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 2010

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 2010 with comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Note	**2010** HK$'000	2009 HK$'000
Revenue	2	**578,180**	546,837
Cost of sales	4	**(483,199)**	(448,481)
Gross profit		**94,981**	98,356
Other income	3	**2,260**	2,122
General and administrative expenses	4	**(74,244)**	(67,575)
Operating profit		**22,997**	32,903
Share of loss of an associate		**-**	(410)
Gain on liquidation of an associate		**-**	85
Profit before taxation		**22,997**	32,578
Taxation	5	**(4,683)**	(6,333)
Profit for the year		**18,314**	26,245
Profit attributable to:			
Equity holders of the Company		**18,347**	26,152
Non-controlling interests		**(33)**	93
		18,314	26,245
Earnings per share for profit attributable to the equity holders of the Company			
- basic	7	**5.5 cents**	7.9 cents
- diluted	7	**5.5 cents**	7.9 cents
Dividends	6	**16,600**	24,900

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	2010 **HK$'000**	2009 HK$'000
Profit for the year	**18,314**	26,245
Other comprehensive income/(loss):		
Exchange differences on translating foreign operations	**319**	4
Exchange differences on liquidation of an associate	**-**	(164)
Other comprehensive income/(loss) for the year, net of tax	**319**	(160)
Total comprehensive income for the year	**18,633**	26,085
Total comprehensive income attributable to:		
Equity holders of the Company	**18,656**	25,992
Non-controlling interests	**(23)**	93
	18,633	26,085

CONSOLIDATED BALANCE SHEET
As at 31 December 2010

	Note	**2010 HK$'000**	2009 HK$'000
Non-current assets			
Property, plant and equipment		**16,787**	18,659
Investment properties		**2,000**	2,000
Deferred tax assets		**194**	144
Total non-current assets		**18,981**	20,803
Current assets			
Contracting work-in-progress		**409**	22
Receivables	8	**89,704**	79,800
Utility deposits and prepayments		**6,260**	10,223
Amounts due from fellow subsidiaries		**776**	1,190
Taxation recoverable		**42**	49
Cash and cash equivalents		**78,055**	88,737
Total current assets		**175,246**	180,021
Current liabilities			
Payables and accruals	9	**64,942**	64,884
Amount due to an intermediate holding company		**1,441**	3,763
Amounts due to fellow subsidiaries		**177**	386
Taxation payable		**1,551**	2,482
Total current liabilities		**68,111**	71,515
Net current assets		**107,135**	108,506
Total assets less current liabilities		**126,116**	129,309
Non-current liabilities			
Long service payment liabilities		**570**	1,255
Deferred tax liabilities		**1,597**	2,234
Total non-current liabilities		**2,167**	3,489
Net assets		**123,949**	125,820
Equity attributable to equity holders of the Company			
Share capital		**33,200**	33,200
Retained profits and other reserves		**78,864**	75,596
Proposed dividends		**11,620**	16,600
		123,684	125,396
Non-controlling interests		**265**	424
Total equity		**123,949**	125,820

Notes to the Financial Statements

1. 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"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The Group has adopted the following new and revised HKFRSs effective 1 January 2010 which are relevant to the Group's operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Annual Improvement Project	Improvements to HKFRSs 2009

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.

HKICPA has issued the following revised HKFRSs that are mandatory for the accounting periods of the Group beginning on or after 1 January 2011 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 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Annual Improvement Project	Improvements to HKFRSs 2010	1 January 2011(unless otherwise stated)

The Group is not yet in a position to state whether any significant changes to the Group's presentation of the financial statements will result.

2. 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 and facility management services in Hong Kong and property and facility management services in Chinese Mainland including leasing services, and (2) supporting services to property management and facility management including security services, cleaning services, laundry services, repair and maintenance services, etc.

(a) Segment results	Property and facility management services: Hong Kong HK$'000	Chinese Mainland HK$'000	Supporting services HK$'000	Corporate and others* HK$'000	Total HK$'000
Year ended 31 December 2010					
Revenue – external sales	**484,720**	**29,403**	**64,057**	**-**	**578,180**
Operating profit/(loss)	**34,148**	**(12,966)**	**2,745**	**(973)**	**22,954**
Interest income	**27**	**16**	**-**	**-**	**43**
Profit/(loss) before taxation	**34,175**	**(12,950)**	**2,745**	**(973)**	**22,997**
Taxation					**(4,683)**
Profit for the year					**18,314**
Year ended 31 December 2009					
Revenue – external sales	483,804	6,348	56,685	-	546,837
Operating profit/(loss)	41,168	(11,191)	3,129	(252)	32,854
Interest income	16	10	23	-	49
Share of loss of an associate	-	(410)	-	-	(410)
Gain on liquidation of an associate	-	85	-	-	85
Profit/(loss) before taxation	41,184	(11,506)	3,152	(252)	32,578
Taxation					(6,333)
Profit for the year					26,245

(b) Segment assets

	Hong Kong HK$'000	Chinese Mainland HK$'000	Supporting services HK$'000	Corporate and others* HK$'000	Total HK$'000
At 31 December 2010					
Assets	**144,106**	**20,344**	**28,563**	**1,020**	**194,033**
Deferred tax assets	**-**	**-**	**194**	**-**	**194**
Total assets	**144,106**	**20,344**	**28,757**	**1,020**	**194,227**
At 31 December 2009					
Assets	160,577	12,807	25,727	1,566	200,677
Taxation recoverable	-	-	3	-	3
Deferred tax assets	-	-	144	-	144
Total assets	160,577	12,807	25,874	1,566	200,824

***** *Corporate and others mainly represent corporate level administrative activities*

(c) Customer information

For the year ended 31 December 2010, revenue of approximately HK$205,040,000 (2009: HK$232,350,000) was derived from two single external customers. This revenue was attributable to the property management and facility management services.

3. Other Income

	2010	2009
	HK$'000	HK$'000
Copying services	**834**	666
Rental income	**219**	194
Interest income	**43**	49
Miscellaneous income	**1,164**	1,213
	2,260	2,122

4. Expenses by Nature

	2010	2009
	HK$'000	HK$'000
Staff costs, including directors' emoluments	**420,762**	391,244
Depreciation	**6,249**	4,786
Auditor's remuneration	**1,006**	1,007
Operating lease rental on land and buildings	**3,262**	3,158
Operating lease rental on office equipments	**364**	356
Cleaning expenses	**36,005**	45,456
Other expenses	**89,795**	70,049
	557,443	516,056

5. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year. Taxation on other 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 subsidiaries of the Group operate.

	2010	2009
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	**5,339**	5,547
- under provision in prior years	**38**	108
Overseas tax		
- provision for the year	**1**	15
- over provision in prior year	**(8)**	-
Deferred taxation(credit)/expenses	**(687)**	663
	4,683	6,333

6. Dividends

	2010	2009
	HK$'000	HK$'000
(a) Dividends attributable to the current year:		
Interim dividend paid of 1.5 HK cents (2009: 2.5 HK cents) per ordinary share	**4,980**	8,300
Final dividend proposed of 3.5 HK cents (2009: 5.0 HK cents) per ordinary share	**11,620**	16,600
	16,600	24,900
(b) Dividends attributable to the previous year, approved and paid during the year:		
Final dividend of 5.0 HK cents (2009: 2.5 HK cents) per ordinary share	**16,600**	8,300

At a meeting held on 25 March 2011, the Company's board of directors resolved to recommend a final dividend of 3.5 HK cents per ordinary share for the year ended 31 December 2010. This proposed final dividend is not reflected as a dividend payable in these financial statements, but is reflected as an appropriation of retained profits.

7. Earnings Per Share

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

Diluted earnings per share is calculated by dividing the Group's profit attributable to the equity holders by the weighted average number of ordinary shares outstanding after adjusted for the potential dilutive effect in respect of outstanding employee share options during the year.

	2010	2009
Profit attributable to equity holders (HK$'000)	**18,347**	26,152
Weighted average number of ordinary shares issued ('000)	**332,000**	332,000
Adjustments for share option ('000)	**1,098**	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	**333,098**	332,000
Basic earnings per share (HK cents)	**5.5**	7.9
Diluted earnings per share (HK cents)	**5.5**	7.9

8. Receivables

	2010	2009
	HK$'000	HK$'000
Accounts receivable	**76,426**	66,384
Retention receivables	**2,882**	2,328
Other receivables	**10,396**	11,088
	89,704	79,800

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2009: 30 to 60 days). The ageing analysis of accounts receivable by due date is as follows:

	2010	2009
	HK$'000	HK$'000
Not yet due	**62,210**	51,030
Days past due		
1 to 30 days	**10,399**	9,173
31 to 60 days	**2,751**	4,115
61 to 90 days	**504**	134
Over 90 days	**562**	1,932
	76,426	66,384

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

9. Payables and Accruals

	2010	2009
	HK$'000	HK$'000
Accounts payable	**32,502**	31,600
Retention payables	**810**	701
Other payables and accruals	**31,630**	32,583
	64,942	64,884

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2009: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	2010	2009
	HK$'000	HK$'000
Not yet due	**17,564**	19,333
Days past due		
1 to 30 days	**8,444**	6,168
31 to 60 days	**2,284**	1,239
61 to 90 days	**812**	2,187
Over 90 days	**3,398**	2,673
	32,502	31,600

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 3.5 HK cents per share (2009: 5.0 HK cents per share) for the year ended 31 December 2010. Subject to shareholders' approval at the forthcoming 2011 annual general meeting of the Company, the proposed final dividend will be paid on Wednesday, 15 June 2011 to shareholders whose names appear on the registers of members of the Company on Tuesday, 7 June 2011.

Together with the interim dividend of 1.5 HK cents per share (2009: 2.5 HK cents per share) already paid, total dividends for the financial year will amount to 5.0 HK cents per share (2009: 7.5 HK cents per share), which represents a payout ratio of 90% on the earnings for the financial year (2009: 95%).

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Tuesday, 31 May 2011 to Tuesday, 7 June 2011 (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 2011 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, 30 May 2011. 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 reports a consolidated revenue of HK$578.2 million for the year ended 31 December 2010 (2009: HK$546.8 million), an increase of 5.7% compared with the last year. Gross profit slightly decreased by HK$3.4 million to HK$95.0 million, being 3.5% below last year's HK$98.4 million.

General and administrative expenses increased by 9.8% to HK$74.2 million from HK$67.6 million. As a percentage of revenue (12.8%), this is similar to last year. The increase arose mainly from the investments made for our new Asset Management Services business team and corporate service resources to support the business expansion in the Chinese Mainland. Such investments are needed before targeted growth in clients, business and revenues can be achieved.

Profit attributable to equity holders of the Company for the year was HK$18.3 million, a decrease of 29.8% compared with last year. Earnings per share were 5.5 HK cents for the year (2009: 7.9 HK cents).

Business Segments Results

Property and Facility Management Services

The revenue contribution from Property and Facility Management Services grew by 4.9% to HK$514.1 million (2009: HK$490.2 million). Revenue improved as a result of the award of several new facility management contracts in Hong Kong by the corporate clients, including MTR Corporation Limited, Hong Kong Police Headquarters and CLP Power Hong Kong Limited; as well as new contracts awarded by Huawei Technologies Co., Ltd. ("Huawei") for its R&D Center and the Hong Kong Pavilion at the World Exposition 2010 in Shanghai, together with two Asset Management Services

("AMS") contract with Macau Center and Sky Plaza in Beijing. The increase in revenue from these new contracts was partially offset by the expiration of shopping centres management contracts from The Link Management Limited (the "Link"). Keen competition in the industry and the rising labor cost pressure in Hong Kong has caused in a slight decrease in gross profit by 1.7% to 16.5% over the year.

Moreover, in addition to property management in the Chinese Mainland, the Group has expanded its investment into AMS business to include leasing, consulting services and shopping mall operations. This has led to the increase in general and administrative expenses. The earnings before tax from the business segment hence decreased by 31.9% to HK$20.5 million when compared with last year.

Supporting Services to Property and Facility Management

Total revenue from supporting services increased by 13.1% to HK$64.1 million (2009: HK$56.7 million). All services reported a steady growth for the year, especially for repair and maintenance services. However, the high labor costs exerted pressures on the cleaning services business. As a result, the earnings before tax from the supporting services slightly decreased by 6.3% amounting to HK$6.0 million (2009: HK$6.4 million).

Business and Operations Review

Overview

In 2010, Hong Kong exhibited visible signs of a bounce-back in economy and registered a better than expected positive growth over the previous year. Benefiting from its close linkage with the motherland and low interest rates, the property market was vibrant in terms of both transaction prices and volume. While the property market continued to experience buoyant sales activity and increasing prices, the property services business environment remained highly competitive.

Hong Kong

Amid the challenging and competitive business environment, the Group remains one of the market leaders by understanding our clients' various needs and providing them with tailor-made services and effective solutions in managing their assets. For the year ended 31 December 2010, the Group managed a total of 331 sites in Hong Kong; the size of the residential portfolio increased 9% to over 164,000 units. With the in-take of many new and prestigious facility management contracts, we managed over 33.5 million m^2 of commercial and facility space at the financial year end, which was a significant growth compared with last year.

By setting up the "Elite Services" Team to offer premium and highly personalized total management services, the Group was able to secure several up-market residential property management contracts. Leveraging our solid customer base and professional brand in the Facility Management ("FM") market, our FM team has made great strides in acquiring prestigious projects in town including a five-year facility management contract from CLP Power Hong Kong Limited to manage their three major power stations in Hong Kong and providing comprehensive facility management to the Hong Kong Police Headquarters building. By working closely with our parent company, Hsin Chong Construction Group Ltd. ("HCCG"), which has revitalized the historic North Kowloon Magistracy building to become the home of Savannah College of Arts and Design (SCAD), in September 2010 the Group was awarded a contract for providing facility management services for this leading site for the study of digital media in Asia, which has a gross floor area ("GFA") over 7,500 m^2.

Chinese Mainland

Property & Facility Management Services

With a solid foundation and a team not only experienced in providing management services on the Chinese Mainland but also a deep understanding of the needs and demands of our clients, the Group has made significant progress in obtaining significant consulting and management service contracts from renowned developers in Shanghai, Hunan, Guangzhou and Qingdao during the year.

In Shanghai, where the Group has a strong track record and an experienced team, we have successfully secured contracts from both existing and new customers. The Group was awarded several management service contracts for luxury residential properties: namely, the Lyceum Mansion (蘭馨公寓), a 52-unit luxurious residential development located in the affluent residential and retail area in Luwan District; and Novel City Phase 3 (永新城三期), which is a mixed development consisting of 576 high-end residential units, a retail mall, office and car park facilities, amounting to a GFA of 53,300m^2. The Group has also obtained the pre-management contract for The Paragon (茂名公館), which is a landmark residence project developed by CapitaLand (China) Investment Co., Ltd. in the former French Concession. The development consists of distinguished apartments, a private clubhouse and a high-end commercial complex with a total GFA of 115,500m^2.

As a recognized quality facility manager, the Group was appointed by Huawei for its new R&D Center in Jinqiao District, Pudong, Shanghai. Our on-site project team has started to provide daily facility management services to this mega R&D centre with a total GFA of 320,000m^2 since February 2010.

Another achievement for the Group was the award of the prestigious operations and management contract of the Hong Kong Pavilion at the Shanghai World Exposition 2010. Our project team managed the Pavilion during March to October 2010, successfully received over 2 million visitors and VIPs. The team's professionalism and quality services have won high recognition from the HKSAR Government officials. The successful execution of this project delivery further demonstrated our strong management capability and enhanced the brand of Synergis in the market.

Furthermore, the Group has continued to expand its consultancy services with other established developers in the region. The Group has started providing property management consultancy services for a large-scale commercial complex "Riverwalk" (捷和廣場) in Foshan. The project comprises an office building, luxury residential blocks, a shopping mall and a hotel with a GFA of 260,000m^2. In addition, the Group was awarded a commercial consultancy contract for Dong Feng Plaza (東風商場) in Hunan. This is an integrated commercial development comprising high-class residential, shopping centre and hotel, with a GFA of 380,000m^2. Our team will provide marketing positioning and design layout concepts for the project. At the year end, we were also awarded the pre-management service contract for Le Palais (嘉爵園), which is a medium to high-end residential development with a total GFA of 58,000 m^2 containing high-rise residential blocks and villas developed by the K Wah Group in Guangzhou Huadu District.

As mentioned in the Interim Report, the Group has set up a branch office in Qingdao as a strategic foothold to expand into selected high-growth second-tier cities in the Chinese Mainland. The Group has satisfactory progress by acquiring three consultancy contracts in Qingdao. These include a high-class residential development at Qingdao Ocean Carnival (青島海上嘉年華), a complex development named Inzone Mall (銀座中心) and a marketing feasibility service for a newly-built winery project in Laixi.

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 cater to the huge market opportunities, the Group has been actively recruiting talented staff to strengthen our Asset Management Services to provide a comprehensive range of AMS to sophisticated property owners and institutional real estate investors. The Group has made satisfactory progress by acquiring leasing agency and AMS pre-management contracts for some of the most renowned commercial projects in Beijing in the second half of 2010. These include Olympic Green (新奧廣場), which is a former central arena of Beijing Olympic Games situated in the central district of Beijing Olympic Park, with a total GFA of 140,000m^2. The Group has also won two AMS contracts in Beijing in October 2010. These include the Macau Centre (澳門中心), a commercial building with total GFA of 87,000m^2, located in the Wanfujing District (王府井), the heart of the business area in Beijing and the Sky Plaza (新年華購物中心), which is an office-cum-retail project located in Xichang District, Beijing, amounting to a GFA of 69,520m^2. With the in-take of these new contracts, the team has been recruiting talented staff and gathering momentum in delivering high-quality services for our customers.

OUTLOOK

Hong Kong

The property and facility management market in Hong Kong is mature and highly competitive. In order to maintain a sustainable growth for the Group, the Group is actively exploring new value-added services for our clients and hence expanding our business lines. Our main strategy in 2011 is to promote "Synergis Plus" services to our customers: providing extra value to our clients by enhancing the value of their properties and further improving their living and working environment through various initiatives. One of the differentiating initiatives is to promote our unique "Building Life Cycle Maintenance Model" to existing and potential clients. With project consultancy and maintenance capabilities from our subsidiaries, the Group is able to provide a one-stop shop property enhancement and maintenance service for all types of buildings, undertaking any large-scale renovation or improvement works. With solid experience in energy and security management, the Group will also proactively conduct energy and security assessments for the managed properties and provide quality and comprehensive solutions to save operational costs and further enhance the peace of mind of our clients.

With the HKSAR Government's introduction in April 2010 of new measures to promote revitalisation of old industrial buildings through the conversion of vacant or under-utilised industrial buildings, the Group has formed a strategic alliance with a leading surveying firm to provide a one-stop shop service for industrial building owners, ranging from feasibility study, conversion application and finance arrangements in the initial stage, to building alteration and additional works, leasing and daily management after revitalization. It is encouraging to note that positive feedback has been received and initial discussions with potential industrial owners have already started following our recent promotion campaign. By leveraging the expertise of the Group's subsidiaries and technical support from HCCG, the Group will be able to grasp this immense business opportunity in the near future.

In addition to the above corporate strategies, the Group has been awarded a four-year property and facility management contract from the Government Property Agency to manage a portfolio of 39 office buildings and quarters for senior civil servants, commencing April 2011. This portfolio has a GFA of approximately 215,000m^2 and 1,700 residential units. Leveraging our commendable customer reference in facility management in Hong Kong through the Group's years of commitment in providing solutions to corporate clients for their non-core business operations activities, the Group is confident of capturing the opportunities brought about by the continuing outsourcing activities of the HKSAR Government departments and other large corporations.

Chinese Mainland

China's economy continued to grow strongly in 2010. In view of the growing concern over the inflation hike and more quantitative easing measures in Western economies, the People's Bank of China raised the bank reserve ratio nine times since 2010 to a historical high level of 20% for major commercial banks. The austerity measures launched in the residential market, which reduced the home sales revenue of developers and a restriction on loans to developers from banks or trust companies, undermined developers' cash flow. As a result, developers tended to sell their non-core assets (non-residential properties) or to form joint ventures with institutional investors in order to improve their cash flow. Buyers of these non-core assets included insurance companies, banking institutions and private equity (PE) funds etc. Due to a change in policy in September 2010 that allows domestic insurance companies to invest 10% of their total assets as of the end of the preceding quarter in all sectors of real estate except for residential, several major deals of office/mixed-use properties purchase were clinched late last year by insurance companies. With these policy effects, we envisage the investment of insurance companies, the expected emergence of RMB REIT funds and other domestic institutional investors will flow into non-residential properties such as shopping malls and offices, which will provide ample business opportunities to the Group as we focus on providing AMS services to the non-residential sector.

With our unique AMS business model and dedicated professional team, our talented team provides comprehensive services including leasing, consultancy, shopping mall operations and engineering services such as green building consultancy and FM technical due diligence services. With global concern over environmental sustainability and carbon footprint reduction, more and more innovative developers are committed to environmental-friendly design and operated properties to save operational costs and to enhance the asset value. Hence, with solid experience brought by our LEED Accredited Professionals, green building services are another business line that has a high potential development in the long-run.

With the acquisition of various contracts of leasing agency, marketing positioning and AMS in the second half of 2010, the team continues to focus on building up a solid operating platform and project showcase to reinforce our brand in the market. With enhanced business development capability and client networks, the Group will especially target insurance companies, investment funds and developers who wish to sustain the quality and value of their property portfolios to support their own branding. The Group will adopt an aggressive approach to future business expansion in various cities with high growth potential. We believe our unique business model, strong management team and proven expertise will enable us to capitalize upon the strong economic and property market growth in the Mainland.

FINANCIAL AND CAPITAL RESOURCES

Treasury Management

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

The Group has a strong financial position and liquidity, and does not have any debt and hence no interest rate risk.

The Group's business has been conducted primarily in Hong Kong and a majority of its assets and liabilities are denominated in Hong Kong Dollars, and hence it has very limited foreign currency exposure. The growth in Chinese Mainland has been funded via permanent capital injection, which is for 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 liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Cash Management

The Group operates a central cash management for all of its subsidiaries with the cash mainly placed in deposits with a diversified portfolio of licensed banks in Hong Kong. The Group has sufficient internal cash and bank facilities to finance its operations and take advantage of potential business opportunities.

HUMAN RESOURCES

At 31 December 2010, the Group employed a total of 5,750 (2009: approximately 5,280) staff in Hong Kong and the Chinese Mainland.

In view of the rapid growth of the Group, a competent and stable workforce is essential for meeting the Group's operational needs and exceeding customers' expectations. The Group has defined a Talent Management Model to manage all Human Resources activities. The Model uses a competence-based approach to ensure quality recruitment, training, performance review and succession planning. It also addresses key issues in staff retention through communication programs, workshops, and a series of staff loyalty programs. This model has won a number of awards in Human Resource and Organization Development competitions.

Highlights of this model include the introduction of the Synergis Corporate University program, a program jointly developed with the Hong Kong Management Association. Subsidies are provided to our officer grade staff to enroll in a customized professional diploma program which will eventually lead to a Degree program. This initiative is helpful in attracting and retaining talent for the Company. Taking into consideration business growth, the staff requirements for both Hong Kong and the Chinese Mainland have been defined. Besides external recruitment, internal talent pools are identified through staff work achievements and performance reviews. Personal development plans are developed to provide exposure to higher accountabilities before promotion assessment. The Group sets its remuneration policy by referencing prevailing market conditions and formulates a performance-based reward system with a view to maintaining market competitiveness for attracting and retaining high caliber staff. The remuneration packages of Hong Kong staff include basic salary, discretionary bonus and other benefits such as a medical scheme and contribution to retirement funds.

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

Employees on the Chinese Mainland are remunerated in accordance with local market terms and welfare policies.

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 participation of the management and the Company's auditor, PricewaterhouseCoopers, have reviewed the audited consolidated financial statements for the financial year ended 31 December 2010 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 2010. 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 2010.

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 2010, except for deviation described below.

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 chairmen of the audit and remuneration and nomination committees or in the absence of any 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 28 June 2010 (the "AGM") due to other business engagement. However, in his absence, the executive deputy chairman of the Board took the chair of the AGM where the chairmen of the audit committee and the remuneration and nomination committee were also present at the meeting. The Board considers that the presence of the executive deputy chairman, the chairmen of the audit committee, and remuneration and nomination committee together with other board members at the AGM was of sufficient caliber and number to address shareholders' questions at the meeting.

DIRECTOR'S FEE FOR NON-EXECUTIVE CHAIRMAN

Further to the announcement dated 17 February 2011 in respect of the resignation and appointment of non-executive director and change of chairman, the Board announces that the director's fee of Dr. Kenneth Chu Ting Kin was fixed at HK$200,000 per annum. The director's fee was recommended by the remuneration and nomination committee of the Company and determined by the Board at the Board Meeting held on 25 March 2011. The director's fee was determined by reference to Dr. Kenneth Chu's duty and responsibilities in the Company and prevailing market situation.

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, 25 March 2011

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

As at the date of this announcement, the Board comprises Dr. Kenneth Chu Ting Kin 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. Tenniel Chu and Mr. Barry John Buttifant 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*