SYNERGIS HOLDINGS LIMITED

昇捷控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 02340)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Synergis Holdings Limited (the "Company" or "Synergis") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019 (the "Reporting Year") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019 HK$'000**	2018 HK$'000
Revenue	4	**1,569,280**	1,532,986
Cost of sales and service		**(1,426,860)**	(1,382,846)
Gross profit		**142,420**	150,140
Other income		**3,424**	4,952
General and administrative expenses		**(93,371)**	(123,466)
Interest expenses		**(7,338)**	(6,235)
Doubtful debts recovery		**87**	339
Impairment of receivables		**(816)**	(23,271)
Impairment loss on goodwill		**-**	(116,794)
Impairment of contract assets		**-**	(47,162)
Loss on disposal of subsidiaries		**-**	(623)
Gain on disposal of a subsidiary		**-**	183
Profit/(loss) before taxation	5	**44,406**	(161,937)
Taxation	6	**(6,824)**	1,673
Profit/(loss) for the year		**37,582**	(160,264)
Profit/(loss) attributable to:			
Equity holders of the Company		**37,582**	(160,018)
Non-controlling interests		**-**	(246)
		37,582	(160,264)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019**	2018
		HK$'000	HK$'000
Profit/(loss) for the year		**37,582**	(160,264)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Actuarial gain /(loss) on long service payment liabilities		**274**	(1,055)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(577)**	(1,249)
Realisation of exchange reserve upon disposal of subsidiaries		**-**	152
Other comprehensive loss for the year		**(303)**	(2,152)
Total comprehensive income/(loss) for the year		**37,279**	(162,416)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**37,279**	(162,170)
Non-controlling interests		**-**	(246)
		37,279	(162,416)
Earnings/(losses) per share attributable to the equity holders of the Company			
- basic (HK cents)	7	**8.8**	(37.7)
- diluted (HK cents)	7	**7.4**	(37.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019	2018
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		**20,387**	10,960
Investment properties		**7,200**	7,000
Deferred tax assets		**6,294**	6,528
Prepayment		**415**	2,331
Total non-current assets		**34,296**	26,819
Current assets			
Contract assets		**312,863**	293,143
Receivables	9	**336,633**	379,983
Deposits and prepayments		**22,819**	22,188
Taxation recoverable		**1,410**	2,791
Cash and cash equivalents		**116,873**	103,084
Pledged bank deposits/time deposits with original maturities over three months		**11,471**	10,866
Total current assets		**802,069**	812,055
Current liabilities			
Payables and accruals	10	**506,619**	569,783
Contract liabilities		**15,892**	10,953
Bank loans	11	**131,000**	166,000
Lease liabilities	12	**7,641**	-
Taxation payable		**4,231**	464
Total current liabilities		**665,383**	747,200
Net current assets		**136,686**	64,855
Total assets less current liabilities		**170,982**	91,674
Non-current liabilities			
Long service payment liabilities		**1,576**	1,963
Convertible bonds	13	**35,882**	-
Lease liabilities	12	**2,464**	-
Deferred tax liabilities		**400**	189
Total non-current liabilities		**40,322**	2,152
Net assets		**130,660**	89,522
Equity attributable to equity holders of the Company			
Share capital	14	**50,486**	50,486
Reserves		**80,174**	39,036
Total equity		**130,660**	89,522

Notes to the Financial Statements

1. General Information

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company on 4 August 2003. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 October 2003.

The principal business of the Group is principally engaged in the provision of property and facility management ("PFM") business and interiors and special projects ("ISP") business in Hong Kong, China and Macau.

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK$), unless otherwise stated, and were approved for issue by the Board on 24 March 2020.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new / revised standards – effective 1 January 2019

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new or amended standards, interpretations and amendments to standards that are first effective for the current accounting period of the Group:

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

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

(i) Impact of the adoption of HKFRS 16

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

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

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

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

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

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

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

(ii) The new definition of a lease

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

(iii) Accounting as a lessee

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

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

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

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

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

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

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

(iv) Accounting as a lessor

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

(v) Transition

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

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

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

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

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

(b) New/revised standards that have been issued but are not yet effective

The following new/revised standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1]Effective for annual periods beginning on or after 1 January 2020
[2]Effective for annual periods beginning on or after 1 January 2021
[3]Effective for annual periods to be determined

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process". Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 - Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

Amendments to HKFRS 10 and HKAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

(c) Use of estimates and judgements

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

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

4. Segment Information

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

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

The Group's customer base is diversified and none of the customers (2018: none) with whom transactions have exceeded 10% of the Group's revenue during the Reporting Year.

Segment Results (in HK$'000)

2019	PFM Hong Kong	PFM China	Ancillary Business	PFM Business	ISP Business	Corporate Overhead (Note I)	Total
Revenue							
- At a point in time	-	-	16,599	16,599	-	-	16,599
- Over time	591,538	9,427	113,611	714,576	838,105	-	1,552,681
	591,538	9,427	130,210	731,175	838,105	-	1,569,280
Gross Profit	62,310	6,006	23,602	91,918	50,502	-	142,420
Gross Profit Margin	*10.5%*	*63.7%*	*18.1%*	*12.6%*	*6.0%*	*-*	*9.1%*
General and administrative expenses	(30,371)	(5,101)	(14,371)	(49,843)	(35,074)	(8,454)	(93,371)
Interest expenses for operation	-	-	-	-	(5,408)	-	(5,408)
Operating Profit before exceptional items	31,939	905	9,231	42,075	10,020	(8,454)	43,641
Operating Profit Margin	*5.4%*	*9.6%*	*7.1%*	*5.8%*	*1.2%*	*-*	*2.8%*
Doubtful debt recovery	-	87	-	87	-	-	87
Impairment of receivables	(200)	(422)	(194)	(816)	-	-	(816)
Operating Profit	31,739	570	9,037	41,346	10,020	(8,454)	42,912
Interest expenses for acquisition loan				-	-	(1,320)	(1,320)
Interest expenses for lease				(402)	(208)	-	(610)
Other income				2,847	577	-	3,424
Profit before taxation				43,791	10,389	(9,774)	44,406
Taxation				(6,068)	(756)	-	(6,824)
Profit for the year				37,723	9,633	(9,774)	37,582

2018	PFM Hong Kong	PFM China	PFM Ancillary Business	PFM Business	ISP Business	Corporate Overhead (Note I)	Total
Revenue							
- At a point in time	-	-	20,268	20,268	-	-	20,268
- Over time	548,454	28,135	96,618	673,207	839,511	-	1,512,718
	548,454	28,135	116,886	693,475	839,511	-	1,532,986
Gross Profit	64,181	10,100	21,682	95,963	54,177	-	150,140
Gross Profit Margin	*11.7%*	*35.9%*	*18.5%*	*13.8%*	*6.5%*	*-*	*9.8%*
General and administrative expenses	(37,505)	(18,532)	(16,691)	(72,728)	(41,443)	(9,295)	(123,466)
Interest expenses for operation	-	-	-	-	(3,875)	-	(3,875)
Operating Profit/(Loss) before exceptional items	26,676	(8,432)	4,991	23,235	8,859	(9,295)	22,799
Operating Profit/(Loss) Margin	*4.9%*	*-30.0%*	*4.3%*	*3.4%*	*1.1%*	*-*	*1.5%*
Doubtful debt recovery	-	-	339	339	-	-	339
Impairment of contract assets and receivables	(26)	(3,206)	(853)	(4,085)	(66,348)	-	(70,433)
Operating Profit/(Loss)	26,650	(11,638)	4,477	19,489	(57,489)	(9,295)	(47,295)
Impairment loss on goodwill				-	-	(116,794)	(116,794)
Interest expenses for acquisition loan				-	-	(2,360)	(2,360)
Gain on disposal of a subsidiary				-	183	-	183
Loss on disposal of subsidiaries				-	(623)	-	(623)
Other income				4,840	112	-	4,952
Profit/(loss) before taxation				24,329	(57,817)	(128,449)	(161,937)
Taxation				(4,271)	5,944	-	1,673
Profit/(loss) for the year				20,058	(51,873)	(128,449)	(160,264)

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

5. Profit/(Loss) before Taxation

	2019	2018
	HK$'000	HK$'000
Profit/(loss) before taxation is arrived after charging/(crediting):		
Staff costs, including directors' emoluments	**645,459**	672,963
Depreciation of property, plant and equipment	**6,520**	7,303
Depreciation of right-of-use assets	**13,286**	-
Operating lease rental on land, buildings and office equipment	-	12,515
Auditor's remuneration		
-Audit	**1,220**	1,856
-Non-audit	**158**	232
Short-term lease expenses	**468**	-
Loss on disposal of property, plant and equipment	**7**	38
Exchange loss/(gain)	**31**	(392)
Rental income from investment properties	**(399)**	(390)
Fair value gain on investment properties	**(200)**	(1,400)
Bank interest income	**(672)**	(238)

6. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits/(loss) for the year after application of available tax losses brought forward for both years. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of tax charged/(credited) to the consolidated profit or loss represents:

	2019	2018
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	**6,456**	4,975
- over provision in prior years	**(77)**	(102)
Deferred taxation	**445**	(6,546)
	6,824	(1,673)

7. Earnings/(Losses) Per Share

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

	2019	2018
Profit/(loss) attributable to equity holders (HK$'000)	**37,582**	(160,018)
Weighted-average ordinary shares issued ('000)	**424,850**	424,850
Basic earnings/(losses) per share (HK cents)	**8.8**	(37.7)

(b) Diluted earnings per share for the Reporting Year 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 and convertible bonds. The calculation of the basic and diluted earnings/(losses) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2019	2018
Profit/(Loss)		
Basic earnings/(losses) per share (HK$'000)	**37,582**	(160,018)
Effect of dilutive potential ordinary shares:		
- Interest on convertible bonds (net of tax) (HK$'000)	**667**	-
Diluted earnings/(losses) per share (HK$'000)	**38,249**	(160,018)
Number of share		
Weighted-average ordinary shares issued ('000)	**424,850**	424,850
Effect of dilutive potential ordinary shares:		
- Convertible preference shares ('000) (Note)	**80,000**	-
- Convertible bonds ('000)	**10,126**	-
	90,126	-
Weighted-average ordinary shares for calculating diluted earnings per share ('000)	**514,976**	424,850
Diluted earnings/(losses) per share (HK cents)	**7.4**	(37.7)

Note:
The effect of any potential exercise of convertible preference shares is excluded from the calculation of diluted loss per share in 2018 where the effect would be anti-dilutive.

8. Dividend

At a meeting held on 24 March 2020, the Board resolved not to declare final dividend for the Reporting Year (2018: Nil).

9. Receivables

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2018: 30 to 60 days) and the majority of the Group's accounts receivable are denominated in Hong Kong dollars. The ageing analysis of accounts receivable by invoice date is as follows:

	2019	2018
	HK$'000	HK$'000
Accounts receivable		
0 to 30 days	**118,025**	145,452
31 to 60 days	**37,013**	41,098
61 to 90 days	**17,489**	14,516
Over 90 days	**112,956**	117,934
	285,483	319,000
Retention receivables and other receivables	**145,452**	155,795
Receivables	**430,935**	474,795
Impairment of accounts receivable, retention receivables and other receivables	**(94,302)**	(94,812)
	336,633	379,983

Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2019, retention receivables held by customers for contract works amounting to approximately HK$9,907,000 (2018: HK$19,028,000) are expected to be recovered or settled in more than 12 months from the end of the reporting period, all of the remaining balances are expected to be recovered or settled within one year. Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycle.

At 31 December 2019, over 95% of the impairment of receivables was related to Hsin Chong Group Holdings Limited and its subsidiaries ("Hsin Chong Group") (31 December 2018: 95%). The management considered that there are no further material balances with Hsin Chong Group is maintained in the accounts.

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

10. Payables and Accruals

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

	2019	2018
	HK$'000	HK$'000
Accounts payable		
0 to 30 days	**286,450**	323,386
31 to 60 days	**12,245**	17,822
61 to 90 days	**7,663**	5,727
Over 90 days	**32,230**	34,011
	338,588	380,946
Retention payables, other payables and accruals	**168,031**	188,837
	506,619	569,783

Retention payables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2019, retention payables held by the Group amounting to approximately HK$5,093,000 (2018: HK$22,250,000) are expected to be settled in more than 12 months from the end of the reporting period.

11. Bank Loans

	2019	2018
	HK$'000	HK$'000
Bank loans contains a clause of repayment on demand:		
- Portion due for repayment within one year	**80,000**	144,000
- Portion due for repayment in the second year	**51,000**	22,000
Total bank loans	**131,000**	166,000

Notes:

(a) The Group had bank loans of HK$131,000,000 (2018: HK$166,000,000) denominated in Hong Kong dollars.

(b) The bank loans of the Group carried weighted average interest rates of 5.4% (2018: 4.5%) per annum.

(c) The Group's term loan of HK$96,000,000 (2018: HK$36,000,000) is subject to a floating charge over the assets of the Company and its subsidiaries.

(d) No revolving loan is subject to a floating charge over the assets of the Company and its subsidiaries (2018: HK$90,000,000).

(e) The Group's bank loan of HK$96,000,000 (2018: HK$126,000,000) is personally guaranteed by an indirect controlling shareholder.

(f) Bank deposits of HK$10,160,000 (2018: HK$10,000,000) is pledged as security for the Group's bank loan of HK$35,000,000 (2018: HK$40,000,000).

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

12. Leases Liabilities

	Leasehold land and buildings HK$'000	Furniture and equipment HK$'000	Total HK$'000
At 1 January 2019	12,439	992	13,431
Additions	8,007	366	8,373
Termination	(34)	(6)	(40)
Interest expenses	555	55	610
Lease payments	(11,851)	(446)	(12,297)
Exchange differences	28	-	28
At 31 December 2019	9,144	961	10,105

Future lease payments are due as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	7,921	(280)	7,641
Later than one year and not later than two years	2,300	(44)	2,256
Later than two years and not later than five years	217	(9)	208
At 31 December 2019	10,438	(333)	10,105

13. Convertible Bonds

The Company issued 84,000,000, 7% convertible bonds with a principal amount of HK$42,000,000 on 18 November 2019. The convertible bonds are denominated in Hong Kong dollars. The bonds will mature by two years from the issue date with repayment of principal amount or can be converted into ordinary shares of the Company at the holder's option at the fixed rate of one share per HK$0.5 of the outstanding principal.

The fair values of the liability component and the equity conversion component were valued by independent professional valuer, Pretium Advisory Services Limited, at the issuance of the convertible bonds and not subject to annual revaluation. The fair value of the liability component, included in non-current financial liabilities, was calculated using a market interest rate for an equivalent non-convertible bonds. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity net of deferred income taxes.

The convertible bonds recognized in the statement of financial position is calculated as follows:

	HK$'000
Equity component on initial recognition at 18 November 2019 and at year ended 31 December 2019	5,180
Liability component on initial recognition at 18 November 2019	35,569
Interest expenses	667
Interest paid	(354)
Liability component at 31 December 2019	35,882

Interest expenses on the convertible bonds are calculated using the effective interest method by applying the effective interest rate of 17.1% to the liability component. None of the convertible bonds were redeemed or converted during the year.

14. Share Capital

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

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Reporting Year (2018: Nil).

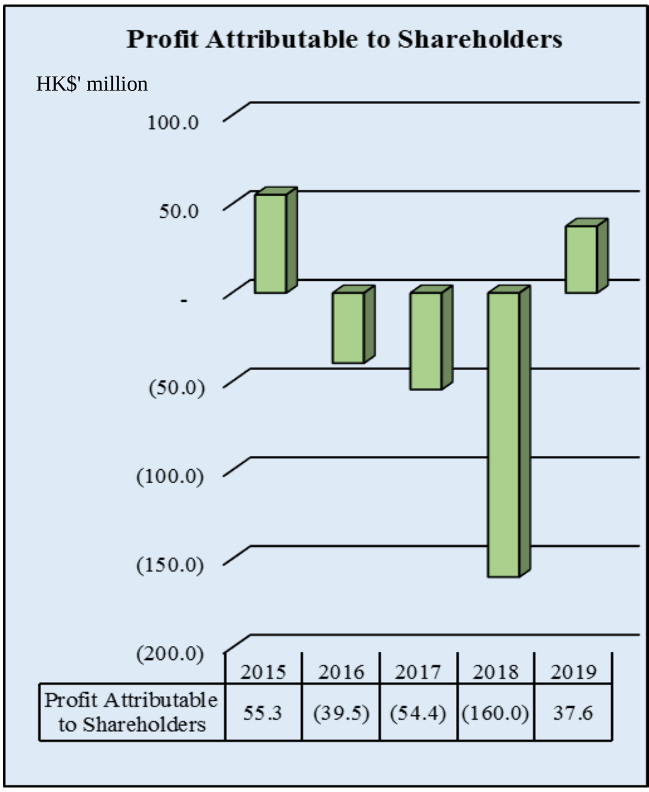
CLOSURE OF REGISTER OF MEMBERS

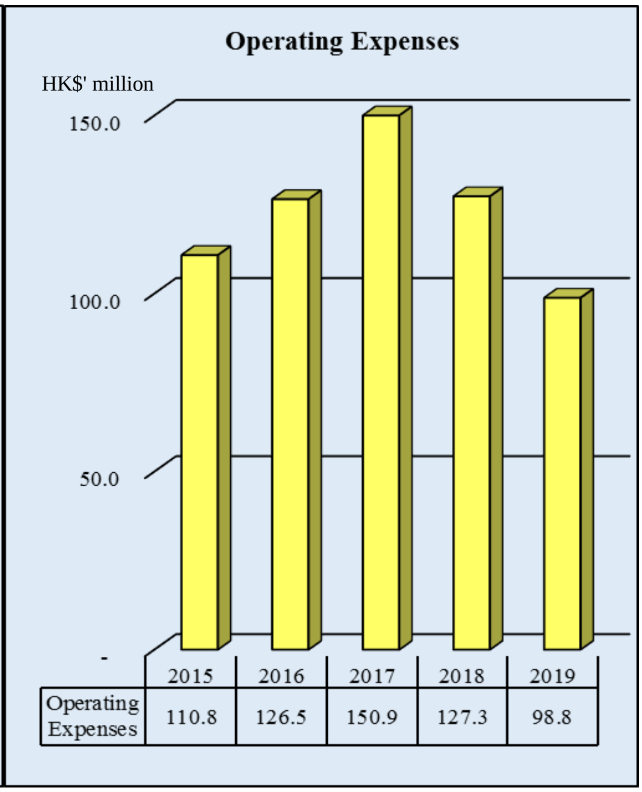
The register of members of the Company will be closed from Monday, 18 May 2020 to Friday, 22 May 2020, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2020 Annual General Meeting. In order to be eligible to attend and vote at the 2020 Annual General Meeting, 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, 15 May 2020 (Hong Kong time).

During the period mentioned above, no transfers of shares of the Company will be registered.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW





HK$'million	Year ended 31 December 2019	2018	Change Amount	%
Revenue	**1,569.3**	1,533.0	**36.3**	**↑ 2.4%**
Gross profit	**142.4**	150.1	**(7.7)**	**↓ 5.1%**
Gross profit margin	**9.1%**	9.8%	**-**	**↓ 0.7%**
Operating expenses	**(98.8)**	(127.3)	**28.5**	**↓ 22.4%**
Operating profit before exceptional items	**43.6**	22.8	**20.8**	**↑ 91.2%**
EBITDA/(LBITDA)	**73.5**	(31.4)	**104.9**	**↑ 334.1%**
Profit/(loss) attributable to shareholders	**37.6**	(160.0)	**197.6**	**↑ 123.5%**
Basic earnings/(losses) per share (HK cents)	**8.8**	(37.7)	**46.5**	**↑ 123.3%**

The Group reported consolidated revenue of approximately HK$1,569.3 million and gross profit of approximately HK$142.4 million for the Reporting Year, which were very similar to those of 2018. Due to the keen competition and rising costs, the gross profit has been inevitably reduced by 5.1% to approximately HK$142.4 million with minor drop of 0.7% on the gross profit margin. Following a series of appropriate and successful cost control measures implemented during the Reporting Year, the operating profit before exceptional items has been increased by 91.2% to approximately HK$43.6 million. Earnings per share was 8.8 HK cents (2018: losses per share was 37.7 HK cents).

The Group recorded a profit attributable to Shareholders of approximately HK$37.6 million for the Reporting Year as compared with a substantial loss attributable to Shareholders of approximately HK$160.0 million for the year ended 31 December 2018. Such turnaround from loss to profit of the Group is mainly attributable to the following non-recurrence of impairment loss recognised in 2018 and the appropriate cost control measures taken in 2019:

(a) the impairment loss on goodwill related to the acquisition of interiors and special projects ("ISP") business in late 2012 of approximately HK$116.8 million;

(b) the provision for the amounts including contract assets and receivables of approximately HK$70.4 million, the majority of which was related to several ISP contracts with Hsin Chong Group Holdings Limited and its subsidiaries; and

(c) the operating expenses reduced by 22.4% to approximately HK$98.8 million following the adoption of a more cost conscious approach in monitoring the operating expenditure and the improvement in operating efficiency in 2019, which represented 6.3% of the reported revenue and 2.0% reduction as compared to that of last year.

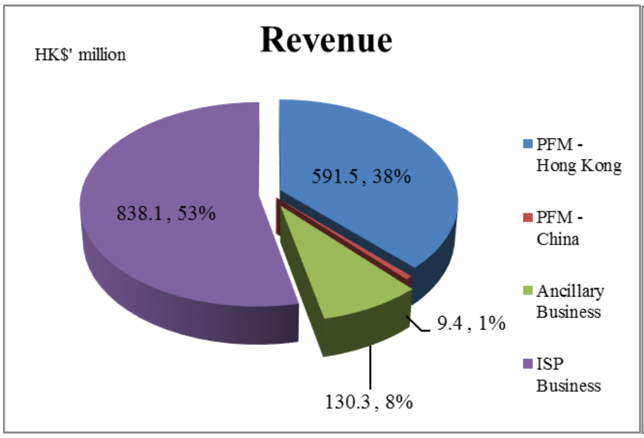
Reference is made to the interim report of the Company for the period ended 30 June 2019. In view that the financial position of Hsin Chong continued to worsen as reflected by its recent announcements and a winding up order has been made against Hsin Chong Group Holdings Limited ("Hsin Chong Group") in January 2020 by the Supreme Court of Bermuda in its place of incorporation in Bermuda. Accordingly, whatever debts owed to the Company and its subsidiaries by Hsin Chong Group may now be claimed only by way of filing proof of debts against Hsin Chong Group as a non-Hong Kong company in the Hong Kong Special Administrative Region with the Official Receiver's Office, if allowable, or such similar steps in the place of incorporation of Hsin Chong Group in Bermuda.

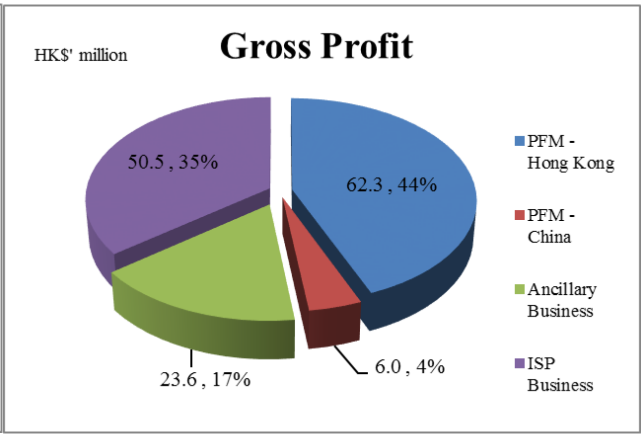
Further, in respect of the portion of the debts owed to the Company's subsidiaries by Hsin Chong Construction Company Limited and Hsin Chong Construction (Asia) Limited, the subsidiaries of Hsin Chong Group, take notice that our Company's subsidiaries have also joined as supporting creditors in other separate winding up proceedings against such subsidiaries of Hsin Chong Group by other third parties. Meanwhile, the hearing for the petitions have been further adjourned to June 2020 (subject to the actual resumption date of the High Court). The Company is seeking legal advice as to actions it may take to protect its rights, and will make further announcements as and when appropriate.

BUSINESS REVIEW AND PROSPECTS

Business Overview

The Group saw the best results since 2016 in terms of profit attributable to Shareholders of approximately HK$37.6 million this Reporting Year. Property and facility management ("PFM") business and ancillary business (the "Ancillary Business") (collectively, the "PFM Business") remained stable in revenue and gross profit, and continued to maintain its solid market position whilst ISP Business has contributed over half of the Group's revenue.





- Profit attributable to Shareholders attained approximately HK$20.5 million in the first half year, mainly due to the improvement in operating efficiency through advanced technology and implementation of successful cost control measures.

- Our business growth in the latter half 2019 was a bit slowed down, but still achieved profit attributable to Shareholders of approximately HK$17.1 million, mainly due to ongoing public order events which had led to additional costs to cover overtime payment and the enhancement of staffing for our PFM business and the completion of significant contract with uplift on margin in the first half 2019 together with more staffing charged to overheads once completion of projects for our ISP Business.

- PFM Business of the Group has successfully increased its operating profit by 81.0% to HK$42.0 million over last year. This business segment's portfolio leaped into a new milestone with the award of three significant new contracts, covering about 50 shopping centres from Link Asset Management Limited ("The Link") and an A-grade MTR shopping mall, with a total contract sum of approximately HK$250 million.

- China business had successfully turned around in 2019 with the effective resource relocation strategy implemented in the year before.

- Ancillary Business remained strong with an increase of revenue by 11.5% to HK$130.3 million as compared to that of last year and a huge jump of operating profit from HK$4.9 million to HK$9.2 million through effective cost control measures.

- Due to the completion of several key contracts and fewer new contracts under the economic downturn during the Reporting Year, the gross profit of ISP Business reduced by 6.8% from HK$54.2 million in 2018 to HK$50.5 million.

The operating results for the respective year ended 31 December of PFM and ISP Businesses in the following sections excluded the exceptional items, being the impairment of receivables, credit loss and the recovery of doubtful debts, which were immaterial to the results for the years.

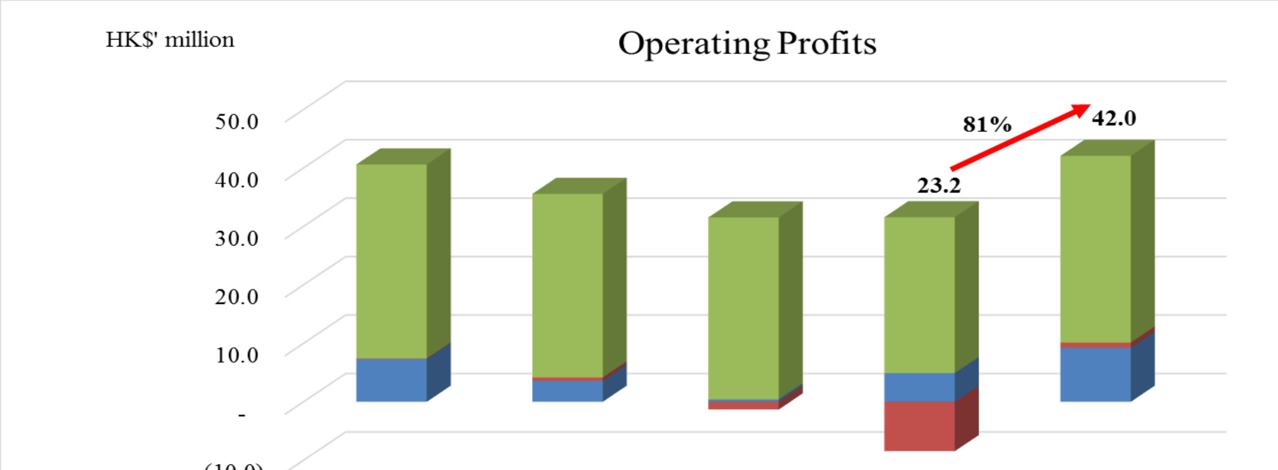
	Revenue				Operating Profit/(Loss)			
			Change				Change	
HK$' million	2019	2018	Amount	%	2019	2018	Amount	%
PFM – Hong Kong	**591.5**	548.5	**43.0**	↑ 7.8%	**31.9**	26.7	**5.2**	↑ 19.5%
Ancillary Business – Hong Kong	**130.3**	116.9	**13.4**	↑ 11.5%	**9.2**	4.9	**4.3**	↑ 87.8%
PFM Business – Hong Kong Sub-total	**721.8**	665.4	**56.4**	↑ 8.5%	**41.1**	31.6	**9.5**	↑ 30.1%
PFM – China	**9.4**	28.1	**(18.7)**	↓ 66.5%	**0.9**	(8.4)	**9.3**	↑ 110.7%
PFM Business Sub-total	**731.2**	693.5	**37.7**	↑ 5.4%	**42.0**	23.2	**18.8**	↑ 81.0%
ISP Business	**838.1**	839.5	**(1.4)**	↓ 0.2%	**10.0**	8.9	**1.1**	↑ 12.4%
Corporate Overheads	**-**	-	**-**	-	**(8.4)**	(9.3)	**0.9**	↓ 9.7%
Total	**1,569.3**	1,533.0	**36.3**	↑ 2.4%	**43.6**	22.8	**20.8**	↑ 91.2%

The operating profit saw a remarkable increase from approximately HK$22.8 million in 2018 to approximately HK$43.6 million for the Reporting Year, representing 91.2% increment, thanks to our extensive management expertise and quality professional management practice, coupled with extensive application of innovative technologies.

Property and Facility Management Business

Property and Facility Management

Synergis has successfully sustained the growth of PFM business in 2019 and remained one of the market leaders with over four decades of extensive experience. The Group maintains a diverse portfolio for a wide spectrum of clients including government, corporate clients, public institutions and private clients. The scope of service includes but not limited to government departments, large-scale public facilities, transportation systems, airport cargo terminals, education institutions, hospitals, commercial and industrial properties, shopping malls, public housing estates, private housing and car parks, etc.



	2015	2016	2017	2018	2019
PFM - Hong Kong	33.2	31.4	31.1	26.7	31.9
PFM - China	0.1	0.6	(1.3)	(8.4)	0.9
Ancillary Business	7.3	3.6	0.4	4.9	9.2

Hong Kong

Leveraging our rich management experience, exceptional talents and leading-edge innovative technology, we are capable of providing the most appropriate "one-stop-shop" solutions to our clients and earning their trust. During the Reporting Year, we were awarded over 30 new contracts with a total contract sum of over HK$300 million. Among those, the following three significant new contracts with a total contract sum of approximately HK$250 million were from our long-term business partners, The Link and the MTR Corporation Limited ("MTR"):

- Property Management Support Services ("PMSS") for Shopping Centres, Car Parks & Cooked-Food Stalls (Tin Shui Wai & Tuen Mun);
- PMSS for Shopping Centres, Car Parks & Cooked-Food Stalls (Kowloon Central, Sham Shui Po, Homantin & Tsz Wan Shan); and
- Provision of Term Concierge Personnel for Elements

The intake of about 50 Link's shopping centres and an A-grade MTR shopping mall increased our scope and coverage of the market. Our business portfolio also leaped into a new milestone remarkably.

Subsequent to the Reporting Year, we were awarded several 3-year contracts of provision of Fitter Services Term Maintenance for The Link's shopping centres, car parks, markets and cooked-food stalls. With those newly awarded contracts, we became one of the largest property and facility services providers of The Link's retail facilities and car park portfolio.

Another significant contract awarded following the Reporting Year was a 3-year contract of provision of property management services to the Independent Commission Against Corruption Building. Together with other minor contracts awarded after year end, our Group have altogether been new contracts with total contract sum of over HK$100 million.

During the Reporting Year, we have deployed our expertise and experience to progressively expand our car park business. We have launched a new brand “Synergis Parking” in late 2019 to increase our brand awareness in the car park industry. We were awarded four new car park contracts resulting in the increase of our parking spaces by over 400 in 2019.

Subsequent to the Reporting Year, we were further awarded a 3-year car park management contract for three car parks, namely Western Garden, Mount Verdant and Terrace Concerto of the Hong Kong Housing Society.

At present, we are managing over 20,000 car parking spaces throughout Hong Kong. These include the car park spaces in West Kowloon Station of High Speed Rail’s Hong Kong Section and The Link’s car park projects in New Territories East and New Territories West.

We have gained recognition from the public, proven by the new contracts awarded during the year and achievement of over 90% of contract retention rate with an increase of service fee.

In spite of the economic downturn and ongoing public order events in the latter half of 2019, our revenue has still increased by 7.8% to approximately HK$591.5 million and the operating profit has increased by 19.5% to approximately HK$31.9 million for the Reporting Year as compared with last year. With the steady growth in revenue and the effect of cost reduction after improved operating efficiency, the results in 2019 was encouraging. We succeeded in reducing the operating expenses substantially by 18.9% to approximately HK$30.4 million. The Group is able to maintain its competitiveness in the market with quality services offered to our clients. We strive hard to expand our business under keen competitive environment and exercise appropriate cost control measures to sustain our profit margin. With our stable and unique market position, we will continue to retain our current portfolio whilst exploring opportunities in commercial and operational facilities in the territory. In 2020, the Group will continue to sustain the business and carry on the stringent cost control practice to combat challenges under the uncertain economic situation.

China

In 2019, our China business had turned around with the effective resource relocation strategy implemented in the year before. The team has successfully obtained a 3-year asset management services contract (including business positioning, technical support consultancy, leasing and operation management) for Jinan Traffic Centre which is a commercial complex developed by Jinan Sijian Construction Group, a famous developer in Shandong Province. Located in the heart of Tianqiao District of Jinan City, Jinan Traffic Centre project is a commercial development with 340,000 square metres comprising top-grade office, residential buildings, shopping centre and deluxe hotel. The project works was commenced in August 2019.

Stepping into 2020, in view of keen competition and market saturation in first-tier cities, the team will further explore opportunities in second-tier cities like Jinan and Chengdu. After initiating consultancy work for Jinan Traffic Centre project, significant future income will be expected to generate in next two years in view of good relationship with clients. Besides, the team has started business in Chengdu following the award of a business positioning contract for a new shopping mall from a famous developer in Chengdu in late February 2020. With strong commitment from the management team, we are confident to improve the profitability of our China PFM business in near future.

Ancillary Business

Synergis has developed the Ancillary Business over the years to offer comprehensive value-added services, including integrated procurement, laundry, cleaning, security, maintenance and technical support services, to our clients. Despite these businesses have always been in a supportive role to our core PFM business, the Ancillary Business have brought themselves to grow with their market potential, proven with the dazzling result this year. Ancillary Business recorded a steady growth with an increase of revenue by 11.5% to approximately HK$130.3 million and also an increase of gross profit by 8.8% to approximately HK$23.6 million as compared to that of last year. With the effort putting into improve the operating efficiency in result of 13.8% of overheads saving from last year, a huge jump of operating profit from approximately HK$4.9 million last year to approximately HK$9.2 million was achieved. The result was satisfactory and encouraging. All in all, the Ancillary Business has well developed and contributed over 20% of the operating profit of PFM Business this Reporting Year, especially the credit putting to our cleaning business. It revealed the advancement of service provision and active expansion of various business portfolios with strong commitment of the new management team.

Being the major revenue contributor to Ancillary Business segment, the cleaning business has obtained around 30 new contracts with a total contract sum of over HK$30 million in 2019. Our cleaning business has further enlarged its client base in public and private estates, residential, industrial and commercial buildings, education institutions, shopping malls, hotels and service apartments. Major contracts in 2019 include:

- Serviced apartments: Mori Mori and The Unit
- High-end/ luxury residential properties: Hong Lok Yuen and Fair Way Garden
- Residential estates: Ching Wah Court and Tsz On Court Block B On Hong Court
- Newly completed residential properties: The Carmel
- Commercial properties: Tower 125 and Tung Che Commercial Centre, both under the Tung Wah Group of Hospitals
- Education institutions: Pentecostal Yu Leung Fat Primary School, Yaumati Kaifong Association School, and Hong Kong Baptist University Senior Staff Quarters

We saw great development potential of the Ancillary Business and will expand the business progressively. The business team will keep on expanding its client base and look forward to offering more comprehensive supporting services to its clients.

Interiors and Special Projects Business

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

During the Reporting Year, the total revenue and operating profit of ISP Business recorded approximately HK$838.1 million and approximately HK$10.0 million respectively. The revenue was approximate to that of 2018 with 12.4% increment in operating profit. The management of ISP Business took a cautious approach last year to monitor operating expenses and such effective cost control measure has uplifted the operating profit although minor reduction on gross profit was recorded.

Despite the increasing competitive environment of the industry, the total outstanding workload for contracts on hand as of 31 December 2019 was approximately HK$680.0 million. During the year, we were awarded several new major contracts with a total contract sum of approximately HK$300 million. The key projects include:

- Cognita Annex Works at 25 Man Fuk Road in Homantin;
- Main Contract for Renovation Works at Fung Tak Market in Diamond Hill;
- Proposed Alteration and Addition Works at Kam Tai Shopping Centre in Ma On Shan;
- ATL Warehouse Floor Lobbies Renovation Package 3 (Phase 2); and
- Relayout Works at some shops in Telford Plaza II, Kowloon Bay

Affected by ongoing public order events, Hong Kong's property market has weakened since the latter half 2019. Construction projects and property sales have slowed down as developers and investors took a more prudent business approach. At the same time, the local operating environment, in particular retail and hotel operations, has weakened. All these have inevitably affected our ISP business. We continue to strive for the growth of the ISP Business through staying focus on the key development sectors including fitting-out, alteration and addition, renovation, etc. With the team's commitment to excellence, we are looking for an improvement of our overall business performance in the near future.

Outlook of the Group

Looking forward, we expect the local economy remains challenging, with lingering public order events and the coronavirus outbreak. Our business, especially ISP, which is heavily dependent on retail and hospitality market condition, will be inevitably affected. Facing near-term headwinds from economic uncertainties, we shall capture the opportunity of the steady local residential property sector and strive to maintain a continuous business growth.

On a Group-wide overview, we consider that the overall financial performance of the Group remains sound. Aligning our values of customer focus, integrity, teamwork, innovation and pursuit of excellence, sustainability is our core business strategy. We are committed to enhancing customer satisfaction through better communication with clients and improvement to our services. Besides, with the rapid change of business environment, we will continue to manage various operational and financial risks and take appropriate measures to minimise and combat these risks. Leveraging its solid foundation and committed management team, the Group has full confidence in overcoming all the difficulties ahead of us.

Financial Position and Financial Risk Management

As at 31 December 2019, the total outstanding bank loan was HK$131.0 million, and scheduled to be repaid over the next two years. This included an outstanding balance of HK$12.0 million related to the banking facility drawn down for acquiring the ISP Business in November 2012 and a term loan of HK$35.0 million drawn down to support ISP operation. The remaining sum represented the working capital loans for supporting ISP operation and business development. Details of which are disclosed in note 11 to the financial statements in this announcement. During the year, the Group's sources of fund were generated primarily from operating and financing activities (including support by existing bank facilities).

On 24 October 2019, the Company entered into a placing agreement with Kingston Securities Limited and VMS Securities Limited (the "Placing Agreement") as the placing agents (the "Placing Agent"), pursuant to which the Placing Agents conditionally agreed to procure not less than six placees, being private, professional and institutional investors, to subscribe for the 7% convertible bonds (the "Convertible Bonds") in an aggregate principal amount of up to HK$42 million with the initial conversion price of HK$0.50 (the "Conversion Price") per conversion share (the "Placing"). The Conversion Price represented a premium of approximately 2.04% over the closing price of HK$0.49 per share as quoted on the Stock Exchange on the date of the Placing Agreement.

The Placing was completed on 18 November 2019 and the Convertible Bonds in an aggregate principal amount of HK$42 million were issued by the Company. Assuming the Convertible Bonds are fully converted, based on the Conversion Price, a maximum of 84,000,000 conversion shares will be allotted and issued by the Company under the general mandate granted to the Directors by the shareholders at the AGM held on 24 May 2019. The Company received the gross proceeds of approximately HK$42 million from the Placing while the net proceeds was approximately HK$41 million, which represents a net issue price of HK$0.49 per conversion share.

The Directors considered that the Placing represented an opportunity to raise additional funding to provide adequate buffer for the working capital requirement of the Group including 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 division together with its obligation to repay the indebtedness. As at the date of this announcement, all net Placing proceeds was used for supporting the subcontractor payments and operation of ISP business. The Directors consider that the terms and conditions of the Convertible Bonds and the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The effects of the Placing on the capital structure of the Company are more particularly depicted in note 13 to the Financial Statements of this announcement. The full details of the aforesaid transaction can also be referred to in the announcements of the Company dated 24 October 2019 and 18 November 2019.

Financial position (HK$'000)	31 December 2019	31 December 2018
Total assets	**836,365**	**838,874**
Receivables and other assets	673,725	698,105
Bank deposits, cash and cash equivalents	128,344	113,950
Current assets	**802,069**	**812,055**
Payables and other liabilities	534,383	581,200
Bank loans	131,000	166,000
Current liabilities	**665,383**	**747,200**
Other non-current liabilities	4,440	2,152
Convertible bonds	35,882	-
Non-current liabilities	**40,322**	**2,152**
Net assets	**130,660**	**89,522**
Net assets per share (HK cents)	25.9	17.7
Gearing ratios and liquidity		
Net debt to net assets	29.5%	58.1%
Total debt to net assets	127.7%	185.4%
Current ratio	1.2	1.1

The liquidity has been improved immediately after completion of Placing. The Group will continue to proactively monitor its financial position and maintain sufficient working capital as well as liquidity in the way that can enable us to capture any good business opportunities and to meet the challenges ahead.

During the Reporting Year, the interest expenses incurred mainly on bank borrowings which are primarily charged based on a spread over HIBOR. The management expects that financial requirements of our current business portfolio for the foreseeable future will be met from a combination of shareholders' equity and banking facilities.

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 its majority 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 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.

There were no material investments, capital commitments or contingent liabilities as at 31 December 2019, other than the Company received a writ of summons which disclosed in the section headed "Subsequent events after 2019" of this announcement.

Cash Management

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

Human Resources

As at 31 December 2019, the Group employed a total of 4,944 staff (31 December 2018: 5,294) in Hong Kong and China.

In order to sustain our quality services, it is always our long-term goal to retain top talent for the Group. We put a lot of efforts in ensuring our staff members are having competitive remuneration and benefits through market research for regular benchmarking review. Our Human Resources Team always strives their best to keep track of changes in the latest market conditions for attracting more high caliber candidates to join our winning team. In addition, aiming for the mutual growth of the staff and the Group, we do our utmost to invest and share resources with our staff. We have formulated a holistic policy on human capital management with the theme of "We Care We Share 盡展關懷 共享成果". We do believe our staff will reward the Company and customers through providing quality services and thus gain more appreciation and recognition from the customers. Besides, the team manages through enhancing the existing Human Resources system aims to uplift the effectiveness and efficiency of business operations.

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 year.

SUBSEQUENT EVENTS AFTER 2019

Writ of Summons

On 23 January 2020, the Company received a writ of summons issued in the High Court of Hong Kong by QBE Hongkong and Shanghai Insurance Limited ("QBE") against the Company for a claim for approximately HK$34.2 million in aggregate given rise to under the third parties Loss Retention and Indemnification Agreement signed together with Hsin Chong Group (in which the Company is not responsible for part involving Hsin Chong Group), which concerns the employee compensation insurance policy providing coverage to our ISP Business during period from 9 November 2014 to 31 March 2016. In the opinion of the Directors of the Company, it is premature to predict the outcome of the claim against the Company. As at 31 December 2019, the Company has recognised a provision of approximately HK$9.7 million (2018: HK$9.7 million), included in other payables and accruals of the Group's consolidated statement of financial position, which reflects the Directors' best estimate of the most likely outcome. It is expected that this matter will be brought to the attention of the High Court in April 2020 (subject to the actual resumption date of the High Court). The Company is seeking legal advice in respect of the proceeding and would defend its position. Save as disclosed above, as at the date of this announcement, no other litigation or claims of material importance is known to the directors to be pending against the Company.

Assessment of 2020 coronavirus impact

There has been an outbreak of the coronavirus in Hong Kong in January 2020. The Group expects the coronavirus outbreak to have no material impact on its business. However, the Directors consider that it is difficult to estimate the full impact in the coming months given the dynamic nature of these circumstances. The Board will continue to assess the impact of the outbreak on the Group's operation and financial performance, closely monitor the Group's exposure to the risks and uncertainties in connection with the outbreak, and maintain close communication with different stakeholders of the Group.

REVIEW BY AUDIT COMMITTEE

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. The Audit Committee together with the participation of the management of the Company have reviewed the audited consolidated financial statements for the Reporting Year of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in this annual results announcement, from pages 1 to 17, have been agreed by the Company's external auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by BDO Limited on this annual results announcement.

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 Directors. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code throughout the Reporting Year.

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.

Throughout the Reporting Year, 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, 24 March 2020

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