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 2012

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 2012 with comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	**2012 HK$'000**	2011 HK$'000
Revenue	2	**908,460**	678,810
Cost of sales		**(774,750)**	(572,902)
Gross profit		**133,710**	105,908
Other income		**2,927**	2,850
General and administrative expenses		**(110,070)**	(87,872)
Interest expenses		**(573)**	-
Profit before taxation	3	**25,994**	20,886
Taxation	4	**(7,332)**	(4,909)
Profit for the year		**18,662**	15,977
Profit attributable to:			
Equity holders of the Company		**18,689**	16,001
Non-controlling interests		**(27)**	(24)
		18,662	15,977
Earnings per share for profit attributable to the equity holders of the Company			
- basic	6	**5.6 cents**	4.8 cents
- diluted	6	**5.6 cents**	4.8 cents
Dividends	5	**16,940**	14,608

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**18,662**	15,977
Other comprehensive income:		
Exchange differences on translating foreign operations	**52**	379
Total comprehensive income for the year	**18,714**	16,356
Total comprehensive income attributable to:		
Equity holders of the Company	**18,741**	16,368
Non-controlling interests	**(27)**	(12)
	18,714	16,356

CONSOLIDATED BALANCE SHEET
As at 31 December 2012

	Note	**2012 HK$'000**	2011 HK$'000
Non-current assets			
Property, plant and equipment		**13,738**	14,630
Investment properties		**3,090**	2,680
Intangible assets		**66,426**	-
Goodwill		**168,968**	-
Deferred tax assets		**174**	192
Total non-current assets		**252,396**	17,502
Current assets			
Contracting work-in-progress		**181,135**	4,307
Receivables	7	**239,972**	135,411
Utility deposits and prepayments		**16,018**	12,074
Amounts due from fellow subsidiaries		**698**	922
Taxation recoverable		**27**	107
Cash and cash equivalents		**90,718**	57,812
Total current assets		**528,568**	210,633
Current liabilities			
Payables and accruals	8	**350,228**	94,165
Bank loan		**180,000**	-
Amount due to ultimate holding company		**25,358**	2,779
Amounts due to fellow subsidiaries		**967**	456
Taxation payable		**5,285**	2,120
Total current liabilities		**561,838**	99,520
Net current (liabilities)/assets		**(33,270)**	111,113
Non-current liabilities			
Long service payment liabilities		**2,081**	1,803
Deferred tax liabilities		**12,214**	1,232
Total non-current liabilities		**14,295**	3,035
Net assets		**204,831**	125,580
Equity attributable to equity holders of the Company			
Share capital		**39,067**	33,200
Retained profits and other reserves		**155,238**	81,503
Proposed dividends		**10,300**	10,624
		204,605	125,327
Non-controlling interests		**226**	253
Total equity		**204,831**	125,580

Notes to the Financial Statements

1. Basis of Preparation and Accounting Policies

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

In preparing the consolidated financial statements, the Directors have given consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by HK$33 million as at 31 December 2012. Taking into account of the available banking facilities and internal generated funds, the Directors are confident that the Group will be able to meet its financial obligations when they fall due within the next twelve months. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(a) New and amended standards adopted by the Group

The following new/revised HKFRSs, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2012. There is however no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies.

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Asset
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 1	As part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2009 – 2011 Cycle, except for the amendments HKAS1	1 January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
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 11	Joint Arrangements	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: Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Investment Entities	1 January 2014
HKAS 32 (Amendment)	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 will adopt the above new or revised standards and amendments to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group, except for HKFRS 10 "Consolidated Financial Statements" which management assessed having no impact to subsidiary classification, but is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2. Segment Information

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, identified as the Board of directors and senior management, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are

- property and facility management services in Hong Kong;
- property and facility management services in Chinese Mainland including leasing services;
- interiors and special projects;
- repair and maintenance services and
- supporting services including security, cleaning, laundry, etc.

During the year, the Group has changed the composition of its reportable segments to five operating segments (2011: three). Accordingly, the corresponding items of segment information for the year ended 31 December 2011 have been restated.

(a) Segment result (in HK$'000)

	Property and facility management services						
	Hong Kong	**Chinese Mainland**	**Interiors and Special Projects#**	**Maintenance services**	**Supporting services**	**Corporate***	**Total**
2012							
Revenue	**627,837**	**28,497**	**98,405**	**92,187**	**61,534**	**-**	**908,460**
Gross profit	**81,707**	**16,012**	**9,670**	**13,948**	**12,373**	**-**	**133,710**
Operating profit	**35,303**	**(18,080)**	**8,479**	**3,990**	**3,174**	**-**	**32,866**
Amortisation of intangible assets	**-**	**-**	**(727)**	**-**	**-**	**-**	**(727)**
Loan interest expenses	**-**	**-**	**(573)**	**-**	**-**	**-**	**(573)**
Professional fee for acquisition	**-**	**-**	**(5,065)**	**-**	**-**	**-**	**(5,065)**
General and administrative expenses	**-**	**-**	**-**	**-**	**-**	**(507)**	**(507)**
Profit/(loss) before tax	**35,303**	**(18,080)**	**2,114**	**3,990**	**3,174**	**(507)**	**25,994**
Taxation							**(7,332)**
Profit for the year							**18,662**

	Property and facility management services						
	Hong Kong	Chinese Mainland	Interiors and Special Projects#	Maintenance services	Supporting services	Corporate*	Total
2011							
Revenue	568,694	22,602	-	46,167	41,347	-	678,810
Gross profit	75,645	11,849	-	9,608	8,806	-	105,908
Operating profit	30,724	(18,251)	-	2,147	5,701	-	20,321
General and administrative expenses	-	-	-	-	-	565	565
Profit/(loss) before tax	30,724	(18,251)	-	2,147	5,701	565	20,886
Taxation							(4,909)
Profit for the year							15,977

***** Corporate represents corporate and administrative activities.

Interiors & Special Projects division was acquired from the Group's largest shareholder on 30 November 2012 and hence the current financials represent only one month of its performance.

(b) Customer information

For the year ended 31 December 2012, revenue of approximately HK$228,216,000 (2011: HK$225,105,000) was derived from two external customers, which was attributable to the property and facility management services.

3. Profit before Taxation

	2012 **HK$'000**	2011 HK$'000
Profit before taxation is arrived after charging:		
Staff costs, including directors' emoluments	**557,572**	491,222
Depreciation	**6,952**	6,946
Professional fee for acquisition	**5,065**	-
Amortisation of intangible assets	**727**	-
Auditor's remuneration	**1,142**	1,111
Operating lease rental on land, buildings and office equipment	**5,355**	4,339

4. Taxation

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

The amount of tax charged/(credited) to the consolidated income statement represents:

	2012 **HK$'000**	2011 HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	**7,196**	5,606
- over provision in prior years	**(295)**	(327)
Overseas tax		
- provision for the year	**511**	-
- over provision in prior years	**-**	(7)
Deferred taxation	**(80)**	(363)
	7,332	4,909

5. Dividends

	2012 **HK$'000**	2011 HK$'000
(a) Dividends attributable to the current year:		
Interim dividend paid of 2.0 HK cents (2011: 1.2 HK cents)	**6,640**	3,984
Final dividend proposed of 2.5 HK cents (2011: 3.2 cents)	**10,300**	10,624
	16,940	14,608
(b) Dividends attributable to the previous year but paid during the year:		
Final dividend of 3.2 HK cents (2011: 3.5 HK cents)	**10,624**	11,620

At a meeting held on 22 March 2013, the Company's board of directors resolved to recommend a final dividend of 2.5 HK cents for the year ended 31 December 2012. 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 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 shares outstanding after adjustment for the potential dilutive effect in respect of outstanding employee share options and potential shares issued during the year.

	2012	2011
Profit attributable to equity holders (HK$'000)	18,689	16,001
Weighted-average ordinary shares issued ('000)	332,000	332,000
Adjustments for potential ordinary shares to be issued ('000)	1,311	-
Weighted-average shares for calculating diluted earnings per share (' 000)	333,311	332,000
Basic earnings per share (HK cents)	5.6	4.8
Diluted earnings per share (HK cents)	5.6	4.8

7. Receivables

As of 31 December 2012, accounts receivable of HK$62,379,000 (2011: HK$53,220,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2011: 30 to 60 days). The ageing analysis by due date is as follows:

	2012	2011
	HK$'000	HK$'000
Accounts receivable		
Not yet due	**107,551**	64,004
1 to 30 days	**45,466**	37,904
31 to 60 days	**8,378**	7,905
61 to 90 days	**1,909**	3,624
Over 90 days	**6,626**	3,787
	169,930	117,224
Retention receivables and other receivables	**70,042**	18,187
	239,972	135,411

8. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2011: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	2012	2011
	HK$'000	HK$'000
Accounts payable		
Not yet due	**207,899**	34,802
1 to 30 days	**9,693**	3,940
31 to 60 days	**1,950**	1,577
61 to 90 days	**1,040**	1,012
Over 90 days	**8,083**	4,896
	228,665	46,227
Retention payables, other payables and accruals	**121,563**	47,938
	350,228	94,165

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 2.5 HK cents per share (2011: 3.2 HK cents per share) for the year ended 31 December 2012. Subject to shareholders' approval at the forthcoming 2013 annual general meeting of the Company, the proposed final dividend will be paid on Thursday, 4 July 2013 to shareholders whose names appear on the registers of members of the Company on Tuesday, 25 June 2013.

Together with the interim dividend of 2.0 HK cents per share (2011: 1.2 HK cents per share) already paid, total dividends for the financial year will amount to 4.5 HK cents per share (2011: 4.4 HK cents per share), which represents a payout ratio of 91% on the earnings for the financial year (2011: 91%).

CLOSURE OF REGISTERS OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the registers of members of the Company will be closed from Thursday, 20 June 2013 to Tuesday, 25 June 2013, both days inclusive (Hong Kong Time), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend (subject to members' approval at the forthcoming annual general meeting), 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 June 2013 (Hong Kong Time). The principal share registrars of the Company is Butterfield Fulcrum Group (Bermuda) Limited at 26 Burnaby Street, Hamilton HM 11, Bermuda.

MANAGEMENT DISCUSSION AND FINANCIAL ANALYSIS

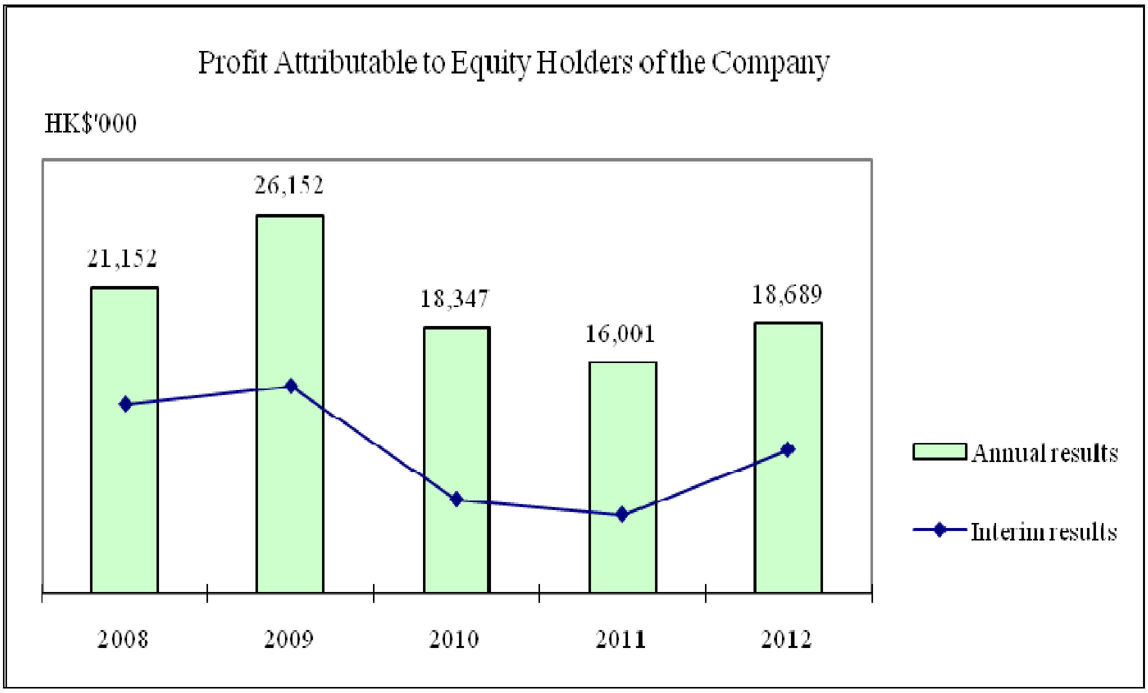
Financial Performance

Summary

		2012	2011	%
Revenue	HK$'M	908.5	678.8	+33.8
Gross Profit	HK$'M	133.7	105.9	+26.3
Operating Profit	HK$'M	32.9	20.3	+62.1
Net Profit attributable to Shareholders	HK$'M	18.7	16.0	+16.9
EPS	HK Cents	5.6	4.8	+16.7

For the year ended 31 December 2012, the Group reported HK$908.5 million of consolidated revenues, HK$133.7 million of gross profit and HK$18.7 million of attributable profits, which represents substantial increases over last year of 33.8%, 26.3% and 16.9%, respectively.

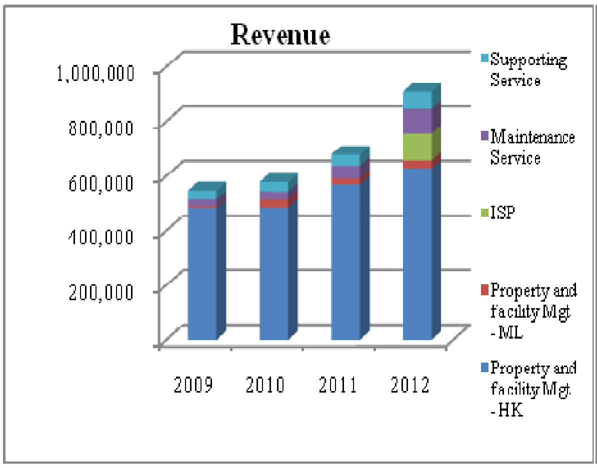
Earnings per share were 5.6 HK cents for the year which was 16.7% higher than last year (2011: 4.8 HK cents).

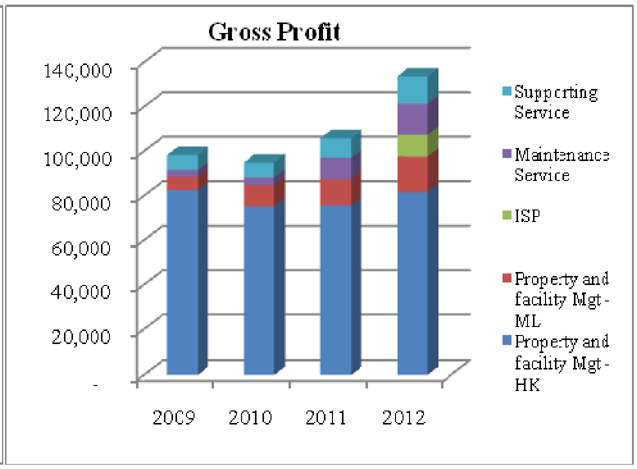


Business Segment Results and Financial Highlights

	Revenue (HK$'M)			Operating Profit (HK$'M)		
	2012	2011	Change	2012	2011	Change
Property & Facility Management – Hong Kong	627.8	568.7	10%	35.3	30.7	15%
Property & Facility Management – Chinese Mainland	28.5	22.6	26%	-18.1	-18.3	1%
Interiors & Special Projects (acquired on 30 Nov 2012*)	98.4	0.0	n.a.	8.5	0.0	n.a.
Maintenance services	92.2	46.2	100%	4.0	2.2	82%
Supporting services	61.6	41.3	49%	3.2	5.7	-44%
Total	**908.5**	**678.8**	**34%**	**32.9**	**20.3**	**62%**

** Representing one-month result only*





Business and Operations Review

Overview

Despite the highly competitive market for the property services industry in Hong Kong, all our business segments achieved satisfactory revenue growth in 2012. In order to achieve sustainable and profitable growth for the Company, the management has developed strategies for expanding service capabilities of the Company in providing a "one-stop-shop" solution to clients. The Company has acquired the ISP business from its holding company, Hsin Chong Construction Group Ltd. (Stock code: 0404) ("Hsin Chong") during the year. With the acquisition of the ISP business, the Company can provide further enhanced services to clients with needs for any building renovations, large scale fitting-out works and more sophisticated or complex, large building remodeling works.

With the growing outbound investments by the Chinese High Net Worth Individuals ("HNWI"), we established Synergis International Real Estate Advisory Services Limited ("Synergis International"), through an alliance with two leading US real estate consultancies, Binswanger and Kidder Mathews, and a US-based investment company, Greater China Assets Ltd. ("GCA"). Synergis International offers dedicated services to Chinese companies and HNWI seeking access to investments in the international real estate market, and primarily the US market, as well as providing real estate solutions to multi-national companies entering China.

Property and Facility Management Services

Hong Kong:
The Group continued it's consistent growth in the property and facility management business in Hong Kong. Total revenues grew by 10% to HK$628 million, of which HK$38 million was from new facility management ("FM") contracts with corporate clients, including inter-alia the Government Property Agency; the Hong Kong Police Headquarters; CLP Power Hong Kong Limited; and The Hong Kong Jockey Club.

As a result, the overall net profit margin increased by 15%, with the operating profit increased to HK$35.3 million.

We have awarded a two-year Property Management Support Services contract for managing 10 shopping centres in Tin Shui Wai area with effect from 1 April 2012 from The Link Management Limited and received a special performance related bonus for the existing car park contracts during the year. Furthermore, the Group continues to achieve growth in the property management and related services business in Hong Kong with the award of substantial new contracts by the Hong Kong Housing Authority, such as the contract for managing Shek Kip Mei Shopping Centre and Non-Domestic Premises.

As one of the market leaders in property management services, the Group was able to continuously expand its portfolio by gaining a number of management contracts for residential and industrial projects. The new contracts include inter-alia Regal Crest (薈萃苑), Full Wealth Gardens (富雅花園), Mansion Court (文翠閣), Ching Shing Court (青盛苑), Ho Ming Court (浩明苑), Century Center(世紀工商中心) and Yale Industrial Centre (盈力工業中心).

Having been providing the FM service to the Asia Airfreight Terminal ("AAT") for 11 years since 2001, Synergis has renewed the management contract with AAT for another 3 years commencing from October 2012. We have also been awarded a 3-year FM contract for the management of Cathy Pacific Cargo Terminal starting from March 2012. This HK$5.5 billion cargo terminal is a multi-storey warehouse complex with an entire site area over 240,000 sqm, containing state-of-art material handling systems. With management of two out of the three cargo terminals in the Hong Kong International Airport, Synergis has demonstrated a strong expertise in management of air cargo terminals and similar complex facilities in Hong Kong.

Synergis has also successfully renewed the management contract with The Hong Kong Jockey Club with extended service scope for three Public Riding Schools in Tuen Mun, Pokfulam and Lei Yue Mun for 3 years commencing from November 2012. The renewal of the long term contracts reflects the confidence of our clients in Synergis' capabilities in FM and excellent open partnering relationships.

Leveraging on our strong client base and the Synergis professional brand and reputation in the FM market, our FM team has further increased its market position by acquiring new contracts in town. We have expanded our services to other educational establishments in addition to the Company's existing strong education FM management portfolio. The new FM contracts include the Island South (Pokfulam) Campus of the Centennial College and the Chinese University School of Continuing and Professional Studies (CUSCS) – Tseung Kwan O Learning Centre.

Chinese Mainland:
The Group continued its investment and expansion into related businesses in selected cities in the Chinese Mainland. Increases in revenues and gross margin were mainly due to the award of additional contracts in retail consultancy services in Tieling as well as asset management services ("AMS") rendered to Tsui Wah Catering Management Group ("Tsui Wah Group"), Hong Kong Island

Centre (港島中心) in Tangshan (唐山) and The Linyi Jinyushan (臨沂金玉山) in Shandong (山東). However, after offsetting the increased staff costs from the planned expansion, the operating loss remained almost to the sams as last year. Decisive action is being taken to ensure that such losses (being in reality, the costs of investing in business in the mainland) will be significantly reduced in 2013.

With the continued growth in the commercial property market in the Chinese Mainland, the Company has strengthened the capabilities across the business lines to enhance "one-stop-shop" solutions to meet the demands from increasingly sophisticated property developers and institutional real estate investors. In 2012, the team has made progress in obtaining a number of retail consultancy, leasing, facility management and asset management services contracts in Shanghai, Beijing, Qingdao and Tieling.

During the year, the Group was appointed by Hsin Chong to provide AMS to La Viva (星悅南岸) project in Tieling (鐵嶺), Shenyang (瀋陽); a new township comprised of mixed residential and commercial properties with total planned gross floor area of 3,000,000 sqm, which is expected to be completed in several phases over 6 to 8 years. Synergis provides the market research, and property management consultancy and leasing services to the La Viva project in the first phase of development which comprises of 340,000 sqm of leasing space. Apart from the La Viva contract, the Group has secured a number of AMS contracts, including the New Oriental Building (新東方大廈) in Beijing, Qiqihar Wan Cheng Hui (齊齊哈爾萬城匯) in Qiqihar, Jinfeng Project (錦峰項目) in Shantou and Shanghai Xinlonghua Culture Industry Center (上海新龍華文化產業中心) in Shanghai.

We have established good relationship with Tsui Wah Group and the Group has been awarded an additional 3 project management services contracts for their outlets in Shanghai. The Group has also secured five retail consultancy contracts during the year. These contracts includes the Linyi Jinyushan projects located in Shangdong, a complex development with over 606,000 sqm including office building, residential projects and retail developments; the Handan Project (邯鄲專案) in Handan (邯鄲) with over 300,000 sqm; SH Inter Port (尙華國際港) in Erdos (鄂爾多斯) with over 160,000 sqm; and Jilin Century Plaza (吉林世紀廣場) in Jilin (吉林) with over 100,000 sqm.

Maintenance Services

One of Group's key strategies for 2012 was to expand the maintenance business and to seize opportunities arising from various government initiatives and programmes and total revenues from this segment doubled to HK$92 million, with the operating profit increased sharply by 90% to HK$4 million. Projects included inter-alia new repair and maintenance contracts consisting of significant renovation works undertaken for Manlai Court, Ngong Shuen Chau Barracks, and large scale repair works projects under the Operation Building Bright Scheme during the year.

Supporting Services

Total revenues from supporting services increased by 49% to HK$62 million. All services including trading business, cleaning and security services reported steady growth with significant improvement in revenues, but operating profit decreased to HK$3 million compared with 2011 as we made substantial investment in human resources to support the growth momentum.

Interiors & Special Projects

The acquisition of the ISP business from Hsin Chong was completed on 30 November 2012 and was largely financed by a 5-year bank loan of HK$180 million together with issuance of 58,666,667 convertible preference shares at completion. A further 21,333,333 convertible preference shares will be issued if the additional profit above the minimum guarantee condition was achieved for the year.

On a standalone full-year basis, during 2012 the ISP business recorded HK$876.3 million total revenues, HK$57.3 million gross profits and HK$42 million profit before taxation. However, as we acquired this business at the end of November 2012, the results for the month of December were consolidated into the Group's 2012 financial statement with revenue of HK$98.4 million and an operating profit of HK$8.5 million. After taking into account the non-recurrent acquisition transaction costs, together with amortization of intangible assets and interest expenses associated with this acquisition, the consolidated earnings before taxation of ISP business was only HK$2.1 million for the Group. In 2013, ISP will make a full year contribution to revenues and profits.

Based on the track record and the current order pipeline of this business, management considers the ISP business segment will be a significant contributing factor to the future growth in the Group's revenues and net profits. ISP business prior years' performance (without shared services cost allocation) is shown in the following table:

		2012	2011	2010
Revenue	HK$'M	876.3	696.7	347.8
Gross profit	HK$'M	57.3	35.0	16.1
General and administrative expenses	HK$'M	(15.3)	(11.9)	(5.9)
Profit before taxation	**HK$'M**	**42.0**	**23.1**	**10.2**
Gross margin	%	6.5%	5.0%	4.6%

The acquisition of ISP business will significantly increase the Group's existing repair and maintenance business by including major alteration and addition ("A&A") works; demolition works; renovation and conservation works; fitting-out works for commercial projects; commercial, residential, retail and institutional special building projects; and maintenance and construction work.

At 31 December 2012, the ISP business in Hong Kong had 21 work-in-progress contracts with an aggregate outstanding order book of approximately HK$739 million. These contracts include the A&A works at Ocean Gallery and Ocean Centre in Tsim Sha Tsui; renovation works at Sogo Department Store in Causeway Bay; fitting out works of Jusco Skyline Plaza Sore in Tsuen Wan and Kowloon City Store in Kowloon City; and the refurbishment of Sincere Insurance Building.

Furthermore, the ISP business will now actively expand its geographic base from Hong Kong to Macau, Beijing and other cities in the Chinese Mainland. During 2012, the ISP business has completed two contracts in Beijing, including the renovation and fitting out works of the East Gate Plaza and the consultancy services for fitting out works of the New Times Plaza. It will also be actively involved in the Hsin Chong's property development project in Tieling, Shenyang which will be a very substantial new township comprised of both residential and commercial properties and ISP has been appointed as the main contractor for the fitting out works for the sales centre, including show room, sales office and children playgroup area, commencing in September 2012 and the works are targeted to be completed in the first half of 2013.

OUTLOOK

Hong Kong

Moving forward to 2013, the Group's business portfolio is well balanced to take advantage of market opportunities. Being a market leader in the property and facility management industry, the Group will continue to expand the management portfolio in 2013 by capturing the continuing outsourcing initiatives implemented by corporations, public organizations, education institutions and government departments. With the full operation of FM at Cathy Pacific Cargo Terminal this year, the Group has become one of the major FM services providers at Hong Kong International Airport. The Group will also focus on developing further FM services in the education sector leveraging on the existing strong management experience.

Management is optimistic about the prospect of the Group with the acquisition of ISP business. Through the acquisition, the Group will gain synergistic opportunities for the existing renovation, A&A works, and repair and maintenance businesses of the Group. Using the expanded skills and knowledge of the ISP business, the Group will focus on providing "one-stop-shop" services to our clients on building maintenance, A&A works and fitting-out works. We are also well positioned to capture the business opportunities brought in by Hong Kong Government's initiatives on the Operation Building Bright; Mandatory Building Inspection Scheme; the Mandatory Building Window Inspection Scheme; and favorable policies on industrial building revitalization.

Interiors and Special Projects Business

With significant increase in tourists, there is intense demand for high end retail renovation and A&A works, particularly in luxury fashion retailers in Hong Kong. With the further experience of fitting-out and A&A contracts of the Ocean Terminal, Harbour City, Sogo Department Stores and Jusco Department Stores, ISP is positioned to capture significant opportunities in retail sector. The Group anticipates that the business in the fitting-out and A&A works of the retail properties will continue to grow.

With ISP division appointed as a contractor for fitting-out works for the parent company's Tieling real estate projects in the Chinese Mainland, it is in a good position to seize this opportunity to expand the fitting-out and A&A business in this development project in the next 6 – 8 years. ISP division has been appointed as the main contractor for the fitting-out works of the boutique hotel and the sales office of the Tieling project and the respective works have already started in January 2013. The first phase of development includes 380,000 sqm residential developments and includes 38 blocks of residential buildings ranging from 8 to 28 stories. The sale of residential property is expected to begin in the third quarter 2013. The team will target to undertake the residential fitting-out opportunities by launching different packages for the residential owners in the second half of 2013.

With the opening up of Macau's locally-controlled casino industry to foreign competition, the territory has attracted tens of billions of dollars in foreign investment to provide luxury and prestigious hotel, commercial and residential developments in recent years. As a result, hotel renovation projects in Macau will be another key target in 2013. Leveraging on Hsin Chong Group's construction projects on the Cotai Strip and the Galaxy Resort and Casino in Macau, ISP division will target the fitting-out and renovation works for over 4,000 hotel rooms and 120,000 sq. ft retail space in these two major projects.

Chinese Mainland

There are many opportunities for AMS in the Chinese Mainland as property developers are now focusing on developing commercial properties stimulated by the rapid urbanisation and increasing disposal incomes estimated under the government's 12th Five Year Plan. The Group has experienced management team to take on all the AMS opportunities. Through the Mainland team's efforts, the Group has now successfully obtained contracts for 36 projects comprising services for retail consultancy, leasing, AMS and FM. In addition to the existing projects, the Mainland team will take over one leasing contract and 4 AMS contracts in the first quarter of 2013. The projects include the 40,000 sqm leasing space of Sun City Shopping Mall (上海隆宇商業廣場), the Shanghai O Mall (上海華僑城) and Shanghai Bao Shan Mall (上海寶山尙大國際廣場) in Shanghai, the New Oriental Group Building (新東方集團大廈) in Beijing and the Qiqihar Wan Cheng Hui (齊齊哈爾萬城匯) in Qiqihar. The Group anticipates that there will be more leasing and AMS contracts to be secured in 2013 given the now established company profile and project reference in the market.

With the long term strategic partnering relationship with Huawei Technologies Company Limited ("Huawei"), the Group has been awarded a 5-year facility management services contract to Huawei's 250,000 sqm Research & Development (R&D) Centre in Beijing with the management contract commencing in April 2013. The Group has also secured an FM contract from Guangzhou Hangxin Aviation Technology Co., Ltd (廣州航新航空科技公司) to provide services to Hangxin's 250,000 sqm R&D Centre in Guanzhou starting from April 2013.

In addition to the appointment of ISP Division as the main contractor for fitting-out projects in Tieling, Liaoning, our Mainland team has also been appointed as the AMS manager to provide AMS and leasing for Phase 1 of the La Viva project in Tieling comprising 380,000 sqm GFA of residential area and 340,000 sqm GFA of retail area.

China is a major growth engine in the global economy. The Company plans to capitalise on the fast growth rate of the Chinese HNWI market, the increased Chinese outbound investment and the substantial foreign direct investment in the coming years. Synergis International offers advisory services on a diverse array of property investments in real estate projects primarily in the United States. The Synergis International team, with the operation base in Shanghai and Beijing, has started working closely with the US partners to identify Chinese investors seeking investment opportunities in the US. The team offers consultancy services to potential clients on investment products referred by the US partners. With the increasing demand on the outbound investment by the Chinese investors, the management believes there is a substantial business opportunity in this new business of the Group.

With an expanded portfolio in commercial properties, the Group remains positive about the eventual financial performance of the Chinese Mainland business, given a healthy pipeline of business from our AMS operations which should lead to continued growth and profitability in the coming years. Looking ahead, with our proven track record in Hong Kong and the Chinese Mainland market, the Group is well-positioned to provide one-stop-shop real estate services and continue to be the trusted and dependable partner for our clients.

FINANCIAL POSITION, CAPITAL RESOURCES AND FINANCIAL RISK MANAGEMENT

As of 31 December 2012, total outstanding bank loans was HK$180 million (2011: nil), which was borrowed specially for the acquisition of the ISP business and is repaid over a 5 year period. The loan is primarily based on a spread to HIBOR prevailing at the time of drawdown or roll-over. With regard to the current portfolio of businesses, management expects that the financing requirements for the remainder of the current financial year will be met in combination of existing available cash, cash generated from operations, as well as banking facilities.

The total equity for the Group has been increased with the issuance of 58,666,667 convertible preference shares and 21,333,333 bonus convertible preference shares with fair-value totaling HK$78 million, as part of consideration of the ISP business acquisition.

Financial position summary

	2012	2011
Financial position (HK$'000)		
Total assets	**780,964**	**228,135**
Current assets	**528,568**	**210,633**
Net assets	**204,831**	**125,580**
Per share data (HK$)		
Basic earnings per share	**0.056**	**0.048**
Diluted earnings per share	**0.056**	**0.048**
Dividend per share	**0.043**	**0.044**
Net assets per share	**0.524**	**0.378**
Key ratios		
Gross margin	**14.7%**	**15.6%**
Net margin	**2.1%**	**2.4%**
Current ratio	**0.9**	**2.1**
Return on shareholders' equity (ROE) (weighted avg)	**14.2%**	**12.9%**
Dividend payout ratio	**90.6%**	**91.3%**

Treasury Management

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

Interest rate risk arises from bank borrowings, as the interest rates are fixed for short-term periods to take advantage of the lower rates and in accordance with market practice and therefore subject to fluctuation at the time of renewal.

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 injections, 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.

Human Resources

At 31 December 2012, the Group employed a total of 6,649 staff (2011: 6,287) in Hong Kong and the Chinese Mainland.

To cope with the 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 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 a variety of communication programs, skills enhancement workshops, and staff loyalty programs. This Model has won a number of awards in Human Resource and Organization Development competitions.

The Group has been continuously making investment in developing talents for managing growth of the Group. Apart from taking care of the academic advancement of the staff through an education subsidy arrangement, the Group has developed a series of core training programmes for colleagues to enhance both management and technical skills to ensure achievement of performance excellence. The Group has also worked out a comprehensive HR succession plan and identified talents for the sustainable growth of the Group. The Talents Development Program is one of the major programmes deployed in identifying and developing high performers, to enable them fast-tracked career development and personal advancement in the Company.

Taking into consideration the business growth, staff requirements in both Hong Kong and China have been defined. In addition to external recruitment, internal talent pools are identified through work achievements and performance reviews. Personal development plans 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 calibre staff. The remuneration packages of Hong Kong staff include basic salary, discretionary bonus and other personal benefits.

To ensure our service can exceed customer expectations, the Group has developed the Total Customer Experience Model to meet the needs of customers and to provide creative solutions.

Incentive bonus scheme and share options scheme are established for senior to middle management staff to provide them with initiatives and incentives to align their performance with the overall profitability and development of the Group.

Employees in 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 2012 of the Group.

REVIEW OF THIS ANNOUNCEMENT

The figures in this results announcement, from page 1 to page 9, 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 2012. 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 2012.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE

The Company has applied the principles in the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (effective until 31 March 2012, the "Former CG Code") and the Corporate Governance Code (effective from 1 April 2012, the "Revised CG Code") as set out in Appendix 14 of the Listing Rules.

During the financial year ended 31 December 2012, the Company had complied with all code provisions of the Former CG Code during 1 January to 31 March 2012. It had also complied with the Revised CG Code during 1 April to 31 December 2012, save for the deviation as explained below.

Code provision A.6.7 of the Revised CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Save for a Non-executive Director who was not able to attend the special general meeting held on 15 November 2012 due to his own other important business engagement, all Non-executive Directors (including Independent Non-executive Directors) attended the annual general meeting and the special general meeting of the Company held on 29 May 2012 and 15 November 2012 respectively.

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, 22 March 2013

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

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

** for identification purposes only*