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SYNERGIS HOLDINGS LIMITED

新昌管理集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 02340)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

ANNUAL RESULTS

The board of directors (the “Board” or the “Directors”) of Synergis Holdings Limited (the “Company” or “Synergis”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2009 with comparative figures for the last financial period.

The financial year end date was changed from 31 March to 31 December with effect from the financial period ended 31 December 2008. Accordingly, the current financial reporting period covers the twelve months ended 31 December 2009, while the comparative figures for the last financial period are for the nine months ended 31 December 2008. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2009

	Note	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Revenue	3	546,837	350,540
Cost of sales	6	(448,481)	(282,159)
Gross profit		98,356	68,381
Other income	4	2,122	5,738
General and administrative expenses	6	(67,575)	(49,645)
Operating profit		32,903	24,474
Share of profit of a jointly controlled entity		-	50
Loss on disposal of a jointly controlled entity		-	(363)
Share of (loss)/profit of an associate		(410)	513
Gain on liquidation of an associate		85	-
Profit before taxation		32,578	24,674
Taxation	7	(6,333)	(3,709)
Profit for the year/period		26,245	20,965
Attributable to:			
Equity holders of the Company		26,152	21,152
Minority interests		93	(187)
		26,245	20,965
Earnings per share	9		
- basic		7.9 cents	6.4 cents
- diluted		7.9 cents	6.4 cents
Dividends	8	24,900	68,392

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Profit for the year/period	<u>26,245</u>	<u>20,965</u>
Other comprehensive (loss)/income:		
Exchange differences on translating foreign operations	4	376
Exchange differences on liquidation of an associate	<u>(164)</u>	<u>-</u>
Other comprehensive (loss)/income for the year/period, net of tax	<u>(160)</u>	<u>376</u>
Total comprehensive income for the year/period	<u>26,085</u>	<u>21,341</u>
Total comprehensive income attributable to:		
Equity holders of the Company	25,992	21,379
Minority interests	<u>93</u>	<u>(38)</u>
	<u>26,085</u>	<u>21,341</u>

BALANCE SHEETS
As at 31 December 2009

		Group		Company	
		31 December 2009 HK\$'000	31 December 2008 HK\$'000	31 December 2009 HK\$'000	31 December 2008 HK\$'000
	Note				
ASSETS					
Non-current assets					
Property, plant and equipment	10	18,659	11,813	-	-
Investment properties	10	2,000	2,000	-	-
Subsidiaries		-	-	84,414	84,414
Associate		-	1,703	-	-
Deferred tax assets		144	183	-	-
Total non-current assets		20,803	15,699	84,414	84,414
Current assets					
Contracting work-in-progress		22	5	-	-
Accounts and other receivables	11	79,800	90,922	-	-
Utility deposits and prepayments		10,223	4,937	298	299
Amounts due from subsidiaries		-	-	65,916	56,936
Amounts due from fellow subsidiaries		1,190	223	-	-
Taxation recoverable		49	17	46	-
Cash and cash equivalents		88,737	75,369	31	11,794
Total current assets		180,021	171,473	66,291	69,029
Total assets		200,824	187,172	150,705	153,443
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	33,200	33,200	33,200	33,200
Reserves					
- Proposed dividends		16,600	8,300	16,600	8,300
- Others		75,596	74,044	98,333	109,215
Minority interests		125,396 424	115,544 292	148,133 -	150,715 -
Total equity		125,820	115,836	148,133	150,715

BALANCE SHEETS
As at 31 December 2009

		Group		Company	
		31 December 2009 HK\$'000	31 December 2008 HK\$'000	31 December 2009 HK\$'000	31 December 2008 HK\$'000
	Note				
LIABILITIES					
Non-current liabilities					
Long service payment liabilities		1,255	945	-	-
Deferred tax liabilities		2,234	1,610	-	-
Total non-current liabilities		3,489	2,555	-	-
Current liabilities					
Accounts payable and accruals	13	64,884	65,200	2,572	2,585
Amount due to intermediate holding company		3,763	134	-	-
Amounts due to fellow subsidiaries		386	460	-	-
Taxation payable		2,482	2,987	-	143
Total current liabilities		71,515	68,781	2,572	2,728
Total liabilities		75,004	71,336	2,572	2,728
Total equity and liabilities		200,824	187,172	150,705	153,443
Net current assets		108,506	102,692	63,719	66,301
Total assets less current liabilities		129,309	118,391	148,133	150,715

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

	Attributable to equity holders of the Company							Minority interests HK\$'000	Total Equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Employee share option reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 April 2008	33,200	25,913	1,513	813	592	109,925	171,956	1,985	173,941
Profit/(loss) for the period	-	-	-	-	-	21,152	21,152	(187)	20,965
Other comprehensive income	-	-	-	-	227	-	227	149	376
Total comprehensive income/ (loss) for the period	-	-	-	-	227	21,152	21,379	(38)	21,341
2007/2008 final dividend paid (note 8)	-	-	-	-	-	(17,264)	(17,264)	-	(17,264)
2008 interim dividend paid (note 8)	-	-	-	-	-	(60,092)	(60,092)	-	(60,092)
Cancellation of share option	-	-	-	(813)	-	813	-	-	-
Disposal of subsidiaries	-	-	-	-	(435)	-	(435)	(2,091)	(2,526)
Advance from minority interests	-	-	-	-	-	-	-	436	436
	-	-	-	(813)	(435)	(76,543)	(77,791)	(1,655)	(79,446)
At 31 December 2008	33,200	25,913	1,513	-	384	54,534	115,544	292	115,836
At 1 January 2009	33,200	25,913	1,513	-	384	54,534	115,544	292	115,836
Profit for the year	-	-	-	-	-	26,152	26,152	93	26,245
Other comprehensive loss	-	-	-	-	(160)	-	(160)	-	(160)
Total comprehensive (loss)/income for the year	-	-	-	-	(160)	26,152	25,992	93	26,085
2008 final dividend paid (note 8)	-	-	-	-	-	(8,300)	(8,300)	-	(8,300)
2009 interim dividend paid (note 8)	-	-	-	-	-	(8,300)	(8,300)	-	(8,300)
Share option scheme	-	-	-	460	-	-	460	-	460
Capital injection from a minority shareholder	-	-	-	-	-	-	-	39	39
	-	-	-	460	-	(16,600)	(16,140)	39	(16,101)
At 31 December 2009	33,200	25,913	1,513	460	224	64,086	125,396	424	125,820

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2009

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Cash flows from operating activities		
Cash generated from operations	47,733	24,977
Income taxes paid	(6,207)	(745)
Net cash generated from operating activities	41,526	24,232
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,779)	(11,426)
Proceeds from disposal of property, plant and equipment	128	276
Proceeds from disposal of a jointly controlled entity	-	425
Disposal of subsidiaries, net of cash disposed of	-	321
Interest received	51	1,532
Dividend income from an associate	-	342
Net cash used in investing activities	(11,600)	(8,530)
Cash flows from financing activities		
Dividends paid	(16,600)	(77,356)
Capital injection from a minority shareholder	39	-
Net cash used in financing activities	(16,561)	(77,356)
Net increase/(decrease) in cash and cash equivalents	13,365	(61,654)
Cash and cash equivalents at the beginning of the year/period	75,369	136,710
Exchange gain on cash and cash equivalents	3	313
Cash and cash equivalents at the end of the year/period	88,737	75,369
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	88,737	75,369

Notes to the Financial Statements

1. General Information

The financial year end date was changed from 31 March to 31 December with effect from the financial period ended 31 December 2008. Accordingly, the current financial reporting period covers the twelve months ended 31 December 2009, while the comparative figures for the last financial period are for the nine months ended 31 December 2008. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

2. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The HKICPA has issued the following new and revised HKFRSs, amendments or improvements to existing standards that are mandatory for the accounting periods beginning on or after 1 January 2009 and which are relevant to the Group’s operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKFRS 8	Operating Segments
Annual Improvement Project	Improvements to HKFRSs 2008

Except for certain changes in presentation and disclosures as described below, the adoption of the above new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group’s significant accounting policies.

- HKAS 1 (Revised), “Presentation of Financial Statements”. The revised standard requires non-owner changes in equity to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are also presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- HKFRS 8, “Operating Segments”. It replaces HKAS 14, “Segment Reporting” and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The adoption of this standard has no significant impact on the results and financial position of the Group except for some presentation changes.

The HKICPA has issued the following new or revised HKFRSs, amendments or improvements to existing standards that are mandatory for the accounting periods of the Group beginning on or after 1 January 2010 or later periods and are relevant to the Group’s operation but which the Group has not early adopted:

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions	1 January 2010
HKFRS 3 (Revised)	Business Combinations	1 July 2009
Annual Improvement Project	Improvements to HKFRSs 2009	1 January 2010
		(unless otherwise stated)

The Group has not early adopted the above standards, amendments and improvements. The Group has commenced an assessment of the impact to the Group but is not yet in a position to state whether any significant changes to the Group's accounting policies and presentation of the financial statements will result.

3. Revenue

The Group is principally engaged in the provision of property management and facility management services, security services, cleaning services, laundry services, repair and maintenance works, trading of products and membership programmes. Revenue recognised during the year/period is as follows:

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Revenue		
Property management and facility management services	490,152	315,583
Security services	5,321	5,296
Cleaning services	11,066	7,923
Laundry services	3,216	2,574
Repair and maintenance works	25,738	12,086
Trading of products	11,121	7,004
Membership programmes	223	74
	546,837	350,540

4. Other income

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Other gains, net		
Net exchange gain	-	69
Gain on disposal of subsidiaries	-	2,394
Gain on disposal of property, plant and equipment	-	185
	-	2,648
Others		
Copying services	666	332
Rental income	194	146
Interest income on bank deposits	49	1,532
Miscellaneous income	1,213	1,080
	2,122	3,090
	2,122	5,738

5. Segment Information

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are (1) property management and facility management services and (2) supporting services to property management and facility management.

(a) Segment result

	Year ended 31 December 2009		
	Property management and facility management services HK\$'000	Supporting services to property management and facility management HK\$'000	Total HK\$'000
Segment revenue	490,201	72,319	562,520
Inter-segment transactions	(49)	(15,634)	(15,683)
Segment revenue of the Group	490,152	56,685	546,837
Segment EBITDA of the Group	34,978	6,623	41,601
Depreciation	(4,580)	(206)	(4,786)
Finance income	27	22	49
Share of loss of an associate	(410)	-	(410)
Gain on liquidation of an associate	85	-	85
Segment profit before taxation	30,100	6,439	36,539
Taxation	(5,184)	(1,159)	(6,343)
Segment profit for the year	24,916	5,280	30,196
	Nine months ended 31 December 2008		
	Property management and facility management services HK\$'000	Supporting services to property management and facility management HK\$'000	Total HK\$'000
Segment revenue	315,718	41,236	356,954
Inter-segment transactions	(135)	(6,279)	(6,414)
Segment revenue of the Group	315,583	34,957	350,540
Segment EBITDA of the Group	25,750	3,949	29,699
Depreciation	(2,925)	(98)	(3,023)
Finance income	876	43	919
Share of profit of a jointly controlled entity	50	-	50
Share of profit of an associate	513	-	513
Loss on disposal of a jointly controlled entity	(363)	-	(363)
Segment profit before taxation	23,901	3,894	27,795
Taxation	(2,854)	(628)	(3,482)
Segment profit for the period	21,047	3,266	24,313

5. Segment Information (Continued)

(b) Segment assets

	Property management and facility management services HK\$'000	Supporting services to property management and facility management HK\$'000	Total HK\$'000
At 31 December 2009			
Segment assets	173,384	25,727	199,111
Taxation recoverable	-	3	3
Deferred tax assets	-	144	144
Total segment assets	173,384	25,874	199,258
At 31 December 2008			
Segment assets	151,785	21,169	172,954
Taxation recoverable	-	17	17
Deferred tax assets	-	183	183
Total segment assets	151,785	21,369	173,154

(c) Segment reconciliation

A reconciliation of reportable segment result and assets is provided as follows:

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Result		
Segment profits for the year/period	30,196	24,313
Corporate finance income	-	613
Corporate overheads	(3,961)	(3,734)
Profit before taxation	26,235	21,192
Corporate taxation	10	(227)
Profit for the year/period	26,245	20,965
	31 December 2009 HK\$'000	31 December 2008 HK\$'000
Assets		
Total assets for the reportable segments	199,258	173,154
Other unallocated assets	1,566	14,018
Total assets	200,824	187,172

The Group is mainly domiciled in Hong Kong. Over 90% of the activities of the Group during the year were carried out in Hong Kong. As at 31 December 2009, the total non-current assets, other than deferred tax assets, located in Hong Kong were HK\$18,475,000 (2008: HK\$13,267,000); and the total non-current assets located in other countries were HK\$2,184,000 (2008: HK\$2,249,000). For the year ended 31 December 2009, revenue of approximately HK\$232,350,000 (Nine months ended 31 December 2008: HK\$ 132,977,000) was derived from two single external customers. This revenue was attributable to the property management and facility management services.

6. Expenses by Nature

Expenses included in cost of sales and general and administrative expenses are analysed as follows:

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Staff costs, including directors' emoluments	391,244	245,342
Depreciation	4,786	3,023
Auditor's remuneration	1,007	888
Operating lease rental on land and buildings	3,158	3,582
Revaluation loss on investment properties	-	80
Other expenses	<u>115,861</u>	<u>78,889</u>
Total cost of sales and general and administrative expenses	<u>516,056</u>	<u>331,804</u>

7. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year/period.

Taxation on other overseas profits has been calculated on the estimated assessable profits for the year/period at the rates of taxation prevailing in the countries in which the subsidiaries of the Group operates.

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Current taxation		
Hong Kong profits tax		
- provision for the year/period	5,547	2,227
- under/(over) provision in prior period/year	108	(210)
Overseas tax		
- provision for the year/period	15	99
- under provision in prior years	-	286
Deferred taxation	<u>663</u>	<u>1,307</u>
	<u>6,333</u>	<u>3,709</u>

8. Dividends

(a) Dividends payable to equity holders of the Company attributable to the current year/period:

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Interim dividend declared and paid of 2.5 HK cents (2008 : special interim dividend of 18.1 HK cents) per ordinary share	8,300	60,092
Final dividend proposed of 5.0 HK cents (2008: 2.5 HK cents) per ordinary share	16,600	8,300
	24,900	68,392

(b) Dividends payable to equity holders of the Company attributable to the previous financial period/year, approved and paid during the year/period:

	Year ended 31 December 2009 HK\$'000	Nine months ended 31 December 2008 HK\$'000
Final dividend of 2.5 HK cents (31 December 2008: 5.2 HK cents) per ordinary share	8,300	17,264

At a meeting held on 13 April 2010, the board of directors of the Company has resolved to recommend the payment of a final dividend of 5.0 HK cents per ordinary share for the year ended 31 December 2009. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 December 2010.

9. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year/period.

	Year ended 31 December 2009	Nine months ended 31 December 2008
Profit attributable to equity holders of the Company (HK\$'000)	26,152	21,152
Weighted average number of ordinary shares in issue (in thousands)	332,000	332,000
Basic earnings per share (HK cents per share)	7.9	6.4

9. Earnings Per Share (Continued)

(b) Diluted earnings per share

The diluted earnings per share for the year ended 31 December 2009 is the same as the basic earnings per share, as the share options granted and outstanding during the year do not have a dilutive effect on basic earnings per share. For the last reporting period, there was no dilutive instruments as all the share options have been cancelled following the acceptance of the mandatory unconditional cash offer made by Hsin Chong Construction Group Ltd. which was closed on 26 September 2008.

10. Property, Plant and Equipment and Investment Properties

	Investment properties HK\$'000	Property, plant and equipment HK\$'000
Opening net book value at 1 January 2009	2,000	11,813
Additions	-	11,779
Disposals	-	(147)
Depreciation	-	(4,786)
Closing net book value at 31 December 2009	2,000	18,659
Opening net book value at 1 April 2008	2,080	3,789
Additions	-	11,426
Disposals	-	(91)
Disposal of subsidiaries	-	(320)
Depreciation	-	(3,023)
Exchange differences	-	32
Fair value losses	(80)	-
Closing net book value at 31 December 2008	2,000	11,813

Note:

Investment properties were revalued at 31 December 2009 on the basis of their open market value by an independent professional property valuer, Knight Frank Petty Limited.

11. Accounts and Other Receivables

	Group	
	31 December 2009 HK\$'000	31 December 2008 HK\$'000
Accounts receivable	66,384	77,927
Retention receivables	2,328	1,658
Other receivables	11,088	11,337
	79,800	90,922

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2008: 30 to 90 days). The ageing analysis of accounts receivable by invoice date is as follows:

	31 December 2009 HK\$'000	31 December 2008 HK\$'000
0 to 30 days	34,390	31,625
31 to 60 days	23,527	20,455
61 to 90 days	5,966	15,141
Over 90 days	2,501	10,706
	66,384	77,927

The majority of the Group's accounts receivable are denominated in Hong Kong dollars.

12. Share Capital

	31 December 2009 HK\$'000	31 December 2008 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.10 each	1,000,000	1,000,000
Issued and fully paid:		
332,000,000 ordinary shares of HK\$0.10 each	33,200	33,200

13. Accounts Payable and Accruals

	Group		Company	
	31 December 2009 HK\$'000	31 December 2008 HK\$'000	31 December 2009 HK\$'000	31 December 2008 HK\$'000
Accounts payable	31,600	35,492	-	-
Retention payable	701	432	-	-
Other payable and accruals	32,583	29,276	2,572	2,585
	64,884	65,200	2,572	2,585

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2008: 30 to 60 days). The ageing analysis of accounts payable is as follows:

	Group	
	31 December 2009 HK\$'000	31 December 2008 HK\$'000
0 to 30 days	19,333	23,816
31 to 60 days	6,168	5,995
61 to 90 days	1,239	2,730
Over 90 days	4,860	2,951
	31,600	35,492

The majority of the Group's accounts payable are denominated in Hong Kong dollars.

FINAL DIVIDEND

After giving due consideration to the results reported, the reserves of the Company and the working capital requirement of the Group, the Board recommended the payment of a final dividend of 5.0 HK cents per share (2008: 2.5 HK cents per share) for the year ended 31 December 2009. Subject to shareholders' approval at the forthcoming 2010 annual general meeting of the Company, the proposed final dividend will be paid on Wednesday, 7 July 2010 to shareholders whose names appear on the registers of members of the Company on Monday, 28 June 2010.

Together with the interim dividend of 2.5 HK cents per share (2008: special interim dividend of 18.1 HK cents per share) already paid, total dividends for the financial year will amount to 7.5 HK cents per share (2008: 20.6 HK cents per share), which represents a payout ratio of 95% on the earnings for the financial year.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Tuesday, 22 June 2010 to Monday, 28 June 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to the attendance of the forthcoming 2010 annual general meeting of the Company and the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 June 2010. The principal share registrars of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.

MANAGEMENT DISCUSSION AND FINANCIAL ANALYSIS

Financial Performance

The Group reported a total revenue of HK\$546.8 million for the year ended 31 December 2009 (Nine months ended 31 December 2008: HK\$350.5 million). Gross profit for the reporting period recorded HK\$98.4 million (Nine months ended 31 December 2008: HK\$68.4 million). Profit attributable to equity holders of the Company was HK\$26.2 million. Basic earnings per share for the year ended 31 December 2009 was 7.9 HK cents.

Property and Facility Management Services

The contribution to the Group's revenue from property and facility management services segment was amounted to HK\$490.2 million for the year under review (Nine months ended 31 December 2008: HK\$315.6 million). Profit contribution before taxation from this segment was HK\$30.1 million (Nine months ended 31 December 2008: HK\$23.9 million). The increment was mainly derived from the new car park management contracts offered by The Link Management Limited (the "Link") and the full year effect of two new contracts signed with Hong Kong Housing Authority for a series of Batch 2 estates in September 2008.

Supporting Services to Property Management and Facility Management

The consolidated revenue of supporting services segment, after inter-segment elimination, was HK\$56.7 million (Nine months ended 31 December 2008: HK\$35.0 million). For the repair and maintenance services, several new maintenance contracts led to a substantial increase in revenue amounted to HK\$9.6 million. All other supporting services reported a steady level of performance during the year under review. As a result, the segment profit before taxation to the Group increased to HK\$6.4 million as compared with HK\$3.9 million for the nine months ended 31 December 2008.

General and Administrative Expenses

The management had taken every measure on cost control in achieving cost effectiveness. The general and administrative expenses were HK\$67.6 million, representing 12.4% of total revenue for the year. The expenses were kept at reasonable level compared with the last reporting period.

Business and Operations Review

Overview

2009 is a year of dramatic fall and rise. As a result of the economic stimulus packages launched by governments worldwide and the rapid recovery rate of China's economy, the global economy gradually emerged from recession. Hong Kong has benefited from its close linkage with our motherland, and we witnessed the local property market experiencing a tremendous recovery since the second half of 2009. Although the property market is firmly on the path to recovery, the property services industry remains highly competitive.

Hong Kong

Amid the challenging and tough business environment, Synergis remains one of the market leaders in understanding our clients' various needs and providing them with tailor-made services and effective solutions in managing their assets. In 2009, Synergis managed a total of 357 sites, which was 29% higher when compared with the previous reporting period. This significant increment was mainly contributed by the three car park management contracts awarded in June 2009 by the Link. These contracts cover 116 car parks spanning across HK Island, Kowloon and New Territories West with a total of 49,621 car park spaces. However, as the Link has adopted a policy of using internal resources for their shopping centres, our managed portfolio in this area has shrunk as a consequence in this reporting year.

In addition to our client's vote of confidence in Synergis' capability in car park management, Synergis' leadership position in the facility management ("FM") market is further strengthened by our innovations in the industry and acquisitions of FM contracts with prominent corporations. On innovation and technology side, the FM consulting process & tool **fmPROFILE**[®] (co-developed with the Hong Kong Jockey Club and Hong Kong Polytechnic University), which is used for organization to measure FM performance, has been well received in Hong Kong. In addition to presenting **fmPROFILE**[®] at global FM seminars in Hong Kong, the Chinese Mainland, Malaysia and Japan, Synergis has officially launched the on-line version during the year to help interested organizations to understand their performance against benchmark and identify areas of improvements. This tool has been instrumental in enabling Synergis to continue to differentiate itself from and secure business in this market, which is further illustrated below.

During the year, we have successfully obtained new clients including Hong Kong Wetland Park and MTR Corporation Limited. Capitalizing on our professional and quality services in FM, we have expanded our service deliveries; one example was the extension from FM workplace administration services to include hospitality services for a leading global wealth management and investment banking financial services firm. In addition to the above achievements, Synergis has been awarded a five-year FM contract from CLP Power Hong Kong Limited to manage their five power stations in Hong Kong starting from 1 January 2010. The sites have a total gross floor area ("GFA") of approximately 2,000,000 m². This is certainly a remarkable achievement for Synergis, demonstrating our well established service platform and ability to meet the highest standard requirements of the largest electricity investor-operators in the Asia Pacific region.

In order to achieve higher customer satisfaction and to enhance our competitive edge in the private property management market, Synergis has set up the Elite Services Team with new brand identity and service packages where we aim to offer premium and highly personalized total management services. The new service offerings will further satisfy clients' expectations and increase the value of up-market properties through our comprehensive Building Life Cycle Maintenance Model.

Chinese Mainland

Property & Facility Management Services

With a solid foundation and a team experienced in providing management services on the Chinese Mainland as well as having a good understanding of the needs and demands of our clients, Synergis has made significant strides in obtaining consulting and management service contracts from renowned developers in Shanghai, Beijing, Hefei and Shenzhen during the year.

With a strong track record and experienced team in Shanghai, Synergis has successfully secured contracts from both existing and new customers. Since May 2009, our team has provided management services to Channel 1, a six-storey shopping mall with an underground car park amounting to a GFA of 42,000 m². Channel 1 is a trendy shopping mall invested by the Blackstone Group and located in a prime shopping area in Shanghai. In addition, being recognized as a reputable and professional manager for luxury residential properties, we were awarded two management service contracts, both commencing in January 2010. Located in the affluent residential and retail area in Luwan District, Lyceum Mansion is a 52-unit luxurious residential development, with an average apartment size of over 300 m². Another contract is Novel City Phase 3, which is a mixed development consists of 576 high-end residential units, a retail mall, office and car park facilities totally to GFA of 53,300 m².

As a recognized facility manager in the market and with our team's relentless efforts, we were appointed by Huawei Technologies Co., Ltd. as the facility manager for its new R&D and innovation center in Jinqiao District, Pudong, Shanghai. This new mega R&D centre has a total GFA of 320,000 m² and home to over 8,000 Huawei staff in Shanghai. It contains software manufacturing stations, offices, conference rooms, training centre, canteen and car park. Our team has started the pre-management duties since November 2009 with service scope of testing and commissioning of the facilities and equipments, staff recruitment and training and setting up of management and operations process and system. The whole development will be in full-scale operation with effect from March 2010.

In Beijing, we started providing management services to an integrated complex, World City in January 2009. Located in the Central Business District, World City comprises three blocks of high-end residential apartments, a shopping arcade and a car park with GFA over 120,000 m².

Leveraging from our solid reputation and track record, Synergis has expanded its geographic coverage to other second tier cities. We started providing property management consultancy services for a large-scale commercial complex named West Centre in Hefei. It consists of a grade A office, serviced apartments, luxury residential blocks and retail facility with GFA of 280,000 m². When completed, it will be a landmark in the city.

Asset Management Services

Considering that the long-term growth of the Group lies in the Chinese Mainland market and the need to expand our service offerings to fully explore the huge potential of the market opportunities, we have successfully set up a dedicated business arm to offer Asset Management Services ("AMS") to sophisticated property owners and institutional real estate investors. AMS covers the entire property cycle: from initial acquisition to daily operations management, including pre-development feasibility studies and market positioning, post-development marketing, sales and leasing, tenancy management, promotion, advertising and financial management. Under this model, we cater to all the real estate needs of the clients with the aim of enhancing their asset values.

With our dedicated Beijing team's efforts in providing the consultancy and pre-management services for ECMall and Metropolis Tower since mid-2008, and our new unique AMS business model, Synergis has successfully obtained a two year AMS contract for these two projects in July 2009. ECMall is a lifestyle shopping mall opened in late September 2009 with a GFA of approximately 30,000 m², while Metropolis Tower is a grade A office building with a GFA of 25,400 m². Both projects are located in Zhongguancun, Beijing and held by ECM China, HSBC Nan Fung Fund and Metro Holdings Limited.

OUTLOOK

Hong Kong

Continuing the momentum in the latter part of 2009, it is generally expected that Hong Kong in 2010 will return to positive economic growth.

As the economic outlook this year is still subject to a host of uncertainties stemming mainly from the concern about the fragile nature of global recovery, our focus will be to forge a closer relationship with our customers by understanding their business needs and delivering quality and comprehensive solutions to enhance their asset value. For various building owners, we will promote our unique Building Life Cycle Maintenance Model to achieve effective planned facilities maintenance and long-term cost saving. We strive to provide a one-stop-shop property enhancement and maintenance service for all types of buildings undertaking any large-scale renovation or improvement works.

Leveraging on our expertise in serving different needs of our FM clients and our benchmarking FM tool in the market, we will continue to expand our clientele both by size and industry type in the FM business. We will expand the FM business to the Chinese Mainland with the showcase of the FM contract for the Huawei R&D and Innovation Centre in Shanghai in 2010.

Regarding the building renovation business opportunity offered through the “Operation Building Bright” Initiative launched by the Hong Kong government, as a result of the overwhelming response to the scheme, the government has allocated an additional HK\$1 billion during the year cumulating a total of HK\$2 billion subsidies for improving building safety. Synergis has already set up a dedicated team to grasp this immense business opportunity.

Following the launch of “Operation Building Bright” and the recent tragic building collapse incident, the Government is proposed to implement the Mandatory Building & Window Inspection Scheme in the fourth quarter of 2011 or early 2012, subject to the progress of the bill by Legislative Council and enactment of subsidiary legislation. Upon the approval of this bill, building owners will take up the responsibility to inspect the building and window conditions more regularly and it is believed that Synergis’ repair and maintenance business will benefit from this initiative.

Chinese Mainland

In 2009, the PRC government implemented an economic stimulus package in response to the global financial crisis and helped orchestrate a successful rebound in the property market. China, being a preferred investment and high-growth destination, is likely to have active real estate activities in the coming year and the continuous demand for high quality real estate services will provide ample business opportunities to service providers like Synergis.

With our newly set up AMS business model and dedicated professional team, we will focus on building up a solid operation platform and project showcase to increase our brand awareness in the market. We will also identify those underperformed retail malls in targeted cities and make value enhancement recommendations to the owners.

Shanghai is a natural focus this year because of the World Exposition 2010. As an international event, it will attract about 200 nations and international organisations to take part in the exhibition as well as estimated 70 million domestic and international visitors. Synergis is able to be part of this world event. We were appointed by the Constitutional & Mainland Affairs Bureau of the Hong Kong SAR Government to provide management and operation services for the Hong Kong Pavilion starting from 1 March 2010. Hong Kong Pavilion, close to the China Pavilion in the centre of the Expo site, is a stand-alone pavilion having three levels with a total GFA of 1,400 m². The acquisition of this landmark project serves as further evidence of Synergis’ leadership and capability in delivering quality services. Management believes this unique opportunity will greatly enhance Synergis’ brand awareness, reinforce our market competitiveness and help to expand our market share in the Chinese Mainland market.

By acquiring some of the most renowned projects in 2010, Synergis made a good start in 2010. Our team will strive to deliver the highest service standard to our customers. The Group will continue to make significant investments in our people and information technology infrastructure to improve our capabilities and enable ourselves to meet the ever changing economic and business conditions, and expectations of our diverse client base.

REVIEW OF FINANCIAL POSITION

Capital Resources and Liquidity

The Group adopted a conservative policy in managing financial resources. The Group maintained a healthy position which included bank balances and cash of approximately HK\$88.7 million (2008: HK\$75.4 million). The Group's equity was HK\$125.4 million as at 31 December 2009 (2008: HK\$115.5 million). Detailed movement of total equity for the financial year ended 31 December 2009 is shown in the Consolidated Statement of Changes in Equity. At 31 December 2009, HK\$180.0 million out of the total assets of HK\$200.8 million were liquid assets, with the current ratio stated at 2.5:1 (2008: 2.5:1).

Cash Flow

Free cash flow per operating profit increased from 57.9 % to 90.8 % due to the significant increase in the cash generated from operations. With the better management control of accounts receivables, especially for new contracts awarded during the year, the balance decreased by HK\$11.5 million as compared with last year. Thus, the debtor's turnover reduced from 71.1 days last year to 48.2 days for the year under review. Taken into account of the above factor, the cash generated from operations during the year was HK\$47.7 million (Nine months ended 31 December 2008: HK\$25.0 million).

Banking Facilities

The Group finances its operations from internal financial resources. The Group has sufficient internal cash and banking facilities to finance its operations and take advantage of potential business opportunities. At 31 December 2009, the Group had HK\$56.2 million (2008: HK\$37.5 million) of unutilized banking facilities provided by its relationship banks. The Group had no borrowings at 31 December 2009.

Treasury Policy

The Group monitors closely the foreign exchange position of its assets and liabilities to minimise foreign exchange risk. When appropriate, hedging instruments, including forward contracts, may be used to manage any foreign exchange exposure. The income and the majority of assets and liabilities are denominated in Hong Kong dollars and the Group therefore has limited exposure to foreign exchange risk.

The Group's banking facilities are principally on a floating rate basis and interest rate swaps will be used to manage the interest rate risk for any short to medium term borrowings, when deemed appropriate. In the light of the net cash position, with no bank debt, the Group's exposure to interest rate fluctuation is minimal. It is the policy of the Group not to use financial derivatives for speculative purposes.

HUMAN RESOURCES

At 31 December 2009, the Group employed a total of 5,280 (2008: approximately 4,697) with 4,800 in Hong Kong, 462 in Chinese Mainland and 18 in Macau. This is an increase of 583 staff from the previous year.

In view of the rapid growth of the Group, competent and stable workforce is essential for meeting the Group's operational needs. The Group has developed a competence-based HR system which is unique for Synergis and will be used for recruiting the right people, developing staff and retaining high caliber staff for the Group's sustainable growth.

The Group sets its remuneration policy by referencing prevailing market conditions. The Group has formulated a performance-based reward system with a view to sustaining market competitiveness for attracting and retaining high caliber staff. The remuneration packages of Hong Kong staff include basic salary, discretionary bonus, share options and other benefits such as medical scheme and contribution to retirement funds. Employees on the Chinese Mainland are remunerated in accordance with local market terms and welfare policies.

Incentive bonus scheme and share options scheme are set up for senior management staff to provide them with initiatives to align their performance with the overall profitability and development of the Group. Such management bonus is calculated on a formula, tied to the Group's net profit, approved by the Board.

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.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company comprises three members, namely, Mr. David Yu Hon To (chairman of the audit committee), Mr. Wong Tsan Kwong and Mr. Tenniel Chu. The audit committee with the presentation by the management and the Company's auditor, PricewaterhouseCoopers, have reviewed the audited consolidated financial statements for the financial year ended 31 December 2009 of the Group.

REVIEW OF THIS ANNOUNCEMENT

The figures in this results announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the financial year ended 31 December 2009. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard set out in the Model Code throughout the financial year ended 31 December 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles in and complied with the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules throughout the financial year ended 31 December 2009, except for deviations described below.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. None of the existing non-executive directors of the Company was appointed for a specific term. The Board had resolved on 11 September 2009 that the term of the non-executive directors including the independent non-executive directors be fixed at 3 years from the date of the last re-election by the shareholders of the Company at the annual general meetings.

The first part of code provision E.1.2 of the CG Code provides that the chairman of the Board should attend the annual general meeting and arrange for the chairman of such committees, another committee member or failing this his duly appointed delegate, to be available to answer questions at annual general meeting. The non-executive chairman of the Board was not able to attend the annual general meeting of the Company held on 11 May 2009 (the “AGM”) due to an urgent business engagement. However, in his absence, the executive deputy chairman of the Board (who was also the chairman of the remuneration committee as at the date of the AGM) took the chair of the AGM where the chairman of the audit committee was also present at the meeting. The Board considers that the presence of the executive deputy chairman, the chairman of the audit committee together with other board members at the AGM was of sufficient caliber and number to address shareholders’ questions at the meeting.

Saved as disclosed above, the corporate governance practices adopted by the Company during the financial year ended 31 December 2009 were in line with those set out in the corporate governance report as contained in the Company’s 2008 annual report.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT

This annual results announcement is published on the Company’s website at <http://www.synergis.com.hk> and the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk>.

By order of the Board
Synergis Holdings Limited
Fan Cheuk Hung
Managing Director

Hong Kong, 13 April 2010

Website: <http://www.synergis.com.hk>

As at the date of this announcement, the Board comprises Dr. David Chu Shu Ho as the non-executive chairman; Mr. Wilfred Wong Ying Wai (executive deputy chairman), Dr. Fan Cheuk Hung (managing director) and Dr. Catherine Chu as executive directors, Mr. Barry John Buttifant and Mr. Tenniel Chu as non-executive directors; and Mr. Stephen Ip Shu Kwan, Mr. Kan Fook Yee, Mr. Wong Tsan Kwong and Mr. David Yu Hon To as independent non-executive directors.

** For identification purpose only*