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 2011

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 2011 with comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Note	**2011 HK$’000**	2010 HK$’000
Revenue	2	**678,810**	578,180
Cost of sales	3	**(572,902)**	(483,199)
Gross profit		**105,908**	94,981
Other income		**2,850**	2,260
General and administrative expenses	3	**(87,872)**	(74,244)
Profit before taxation		**20,886**	22,997
Taxation	4	**(4,909)**	(4,683)
Profit for the year		**15,977**	18,314
Profit attributable to:			
Equity holders of the Company		**16,001**	18,347
Non-controlling interests		**(24)**	(33)
		15,977	18,314
Earnings per share for profit attributable to the equity holders of the Company			
- basic	6	**4.8 cents**	5.5 cents
- diluted	6	**4.8 cents**	5.5 cents
Dividends	5	**14,608**	16,600

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**15,977**	18,314
Other comprehensive income:		
Exchange differences on translating foreign operations	**379**	319
Total comprehensive income for the year	**16,356**	18,633
Total comprehensive income attributable to:		
Equity holders of the Company	**16,368**	18,656
Non-controlling interests	**(12)**	(23)
	16,356	18,633

CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**14,630**	16,787
Investment properties		**2,680**	2,000
Deferred tax assets		**192**	194
Total non-current assets		**17,502**	18,981
Current assets			
Contracting work-in-progress		**4,307**	409
Receivables	7	**135,411**	89,704
Utility deposits and prepayments		**12,074**	6,260
Amounts due from fellow subsidiaries		**922**	776
Taxation recoverable		**107**	42
Cash and cash equivalents		**57,812**	78,055
Total current assets		**210,633**	175,246
Current liabilities			
Payables and accruals	8	**94,165**	64,942
Amount due to an intermediate holding company		**2,779**	1,441
Amounts due to fellow subsidiaries		**456**	177
Taxation payable		**2,120**	1,551
Total current liabilities		**99,520**	68,111
Net current assets		**111,113**	107,135
Total assets less current liabilities		**128,615**	126,116
Non-current liabilities			
Long service payment liabilities		**1,803**	570
Deferred tax liabilities		**1,232**	1,597
Total non-current liabilities		**3,035**	2,167
Net assets		**125,580**	123,949
Equity attributable to equity holders of the Company			
Share capital		**33,200**	33,200
Retained profits and other reserves		**81,503**	78,864
Proposed dividends		**10,624**	11,620
		125,327	123,684
Non-controlling interests		**253**	265
Total equity		**125,580**	123,949

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 2011 which are relevant to the Group's operations.

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issue
HK (IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvement Project	Improvements to HKFRSs 2010

The adoption of the above new and revised 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 new and revised HKFRSs that are mandatory for the accounting periods of the Group beginning on or after 1 January 2012 and relevant to the Group's operation but which the Group has not early adopted.

		Effective for accounting periods beginning on or after
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Transfer of Financial Assets	1 July 2011
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Mandatory Effective date of HKFRS 9 and Transitional Disclosure	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015

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 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 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 2011					
Revenue	**568,694**	**22,602**	**87,514**	**-**	**678,810**
Profit/(loss) before taxation	**30,724**	**(18,251)**	**7,848**	**565**	**20,886**
Taxation					**(4,909)**
Profit for the year					**15,977**
Year ended 31 December 2010					
Revenue	484,720	29,403	64,057	-	578,180
Profit/(loss) before taxation	34,175	(12,950)	2,745	(973)	22,997
Taxation					(4,683)
Profit for the year					18,314

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

(b) Customer information

For the year ended 31 December 2011, revenue of approximately HK$225,105,000 (2010: HK$205,040,000) was derived from two external customers, which was attributable to the property management and facility management services.

3. Profit before Taxation

	2011 HK$'000	2010 HK$'000
Profit before taxation is arrived after charging:		
Staff costs, including directors' emoluments	**491,222**	420,762
Depreciation	**6,946**	6,249
Auditor's remuneration	**1,111**	1,006
Operating lease rental on land and buildings	**4,027**	3,262
Operating lease rental on office equipments	**312**	364

4. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	**5,606**	5,339
- (over)/under provision in prior years	**(327)**	38
Overseas tax		
- provision for the year	**-**	1
- over provision in prior years	**(7)**	(8)
Deferred taxation	**(363)**	(687)
	4,909	4,683

5. Dividends Per Ordinary Share

	2011	2010
	HK$'000	HK$'000
(a) Dividends attributable to the current year:		
Interim dividend paid of 1.2 HK cents (2010: 1.5 HK cents)	**3,984**	4,980
Final dividend proposed of 3.2 HK cents (2010: 3.5 HK cents)	**10,624**	11,620
	14,608	16,600
(b) Dividend attributable to the previous year, approved and paid during the year:		
Final dividend of 3.5 HK cents (2010: 5.0 HK cents)	**11,620**	16,600

At a meeting held on 23 March 2012, the Company's board of directors resolved to recommend a final dividend of 3.2 HK cents per ordinary share for the year ended 31 December 2011. This proposed final dividend is not reflected as a dividend payable in these financial statements, until it has been approved by the shareholders at the forthcoming annual general meeting of the Company.

6. 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.

	2011	2010
Profit attributable to equity holders (HK$'000)	**16,001**	18,347
Weighted-average ordinary shares issued ('000)	**332,000**	332,000
Adjustments for share option ('000)	**-**	1,098
Weighted-average ordinary shares for calculating diluted earnings per share ('000)	**332,000**	333,098
Basic earnings per share (HK cents)	**4.8**	5.5
Diluted earnings per share (HK cents)	**4.8**	5.5

7. Receivables

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2010: 30 to 60 days). The ageing analysis by due date is as follows:

	2011	2010
	HK$'000	HK$'000
Accounts receivable		
Not yet due	**64,004**	62,210
1 to 30 days	**37,904**	10,399
31 to 60 days	**7,905**	2,751
61 to 90 days	**3,624**	504
Over 90 days	**3,787**	562
	117,224	76,426
Retention receivables and other receivables	**18,187**	13,278
	135,411	89,704

8. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2010: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	2011	2010
	HK$'000	HK$'000
Accounts payable		
Not yet due	**34,802**	17,564
1 to 30 days	**3,940**	8,444
31 to 60 days	**1,577**	2,284
61 to 90 days	**1,012**	812
Over 90 days	**4,896**	3,398
	46,227	32,502
Retention payables, other payables and accruals	**47,938**	32,440
	94,165	64,942

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 3.2 HK cents per share (2010: 3.5 HK cents per share) for the year ended 31 December 2011. Subject to shareholders' approval at the forthcoming 2012 annual general meeting of the Company, the proposed final dividend will be paid on Monday, 25 June 2012 to shareholders whose names appear on the registers of members of the Company on Friday, 8 June 2012.

Together with the interim dividend of 1.2 HK cents per share (2010: 1.5 HK cents per share) already paid, total dividends for the financial year will amount to 4.4 HK cents per share (2010: 5.0 HK cents per share), which represents a payout ratio of 91% on the earnings for the financial year (2010: 90%).

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from Monday, 4 June 2012 to Friday, 8 June 2012 (both days inclusive), during which period no transfer of shares will be registered. In order to ascertain shareholders' entitlement to 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 Friday, 1 June 2012. 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 consolidated revenue of HK$678.8 million for the year ended 31 December 2011 (2010: HK$578.2 million), an increase of 17.4% compared with last year. Gross profit increased by HK$10.9 million to HK$105.9 million, being 11.5% over last year's total (2010: HK$95.0 million).

General and administrative expenses increased by 18.5% to HK$87.9 million (2010: HK$74.2 million). As a percentage of revenue (12.9%), this is similar to last year. The increase arose mainly from the continued investments made for expansion of the retail consultancy, leasing and asset management services in the Chinese Mainland. Such investments are geared to achieve the targeted growth in clients, business and revenues, which will benefit future years.

Profit attributable to the shareholders for the year was HK$16.0 million, a decrease of 12.8% compared with last year. Earnings per share was 4.8 HK cents for the year (2010: HK 5.5 cents).

Business Segment Results

Property and Facility Management Services

Hong Kong
Revenue grew substantially by 17.3% to HK$568.7 million (2010: HK$484.7 million). Performance has improved by the award of new facility management ("FM") contracts with corporate clients, including the Government Property Agency, the Hong Kong Police Headquarters and CLP Power Hong Kong Limited, together with the award of new car park contracts with the Hong Kong Housing Society ("Housing Society"). However, the property management services business environment remained competitive, the overall net profit margin decreased and the earnings before tax was HK$30.7 million (2010: HK$34.2 million).

Chinese Mainland
During the year, the Group continued its investment and expansion into related businesses in selected cities. When compared to 2010, the decrease in revenue and gross margin was mainly due to the completion of our major contract for the Hong Kong Pavilion at the World Exposition in Shanghai 2010, but we avidly continued to enhance the gross margin of our other facility management contracts and enlarge our leasing and asset management services in 2011. Nonetheless, as a result of the increased staff costs from our planned expansion, the loss augmented to HK$18.3 million (2010: HK$13.0 million).

Supporting and Related Services

Total revenue from supporting services increased by 36.5% to HK$87.5 million (2010: HK$64.1 million). All services reported steady growth with significant improvement in gross margin to 21% for the year (2010: 15.9%) largely brought about through renovation and slope maintenance service contracts. As a result, the net profit margin increased to 9% with net profit amounting to HK$7.8 million (2010: HK$2.7 million).

Business and Operations Review

Overview

The Hong Kong economy remained stable in 2011. Local property market continued its uptrend in the first half of 2011, before slowing down in the second half amidst uncertain global economic outlook and domestically tighter control terms. As for the property services industry in Hong Kong, it remains highly competitive and mature.

Hong Kong

In order to cope with the rising costs while maintaining sustainable growth for the Group, the management team has taken proactive strategies to expand revenue streams from different business units and actively provide new value-added services for our clients. Such business diversification strategy has started to evidence results. In addition to our core property and facility management business, other business units including car park operations, maintenance and building consultancy services, also achieved satisfactory growth during the year.

Property and Facility Management

Amidst a challenging and highly competitive market environment, the Group was able to maintain a moderate growth in its management portfolio size. In the year, Synergis managed a total portfolio of 339 sites in Hong Kong and the size of the residential portfolio increased by 5% to over 173,000 units. With the in-take of several new and prestigious facility management contracts, we managed over 3.8 million sq. m. of commercial and facility space by year end, which demonstrated a steady growth as compared with last year.

As one of the market leaders in property management services, the Group was able to continuously expand its portfolio by winning a number of residential contracts. The new contracts include inter-alia Mansion Court (文翠閣), Hollywood Terrace (荷里活華庭), Richwood Park (嘉豐花園), Rhine Terrace (海韻臺) and also some large-scale public Tenant Purchase Scheme estates including Kwai Hing Estate (葵興邨) and Tin Ping Estate (天平邨).

Leveraging our strong customer base and professional brand in the Facility Management market, our FM team has further strengthened its market position in attaining new prestigious contracts. In addition to the four-year term service contract awarded by the Government Property Agency commencing April 2011 covering the office buildings and senior civil servants' quarters, we have been appointed by Cathay Pacific Services Limited to provide comprehensive facility management services for their new Cathay Pacific Cargo Terminal starting from 1 March 2012. This HK$5.5 billion constructed cargo terminal is a multi-storey warehouse complex with an entire site area over 240,000 sq. m., containing the state-of-art material handling system. Together with our solid experience provided through managing the world-class Asia Airfreight Terminal over the past 10 years, our FM team can transfer the best operational practices to the Cathay Pacific Cargo Terminal project and help both our clients achieve the highest operational and cost efficiency. Covering two out of the existing three airfreight facilities in Hong Kong, demonstrates Synergis' sound expertise in managing these sophisticated airfreight facilities.

In addition to the above achievements, the Group has also extended our services to several government properties including the Cattle Depot, Sewage Treatment Plants and the Hong Kong Heritage Discovery Centre. Given our strong track record and professional services for education institutions, we were appointed by Ying Wa College and by the Diocesan Girls' School to manage their school campuses.

Car Park Operations

With our client's vote of confidence in Synergis' capability in car park management and operations, we successfully obtained the first car park operations contract from the Housing Society to operate the car parks of Healthy Village (健康邨) and Jat Min Chuen (乙明邨) starting from March 2011. Moreover, the Group has been awarded the car park operation contract by Pamela Youde Nethersole Eastern Hospital to provide services commencing February 2012.

Maintenance and Building Consultancy

During the year, our management team has advocated to implement "Synergis Plus" service 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 key strategies is promoting our one-stop-shop solution on building maintenance service to existing and potential clients. With project consultancy and maintenance capabilities of our subsidiaries, we have successfully obtained several large-scale renovation works, slope maintenance and energy efficiency improvement projects during the year. These include building renovation works for Manlai Court, Fleming Building and CNT Bisney, slope repair works for Tsui Ping (North) Estate and vacant flat refurbishment contract from the Housing Society. We were also appointed by the incorporated owners of Elegance Garden, Cheung Wah Estate and Wan Tau Tong Estate to be their building consultant to handle large-scale renovation work, construction of condensation drain pipe and re-plumbing works for their properties respectively.

Chinese Mainland

With our commitment to hiring the best people and providing the highest levels of service to our clients, our Mainland team has strengthened the service offerings and extended a foothold in various high-growth cities during the year.

Retail Consultancy

Our research and consultancy team delivers insightful and comprehensive analyses on market opportunities and changing market dynamics. During the year, we were appointed to provide market positioning and consultancy services to various commercial and mixed developments including Qiqihar Underground Commercial Street (齊齊哈爾中心廣場地下商場) in Heilongjiang, Harbin Dazhijie (哈爾濱大直街) and Western Town Tunnel (哈爾濱西城•滙) in Harbin, Sanyuecheng Shopping Plaza (三悅城) in Liaoning and Jinyushang Project (金玉山項目) in Linyi, Shangdong, as well as Lanshuixing Commercial Complex (藍水星商業綜合體) in Shantou, Guangdong.

Leasing

With strong international and local networks and leasing capability, our leasing team has introduced various renowned retail tenants to different shopping mall developments, and continued to be appointed by landlords for new developments such as Suhe No. 1 (蘇河一號) in Shanghai and Hangzhou River Shipyard (杭州造船廠) in Hangzhou. The Group has also successfully signed strategic alliance agreements with Kowa Corporation ("Kowa") and Orange Sky Golden Harvest Entertainment Co. Ltd. ("OSGH") wherein we undertake to identify suitable locations and provide the related fit out and operations support services for their expansion on a Pan-China basis. Kowa is a large-scale Japanese corporation that will expand its fashion and food and beverage brands in the Chinese Mainland. OSGH currently has 31 cinemas in operation and it targets to expand to 60 cinemas by end of 2012. Our team has already concluded a cinema space agency in Pingjiang City in Suzhou.

Asset Management Services ("AMS")

Building on an experienced management team and ardent business development efforts, the Mainland team has made significant strides in obtaining various AMS contracts. The Group was appointed by the developers to provide leasing, tenancy management, marketing and promotion, and operations management for prominent shopping and commercial centres including Spot on WFJ (淘匯新天) in Beijing, Vanke International Plaza (萬科國際廣場) and Pingjiang Metro (平江新城) in Suzhou. Our team also provided property management and consultancy services for some large-scale commercial developments including Handan Jishan New World Plaza (邯鄲稽山新天地商業廣場) in Hebei, and Yinfa New World Plaza (銀發新世界) in Qingdao. The Group was also appointed by the renowned French department store operator Galeries Lafayette (China) Ltd. to deliver pre-occupancy property management consultancy services for their first Asian store in Xidan, Beijing starting from July 2011. Following our excellent operational performance, management contracts with Metropolis Tower and ECMall were renewed by the clients.

Facility Management and Technical Services

In addition to the smooth FM operations in Huawei R&D Center in Shanghai, the Group was awarded several project management contracts from shopping mall landlords and catering groups. These include the waterproofing works to rooftops of Shenyang Wanda Mall; re-roofing works for Dalian Wanda Mall; and fitting out works for a Thai restaurant in Puxi, Shanghai.

OUTLOOK

Hong Kong

Going into 2012, against an uncertain global economic background including the Euro zone sovereign debt crisis, the business environment in Hong Kong has turned increasingly difficult and is expected to remain highly uncertain in the period ahead. In order to cope with the ongoing challenges, the Group's objective is to focus on consistently delivering outstanding and unique solutions to meet our clients' requirements and continue to take advantage of selective growth opportunities to improve our service offering to clients. We will persistently pursue our strategy to enhance the value of the clients' properties and further improve their living and working environment by providing one-stop-shop property enhancement and maintenance services. Moreover, building on a strong track record, our FM team will pro-actively pursue new opportunities brought about by continual outsourcing of FM services e.g. by international schools and tertiary educational institutions.

As a long-term dependable and trusted partner to the Link Management Limited, the Group is delighted to report that our three existing car park management contracts, covering 116 car parks, will be extended to April 2013. Moreover, we have been awarded a 2-year Property Management Support Services contract where our management team will provide full security and guarding services for the 10 shopping centres in Tin Shui Wai area commencing from 1 April 2012.

In addition to the core management business, one of our other business strategies is to further strengthen and expand our maintenance business stimulated by various Government initiatives in building safety and energy conservation promotions. These opportunities include the implementation of the mandatory building inspection scheme and mandatory window inspection scheme, the "Operations Building Bright" Initiative and revitalisation of industrial buildings promotion measures. Management will continue to invest across this business line through targeted recruitment and development of a sustainable operational platform.

Our ability to deliver the right solutions to our clients depends on having the right people and investment in people is one of the major success factors for creating value for the customers and long term success for the Group. Therefore, besides launching the Synergis Corporate University Program in conjunction with the Hong Kong Management Association to provide an advanced education path for our staff, we also encourage our front-line staff to join the Qualifications Framework set up by the Government and help them to gain proper qualifications in the property management industry.

Chinese Mainland

In the Chinese Mainland property market, a series of austerity measures taken by the government to avoid a speculative bubble have been gradually implemented. The Group has seen a weakened property market especially in the residential property sector. In order to avoid increasing risks in residential development, many developers have moved to the commercial property market developed by rapid urbanisation and increasing consumption power. The temporary shift of focus from residential property to commercial property offers opportunities for the Group in the retail consultancy services.

The Group will strengthen the capabilities across our business lines to further enhance our one-stop-shop solutions and meet the demands from increasingly sophisticated property developers and institutional real estate investors. First of all, we will reinforce our retail leasing capability by securing more retail operators as our strategic partners to form a strong tenant base as well as to obtain more leasing and asset management contracts of shopping mall and composite commercial developments in selected high-growth cities. Acting as a proactive real estate strategic partner for Kowa, the Group will identify suitable shops for their fashion and food and beverage brands on a Pan-China basis. The Group will also arrange and monitor the fitting out works for shops unit and help to apply for business operating licences and assist in recruiting local staff. As for OSGH, the Group will continue to find suitable sites for their new cinemas all over China and also help to identify suitable partners to operate developed space adjacent to the cinemas. Secondly, the Group will differentiate our asset management services through offering the best-in-class asset portfolio strategy for our clients to minimize operational costs and maximize return. Thirdly, we will develop our fit-out project management capability in order to meet the huge demand for quality project management services from existing and potential customers. Finally, we will significantly increase our marketing efforts in developing the Group’s brand position in this huge market by more proactive pubic relations and promotion activities through a variety of media channels.

China is still a major growth engine in global economy, attracting substantial foreign direct investment in the coming year. Given this huge business potential, the Group established a strategic alliance with two US-based leading real estate services firms, Binswanger and Kidder Mathews in February 2012, to provide cross border real estate brokerage and consulting services for US companies with real estate needs in the Chinese Mainland and for China-based clients with real estate investment needs on an international basis. The establishment of the “Synergis-Binswanger Kidder Mathews” alliance, known as SBKM alliance, marks an important milestone for Synergis to launch the investment brokerage business complementing our current service offerings, and a geographical expansion beyond our Greater China borders. Currently, the Group is working closely with Pacific Alliance Group to identify investment opportunities and provide comprehensive asset management services in the Chinese Mainland. Management believes this new service platform and new service offerings add to the quality and depth of our service to clients, and differentiate us from our competitors.

We can leverage on the expanded portfolio in commercial properties to develop the leasing business progressively in the coming year. The Group will continue to make significant investments in people and information technology infrastructure to enhance our capabilities and enable ourselves to meet the ever changing economic and business conditions, and expectations of our diverse client base. Looking ahead, with our proven track record in Hong Kong and the Chinese Mainland market, the Group is well-positioned to provide unparalleled real estate services and continues to be the trusted and dependable partners for our clients.

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 remains in a strong financial position with excellent cash flow and therefore has no debt and no interest cost risk.

The Group's business has been conducted primarily in Hong Kong, and the majority of its assets and liabilities are denominated in Hong Kong Dollars, and therefore it has minimal foreign currency exposure. The growth in Chinese Mainland has been funded 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 its financial resources in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Cash Management

The Group operates centralised cash management with cash mainly placed in short-term 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 any potential business opportunities.

HUMAN RESOURCES

At 31 December 2011, the Group employed a total of 6,287 staff (31 December 2010: 5,750) in Hong Kong and the Chinese Mainland.

In view of the rapid growth of the Group, a competent stable workforce is essential for meeting the Group's operational needs and exceeding customers' expectation. The Group has defined a Talent Management Model (the "Model") to manage all Human Resource 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 staff loyalty programs. This Model has won a number of awards in Human Resource and Organization Development competitions.

Highlights in 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 the officer grade staff to enroll to a customized professional diploma program which will eventually pave their way to a Degree program. This initiative is helpful in attracting and retaining talents of the Company. Apart from taking care of the academic advancement of the staff, the Group has developed series of 6-12 month training and mentoring programs for managers to enhance their career development in the Group, namely, Post Promotion Development Program and the Talents Development Program.

Taking into consideration the business growth, staff planning in both Hong Kong and China, has been defined. Besides external recruitment, internal talent pools are identified through staff work achievements and performance reviews. Career 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 medical scheme and contribution to retirement funds.

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.

Employees on the Chinese Mainland are competitively remunerated in line with local market terms and conditions.

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 2011 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 2011. 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 2011.

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 2011.

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, 23 March 2012

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 purposes only*