had bank loans of HK$178,000,000 (31 December 2017: HK$162,402,000) denominated in Hong Kong dollars.

(b) The bank loans of the Group carried weighted average interest rates of 3.5% (31 December 2017: 3.0%) per annum.

(c) The Group's bank loan of HK$48,000,000 (31 December 2017: HK$60,000,000) is subject to a floating charge over the assets of its subsidiaries.

(d) The Group's bank loan of HK$138,000,000 (31 December 2017: HK$150,000,000) is personally guaranteed by a controlling shareholder.

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

12 Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days. (31 December 2017: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Accounts payable		
0 to 30 days	**347,332**	375,704
31 to 60 days	**9,867**	21,694
61 to 90 days	**2,512**	16,286
Over 90 days	**27,441**	38,879
	387,152	452,563
Retention payables, other payables and accruals	**171,187**	226,494
Amounts due to customers for property and facility services	**-**	10,955
Amounts due to customers for contract work	**-**	14,142
	558,339	704,154

13 Share Capital

	Number of shares '000	**Amount HK$'000**
Issued and fully paid:		
Ordinary shares		
At 1 January 2018	424,850	42,486
At 30 June 2018	**424,850**	**42,486**
Convertible preference shares		
At 1 January 2018	80,000	8,000
At 30 June 2018	**80,000**	**8,000**
Ordinary shares and convertible preference shares issued and fully paid		
At 30 June 2018	**504,850**	**50,486**
At 31 December 2017	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 condensed consolidated interim financial information of the Company for the Reporting Period 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. 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, PricewaterhouseCoopers, the Audit Committee has reviewed the unaudited condensed consolidated interim financial information 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, 28 August 2018

As at the date of this announcement, the Board comprises Mr. Kingston Chu Chun Ho (Chairman) and Mr. Terence Leung Siu Cheong (Deputy Chairman and Managing Director) as Executive Directors; and Mr. Lau Man Tak, Mr. Eric Lee Hon Man and Dr. Wong Yun Kuen as Independent Non-executive Directors.