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SYNERGIS HOLDINGS LIMITED

新昌管理集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 02340)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

ANNUAL RESULTS

The board (the “Board”) of directors (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 2013 with comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 HK\$'000	2012 HK\$'000
Revenue	2	1,680,076	908,460
Cost of sales		(1,500,209)	(774,750)
Gross profit		179,867	133,710
Other income		3,344	2,927
General and administrative expenses		(121,903)	(109,343)
Amortisation of intangible assets		(8,726)	(727)
Interest expenses		(6,778)	(573)
Profit before taxation	3	45,804	25,994
Taxation	4	(11,413)	(7,332)
Profit for the year		34,391	18,662
Profit attributable to:			
Equity holders of the Company		34,392	18,689
Non-controlling interests		(1)	(27)
		34,391	18,662
Earnings per share for profit attributable to the equity holders of the Company			
- basic	6	9.0 cents	5.6 cents
- diluted	6	8.5 cents	5.6 cents
Dividends	5	22,660	16,940

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013 HK\$'000	2012 HK\$'000
Profit for the year	<u>34,391</u>	<u>18,662</u>
Other comprehensive income:		
<u>Items that will not be reclassified to profit or loss</u>		
Actuarial gain on long service payment liabilities	111	-
<u>Items that may be subsequently reclassified to profit or loss</u>		
Exchange differences on translating foreign operations	468	52
Other comprehensive income for the year	579	52
Total comprehensive income for the year	<u>34,970</u>	<u>18,714</u>
Total comprehensive income attributable to:		
Equity holders of the Company	34,971	18,741
Non-controlling interests	<u>(1)</u>	<u>(27)</u>
	<u>34,970</u>	<u>18,714</u>

CONSOLIDATED BALANCE SHEET **As at 31 December 2013**

	Note	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Property, plant and equipment		11,005	13,738
Investment properties		3,170	3,090
Intangible assets		57,700	66,426
Goodwill		168,968	168,968
Deferred tax assets		381	174
Total non-current assets		241,224	252,396
Current assets			
Contracting work-in-progress		239,448	181,135
Receivables	7	325,708	239,972
Deposits and prepayments		19,256	16,018
Amounts due from fellow subsidiaries		1,502	698
Taxation recoverable		293	27
Cash and cash equivalents		79,827	90,718
Total current assets		666,034	528,568
Current liabilities			
Payables and accruals	8	382,279	350,228
Bank loans		276,000	180,000
Amount due to ultimate holding company		5,366	25,358
Amount due to other partner of joint operations		186	-
Amounts due to fellow subsidiaries		938	967
Taxation payable		5,999	5,285
Total current liabilities		670,768	561,838
Net current liabilities		(4,734)	(33,270)
Total assets less current liabilities		236,490	219,126
Non-current liabilities			
Long service payment liabilities		1,642	2,081
Deferred tax liabilities		10,649	12,214
Total non-current liabilities		12,291	14,295
Net assets		224,199	204,831
Equity attributable to equity holders of the Company			
Share capital		41,200	39,067
Retained profits and other reserves		168,354	155,238
Proposed dividends		14,420	10,300
		223,974	204,605
Non-controlling interests		225	226
Total equity		224,199	204,831

Notes to the Financial Statements

1. Basis of Preparation and Accounting Policies

The consolidated 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\$4.7 million as at 31 December 2013. 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.

(i) 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 2013.

HKAS 1 (Amendment)	Presentation of Financial Statements – Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – offsetting Financial Assets and Financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure on Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009 – 2011 Cycle
Annual Improvements Project	Annual Improvements 2012 – Amendment to HKFRS 13 “Fair Value Measurement”
Annual Improvements Project	Annual Improvements 2013 – Amendment to HKFRS 1 “First Time Adoption”
HKFRS 10	Consolidated Financial statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new or revised and amendments to HKFRSs in the current year has had no material impact on the Group's results and financial position except for the application of HKAS 19 (Amendment), HKFRS 11 and certain disclosures in respect of HKAS 1 (Amendment), HKFRS12 and HKFRS 13.

HKFRS 11 Joint Arrangements

Under HKFRS 11, classification of joint arrangements focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; Joint ventures are accounted for under the equity method. Proportional consolidation of joint ventures is no longer permitted.

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Upon the application of HKFRS 11, the Directors concluded that all of the Group's joint arrangements should be classified as joint operations under HKFRS 11 taking into account the relevant joint arrangement agreements that specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements.

The effects of the application of HKFRS 11 on the Group's consolidated financial statements for the current year are as follows:

Impact on the results for the years ended 31 December 2013 by line items presented in the consolidated income statement

	2013 HK\$'000
Increase in revenue	109,811
Increase in cost of sales	(96,190)
Decrease in share of results of joint ventures	(11,374)
Increase in taxation	(2,247)
Net change in profit for the year	-

Impact on the consolidated balance sheet of the Group as at 31 December 2013

	At 31 December 2013 HK\$'000	Adjustments for HKFRS11 HK\$'000	At 31 December 2013 (As presented) HK\$'000
Non-current assets			
Joint ventures	18,277	(18,277)	-
Other assets	243,019	-	243,019
Current assets			
Contracting work-in-progress	223,845	15,603	239,448
Receivables	292,631	33,077	325,708
Deposits and prepayments	18,844	412	19,256
Cash and cash equivalents	75,447	4,380	79,827
	872,063	35,195	907,258
Other liabilities	294,595	-	294,595
Current liabilities			
Payables and accruals	349,517	32,762	382,279
Amounts due to other partner of joint operations	-	186	186
Taxation payable	3,752	2,247	5,999
	647,864	35,195	683,059
Net assets	224,199	-	224,199

HKAS 19 (Amendment) Employee Benefits

HKAS 19 (Amendment) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised immediately in other comprehensive income and permanently excluded from profit or loss; expected returns on plan assets are no longer recognised in profit or loss and instead, interest on the net defined benefit liability (asset) in profit or loss is calculated using the discount rate used to measure the defined benefit obligation and; unvested past service costs are now recognised in profit or loss in the year and not amortised over the vesting period. The adoption of HKAS 19 (Amendment) had an impact on the retirement benefit obligations primarily due to the immediate recognition of actuarial gains and losses in other comprehensive income.

- (ii) New and amended standards that are relevant to the Group, are issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted in preparing these consolidated financial statements.

Amendments to HKAS 19	Employee benefits: Defined Benefit Plans – Employees Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ¹
HK(IFRIC) - Int 21	Levies ¹
Annual Improvement Project	Annual Improvement to HKFRS 2010-2012 Cycle ²
Annual Improvement Project	Annual Improvement to HKFRS 2011-2013 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

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, 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 Executive Committee, 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 the Chinese Mainland including leasing services;
- interiors and special projects;
- repair and maintenance and
- related services including security, cleaning, laundry, etc.

(a) Segment results (in HK\$'000)

	<u>Property and facility management services</u>		Repair and Maintenance	Related Services	Property and Facility Management and Related Services	Interiors and Special Projects	Total
	Property and Facility Management- Hong Kong	Property and Facility Management- Chinese Mainland					
2013							
Revenue	617,362	36,709	83,018	61,922	799,011	881,065	1,680,076
Gross profit	78,231	12,175	13,150	15,233	118,789	61,078	179,867
Operating profit/(loss)	36,157	(16,954)	3,457	7,654	30,314	37,892	68,206
Amortisation of intangible assets					-	(8,726)	(8,726)
Acquisition loan interest expenses					-	(6,279)	(6,279)
Others (note 1)					(5,860)	(1,537)	(7,397)
Profit before taxation					24,454	21,350	45,804
Taxation					(5,644)	(5,769)	(11,413)
Profit for the year					18,810	15,581	34,391

	<u>Property and facility management services</u>		Repair and Maintenance	Related Services	Property and Facility Management and Related Services	Interiors and Special Projects [#]	Total
	Property and Facility Management- Hong Kong	Property and Facility Management- Chinese Mainland					
2012							
Revenue	627,837	28,497	92,187	61,534	810,055	98,405	908,460
Gross profit	81,707	16,012	13,948	12,373	124,040	9,670	133,710
Operating profit/(loss)	38,639	(18,396)	4,263	3,574	28,080	8,479	36,559
Amortisation of intangible assets					-	(727)	(727)
Acquisition loan interest expenses					-	(573)	(573)
Professional fee for acquisition					-	(5,065)	(5,065)
Others (note 1)					(3,467)	(733)	(4,200)
Profit before taxation					24,613	1,381	25,994
Taxation					(6,174)	(1,158)	(7,332)
Profit for the year					18,439	223	18,662

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

Note 1: Others represent other income and other unallocated expenses, but exclude amortisation of intangible assets.

(b) Customer information

For the year ended 31 December 2013, revenue of approximately HK\$183,310,000 was derived from one single external customer which was attributable to interiors and special projects (for the year ended 2012: HK\$228,216,000 was derived from two external customers, which was attributable to the property and facility management services).

3. Profit before Taxation

	2013 HK\$'000	2012 HK\$'000
Profit before taxation is arrived after charging:		
Staff costs, including directors' emoluments	670,558	557,572
Depreciation	7,067	6,952
Auditor's remuneration	1,020	1,142
Operating lease rental on land, buildings and office equipment	9,090	5,355
Professional fee for acquisition	-	5,065

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 to the consolidated income statement represents:

	2013 HK\$'000	2012 HK\$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	11,721	7,196
- under/(over) provision in prior years	21	(295)
Overseas tax		
- provision for the year	1,443	511
Deferred taxation	(1,772)	(80)
	<u>11,413</u>	<u>7,332</u>

5. Dividends

	2013 HK\$'000	2012 HK\$'000
(a) Dividends attributable to the current year:		
Interim dividend paid of 2.0 HK cents (2012: 2.0 HK cents)	8,240	6,640
Final dividend proposed of 3.5 HK cents (2012: 2.5 cents)	14,420	10,300
	<u>22,660</u>	<u>16,940</u>

(b) Dividends attributable to the previous year, approved and paid during the year:

Final dividend of 2.5 HK cents (2012: 3.2 HK cents)	<u>10,300</u>	<u>10,624</u>
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At a meeting held on 17 March 2014, the Board resolved to recommend a final dividend of 3.5 HK cents for the year ended 31 December 2013. 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

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

	2013	2012
Profit attributable to equity holders (HK\$'000)	34,392	18,689
Less: dividends to convertible preference shareholders (HK\$'000)	(4,400)	-
Profit attributable to ordinary shareholders (HK\$'000)	<u>29,992</u>	<u>18,689</u>
Weighted-average ordinary shares issued ('000)	<u>332,000</u>	<u>332,000</u>
Basic earnings per share (HK cents)	<u>9.0</u>	<u>5.6</u>

- (b) Diluted earnings per share is calculated by dividing the Group's profit attributable to the equity holders by the weighted-average ordinary shares outstanding after adjusting for the potential dilutive effect in respect of outstanding employee share options and potential ordinary shares issued on convertible preference shares during the year.

	2013	2012
Profit attributable to equity holders (HK\$'000)	34,392	18,689
Weighted-average ordinary shares issued ('000)	332,000	332,000
Adjustments for share options ('000)	958	-
Adjustments for potential ordinary shares to be issued ('000)	71,759	1,311
Weighted-average ordinary shares for calculating diluted earnings per share ('000)	<u>404,717</u>	<u>333,311</u>
Diluted earnings per share (HK cents)	<u>8.5</u>	<u>5.6</u>

7. Receivables

As of 31 December 2013, accounts receivable of HK\$88,537,000 (2012: HK\$62,379,000) 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 (2012: 30 to 60 days). The ageing analysis by due date is as follows:

	2013 HK\$'000	2012 HK\$'000
Accounts receivable		
Not yet due	146,950	107,551
1 to 30 days	60,754	45,466
31 to 60 days	8,618	8,378
61 to 90 days	7,030	1,909
Over 90 days	12,135	6,626
	<u>235,487</u>	<u>169,930</u>
Retention receivables and other receivables	<u>90,221</u>	<u>70,042</u>
	<u>325,708</u>	<u>239,972</u>

8. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2012: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	2013 HK\$'000	2012 HK\$'000
Accounts payable		
Not yet due	212,094	207,899
1 to 30 days	16,410	9,693
31 to 60 days	5,915	1,950
61 to 90 days	6,437	1,040
Over 90 days	11,055	8,083
	<u>251,911</u>	<u>228,665</u>
Retention payables, other payables and accruals	<u>130,368</u>	<u>121,563</u>
	<u>382,279</u>	<u>350,228</u>

FINAL DIVIDEND

After giving due consideration to the enlarged scope of our business portfolio and the more working-capital intensive nature of the interiors and special projects business, the reserves of the Company and the overall working capital requirement of the Group, the Board considers it appropriate to adopt a prudent dividend policy and hence a lower payout ratio than before. The payment of a final dividend of 3.5 HK cents per share (2012: 2.5 HK cents per share) for the year ended 31 December 2013 is hence recommended. Subject to shareholders' approval at the forthcoming 2014 annual general meeting (the "2014 AGM") of the Company, the proposed final dividend will be paid on or around Friday, 30 May 2014 to shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 20 May 2014 (Hong Kong time).

Together with the interim dividend of 2.0 HK cents per share (2012: 2.0 HK cents per share) already paid, total dividends for the financial year will amount to 5.5 HK cents per share (2012: 4.5 HK cents per share), representing a payout ratio of 66% (2012: 91%) on the earnings for the financial year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

- (i) from Thursday, 8 May 2014 to Monday, 12 May 2014, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 7 May 2014 (Hong Kong time); and
- (ii) from Friday, 16 May 2014 to Tuesday, 20 May 2014, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend (subject to members' approval at the 2014 AGM), all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at the address as set out in sub-paragraph (i) not later than 4:30 p.m. on Thursday, 15 May 2014 (Hong Kong time).

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

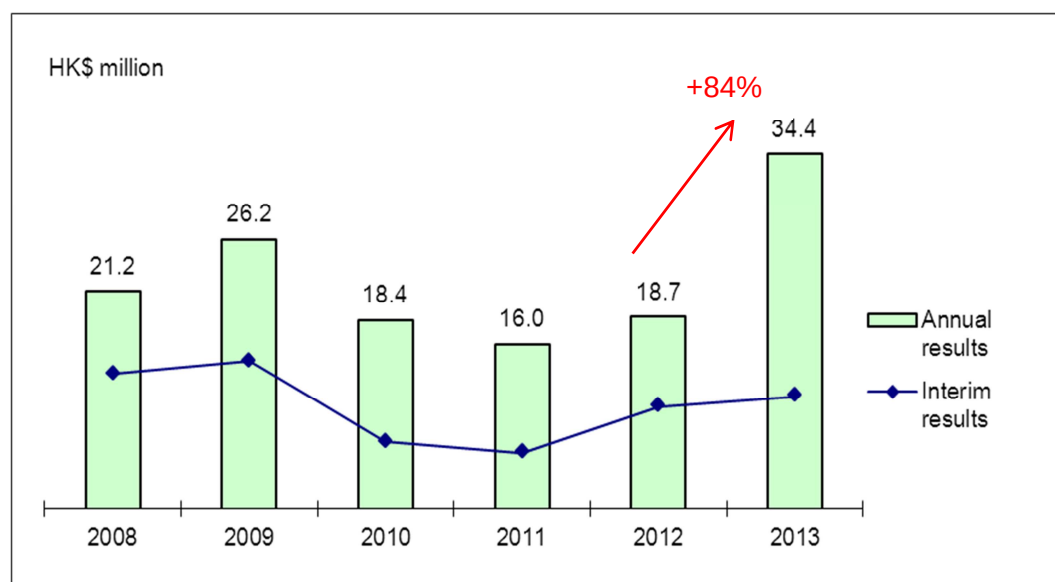
MANAGEMENT DISCUSSION AND FINANCIAL ANALYSIS

Financial Performance

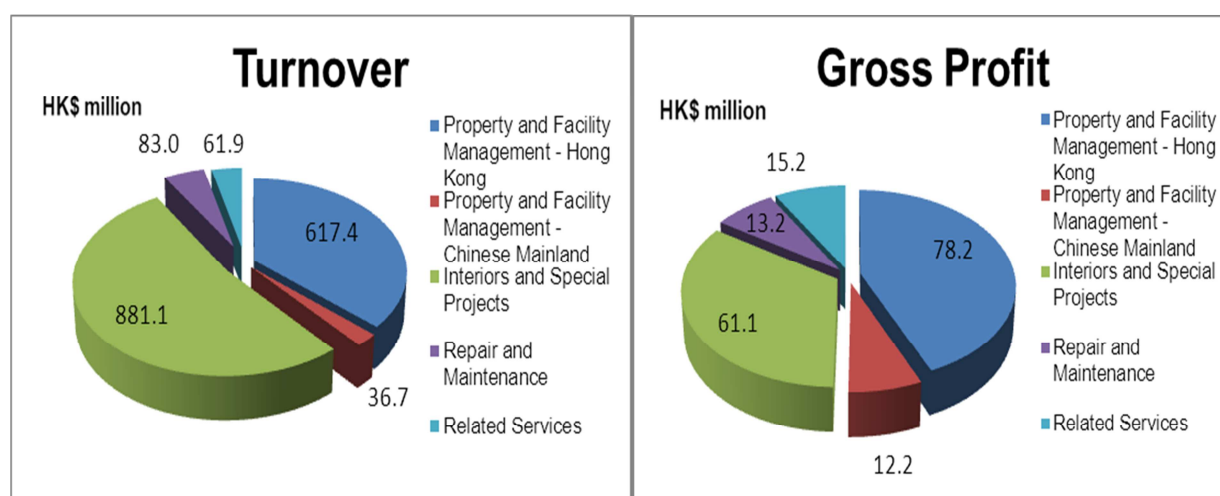
The year of 2013 saw Synergis reach new record highs and show improved financial results of full year impact of the interiors and special projects (“ISP”) business after acquisition.

	Unit	2013	2012	Change
Revenue	HK\$' million	1,680.1	908.5	+84.9%
Gross Profit	HK\$' million	179.9	133.7	+34.6%
Operating Profit	HK\$' million	68.2	36.6	+86.3%
Net Profit Attributable to Shareholders	HK\$' million	34.4	18.7	+84.0%
Gross Profit Margin		10.7%	14.7%	-4.0%
Net Profit Margin		2.0%	2.1%	-0.1%
Basic Earnings Per Share	HK cents	9.0	5.6	+60.7%

Net Profit Attributable to Shareholders



Business Segment Results and Financial Highlight



For the year ended 31 December 2013, the Group reported a new record of consolidated revenue up to HK\$1.7 billion with substantial contributions from ISP business, which, as an aggregate, almost doubled from last year. Gross profit and operating profit also substantially increased by 35% and 86% to HK\$179.9 million and HK\$68.2 million respectively over last year. Excluding the additional operating profit contribution from the new ISP business, the management services business for this year increased by 8% to HK\$30.3 million with sustainable margin (see table below). After amortisation of intangible assets and interest on bank loan related to the newly acquired ISP business, the profit attributable to shareholders was HK\$34.4 million, an increase of 84% over that recorded last year. Over 55% net profit was still contributed by our core management services business. Based on the track record and the current order pipeline of ISP business, management considers the ISP business segment will continue to be a significant contributing factor to the future growth of the Group's revenue and net profits. Earnings per share were 9.0 HK cents which was 60% over last reporting year (2012: 5.6 HK cents).

	Revenue (HK\$'M)			Operating Profit (HK\$'M)		
	2013	2012	Change	2013	2012	Change
Property & Facility Management – Hong Kong	617.4	627.8	-1.7%	36.2	38.6	-6.2%
Property & Facility Management – Chinese Mainland	36.7	28.5	28.8%	-17.0	-18.4	7.6%
Repair and Maintenance	83.0	92.2	-10.0%	3.4	4.3	-20.9%
Related Services	61.9	61.6	-0.5%	7.7	3.6	113.9%
Synergis Management Services Business Sub-total	799.0	810.1	-1.4%	30.3	28.1	7.8%
Interiors & Special Projects (acquired on 30 Nov 2012)	881.1	98.4*	n/a	37.9	8.5*	n/a
Total	1,680.1	908.5	84.9%	68.2	36.6	86.3%

*Representing one-month result only

Business and Operations Review

Overview – Hong Kong

Despite the highly competitive market for the property services industry in Hong Kong and the Chinese Mainland, all our business segments achieved satisfactory revenue growth in 2013. The acquisition of ISP business has significantly increased the Group's existing repair and maintenance business. The ISP business and the maintenance business have contributed more than HK\$1 billion revenue to the Group in 2013. The favorable results reflect the Group's strategic foresight in acquiring the ISP business from its holding company in November 2012.

Property and Facility Management Services

Hong Kong:

The Group has maintained its sizeable market position in property and facility management business in Hong Kong. In 2013, the Group was able to continuously expand its portfolio by securing a number of management contracts in residential and commercial projects including Leyburn Villas (麗濱別墅), HK JEBN Group Center (樓上集團中心), Asia One Tower (宏亞大廈), Radiant Towers (旭輝臺), Greenknoll Court (嘉翠園), St. James' Settlement Multi Service Complex (聖雅各福群會綜合大樓) and Sai Kung Tseung Kwan O Government Complex (西貢將軍澳政府綜合大樓).

As a partner of MTR Corporation Limited, the Group has been awarded a 3 years' contract for the Provision of Ambassador Services in Stations and Trains of Disneyland Resort Line and 30 months' security contract for the Kornhill Garden (康山花園), commencing in September 2013. In addition to the above achievements, the Group has also been awarded a 2 year's security contract from the Hong Kong Housing Authority for the provision of security guarding services to the Hong Kong Housing Authority Headquarters Blocks 1 and 2 and a comprehensive facility management services contract awarded by Leisure and Cultural Services Department for Oil Street Art Space (油街藝術空間) which is a grade two historic building.

With the experience and strenuous efforts in developing facility management business in airport area, the Group has obtained a 4 year's service contract from the Hong Kong Airport Authority for the Provision of Taxi Passenger Queue management and Anti-touting Operation Services to the Hong Kong International Airport. The project will commence in the first quarter of 2014.

The performance of this segment was relatively steady and reported similar revenue as last year. The majority of our growth in revenue this year, apart from adverse impact of the end of The Link's car park management contract effective from April 2013, mainly came from the new facility managements contracts of Cathay Pacific Cargo Terminal and other contracts awarded this year as mentioned above together with full year impact of property services contracts by the Hong Kong Housing Authority. The previous year's revenue and gross profit included a one-off performance bonus from The Link. In effect, if excluding this one-off bonus from last year, the performance demonstrated minor improvement this year.

Chinese Mainland:

With ardent business development effort in 2013, the Chinese Mainland team has made significant strides in obtaining various Asset Management Services ("AMS") contracts, retail management contracts and property and facility management projects in Beijing and Shanghai.

Riding on the rapid urbanization and increasing disposal income estimated under the government's 12th Five Year Plan, the Group is well positioned to provide "One-stop-shop" real estate services to seize business opportunities in the Chinese Mainland. In 2013, we have successfully secured a number of AMS projects which include Sun City Shopping Mall (隆宇國際商務廣場), Shanghai O Mall (上海華僑城) in Shanghai and New Times Plaza (新年華生活購物廣場) in Beijing.

Apart from the AMS business, the Group has successfully secured several property management contracts in 2013. These include a 2 year's property management contract for Lakeville Phase 1 & 2 (翠湖天地 - 雅苑第一及二期) in Shanghai, the development with a total GFA of over 230,000 sqm. As a recognized quality facility manager, the Group was appointed by Huawei Technologies Company Limited for providing facility management service to its mega Research & Development Centre with 223,035 sqm GFA in Beijing with a term of 5 years' starting from April 2013.

Furthermore, the Group has continued to expand its consultancy services with developers and has successfully secured a number of consultancy contracts during the year. These include the consultancy services for Shanghai Forest Manor (上海西郊莊園), Hangzhou River Club (杭州錢塘會), Nantong Lakevilla (南通翠湖灣) and Jilin Century Plaza (吉林世紀廣場), etc.

To capitalize on the fast growth rate of Chinese outbound and inbound investment opportunities, the Group has set up a dedicated international team based in Shanghai and Beijing since 2012. This year, the team has successfully built up and maintained an exclusive customer database for all those High Net Worth Individuals through personal networks and referral from existing customers. Apart from partnering with the US partner to source the outbound investment projects, the management has also teamed to source investment projects in the Chinese Mainland for those investors with interest in making investment in the Chinese Mainland.

Total revenue generated from additional contracts awarded as mentioned above offset by the contracts completion during this year together with stringent control on the general and administrative expenses with 17% reduction from last year, has helped to reduce the operating loss gradually to HK\$17.0 million.

Repair and Maintenance Services

During the year, our management team has continued to develop the repair and maintenance business focusing on the Government's advocacy for building maintenance in the community, such as Operation Building Bright (OBB); Mandatory Window Inspection Scheme (MWIS); and Mandatory Building Inspection Scheme (MBIS). In 2013, the Group has successfully secured several renovation projects under the OBB scheme, including Kiu Kin Mansion (僑建大廈); Tak Yan Building Stage 15 (德仁樓十五期); and Tao Tak Building (陶德大廈). With the project consultancy and maintenance capabilities of our subsidiaries, we have successfully obtained several large-scale renovation works and energy efficiency improvement works during the year. These include swimming pool renovation work for Tai Po Garden (大埔花園), Building Renovation work for Pui Ying Secondary School (培英中學); Fire Services Improvement Works for High Island Training Camp (萬宜訓練營); External Walls Repair works for Tivoli Garden (宏福花園); Building Renovation works for Wan Chai House (灣仔大樓) and Fok Lin Building and Energy Efficiency Projects for Wah Kwai Estate (華貴邨).

Apart from the renovation opportunities, the Group has started to capture the business opportunity brought by the Government's statutory requirement of the MWIS which became effective in 2013. The Group has successfully generated over HK\$6.3 million total revenue from over 1,200 numbers of units affected by the MWIS in 2013.

Total revenue from this segment was down slightly to HK\$83.0 million due to the completion of the large scale renovation work for Manlai Court and Ngong Shuen Chau Barracks last year. The effect was partially offset by Sha Kok Estate renovation project and certain large scale repair and maintenance works under OBB Scheme as mentioned above. The gross profit margin has improved to 16% this year, but the operating profit has shown a slight drop to HK\$ 3.4 million.

Related Services

Total revenue from related services was almost same as last year with improved margin by 4.6% to 24.6%. Together with stringent control on general and administrative expenses, the operating profit of all services especially the trading and cleaning business, have been doubled from last year to HK\$7.7 million.

Interiors & Special Projects

Our Interiors & Special Projects Division delivered a year of satisfactory performance. In 2012, ISP achieved over HK\$34 million profit of standalone performance which exceeded the minimum profit guarantee of HK\$30 million under the terms of the acquisition. Regarding the approximately HK\$1 billion outstanding workload as reported in the 2013 Interim Report, half of it has been completed before the end of December 2013 and the gross profit of approximately HK\$25 million has thus been recorded. Among many new projects secured from its expanding portfolio of clients, there were a number of renovation and alteration and addition (“A&A”) projects including inter-alia the Renovation works for Citistore at Tuen Mun; Renovation works for Kee Wah Industrial Building at Cheung Sha Wan; Renovation Works at 28 Hennessy Road at Wan Chai; Data Centre A&A works packages for Digital Realty at Tseung Kwan O Industrial Estate; A&A and interior fitting out works at 34B Lugard Road, The Peak; A&A Works to Aberdeen Marina Club; Phase 0 renovation of CDW Building at Tsuen Wan; Renovation works for St. John’s Building Lobby at Central; Enabling works for Harmony Redevelopment at Hysan Avenue; Guestrooms and Corridor Mockup Construction works at Intercontinental Hong Kong, Tsim Sha Tsui; A&A works for the installation of New Frieght Lift at Cornwall House, Taikoo Place; A&A works for Southern Corner of Lee Gardens; Interior Fitting out works for Tsuen Wan Adventist Hospital extension and Improvement works (Phase 2) for Additional Paper Artifact Furnace in Po Fook Memorial Hall at Tai Wai.

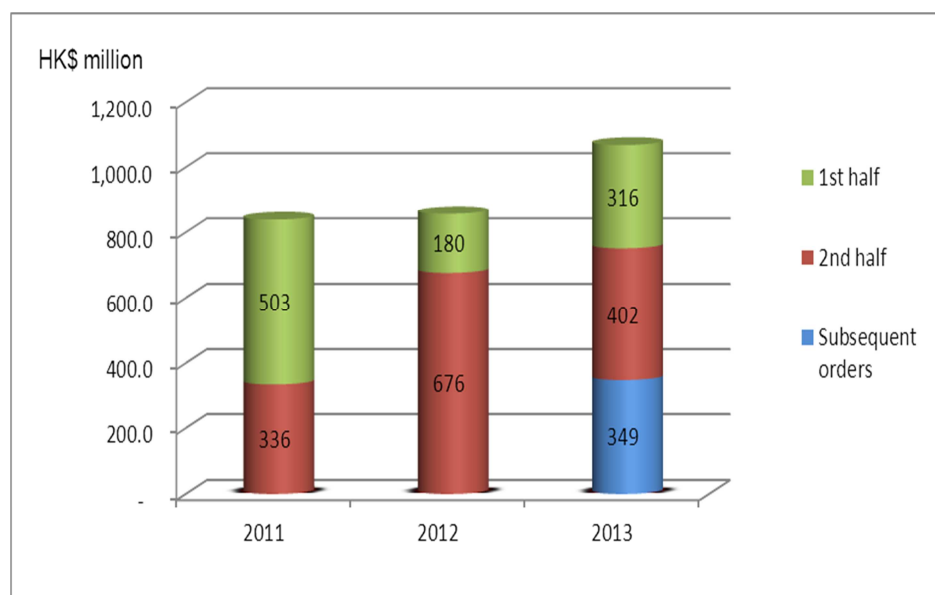
New milestones were achieved in the year with 2 new construction projects, the Mulligan Second Street Development and the Office Building at Mody Road, successfully completed this year which demonstrate the extended service capability of ISP on the main contract works.

Revitalization has become a hot topic in Hong Kong over the years, aiming at providing more floor space for suitable uses to meet Hong Kong’s changing social and economic needs. To seize the business opportunities, the Group has started to invest and put focus on this business years ago and was successfully awarded 3 revitalization projects since 2010. This year, we were appointed by Hip Shing Hong for the Good Prospect Building Revitalization Project in Wong Chuk Hang. The revitalization project is to convert the 23-storey existing factory building into a commercial building with a five-storey shopping arcade and 18-storey office and commercial floor. This revitalization project commenced in April 2013 and is expected to be finished in July 2014.

During the year, ISP division has successfully expanded its geographic base from Hong Kong to Macau. We have successfully secured the first retail fitting out projects at Galaxy Resort & Casino, Phase 2 at Cotai City, Macau. This project comprises the interior fitting out of the retail zone, lift lobbies and toilets at LG2, LG1, G/F and 1/F and 2/F of the hotel. The project commenced in September this year and is target to complete by April 2014.

New Contracts Awarded

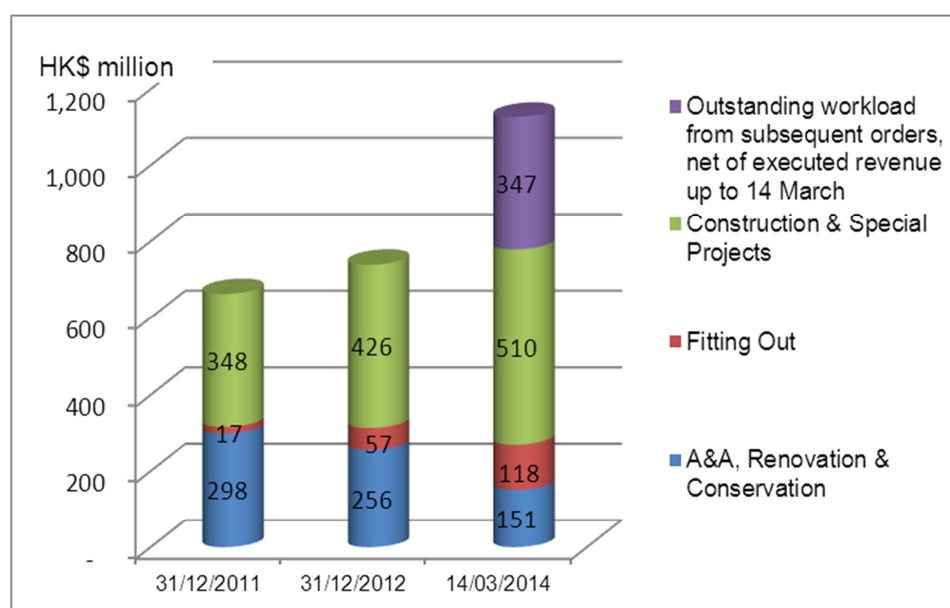
A new record intake of HK\$1 billion new contracts were awarded as of 14 March 2014.



In 2013, ISP made a full year contribution to revenues and profits to the Group. Continuing the success of 2012, ISP business recorded HK\$881.1 million in revenue, HK\$61.1 million in gross profit and HK\$37.9 million in operating profit. The significant contribution came from the construction works and fitting out of sales office and showroom building in Tieling in the Chinese Mainland and A&A works in Hong Kong together with work on newly awarded contracts mentioned above. The gross profit margin and operating profit margin were 7% and 4% respectively. After deducting the loan interest expenses and amortisation of intangible assets directly attributable to the acquisition of this business, the net profit contribution after tax was HK\$15.6 million. When compared with the standalone full year basis in 2012, the ISP business has shown a slight increment in profits without shared services cost allocation from last year.

The total outstanding workload for contracts on hand, as of 14 March 2014, exceed HK\$1.1 billion.

Outstanding Workload



OUTLOOK

Hong Kong

Being a market leader in property and facility management industry, the Group is actively exploring new value-added services for our clients and expanding other business lines of the Group. One of our new initiatives is to implement the “Synergis Community App” to our entire managed portfolio in 2014. “Synergis Community App” is the industry’s first interactive property management app providing a two-way interactive communication platform for service enhancement.

Apart from service enhancement, the Group will continue to expand the management portfolio in 2014 by capturing the continuing outsourcing activities implemented by corporations, public organizations, education institutions and government departments. Over the years, the team has built up strong track record in the airport area and become one of the major facility management services providers at the Hong Kong International Airport. Leveraging on these competitive airport experience and reference, the Group will put extra focus on developing further facility management business in the airport of Hong Kong in 2014.

In addition to the core management business, one of our business strategies is to capture the business opportunities brought in by the Hong Kong Government’s initiatives on the OBB, MBIS and MWIS. According to the information released from the Buildings Department, they will select 2,000 and 5,800 qualified buildings for the implementation of MBIS and MWIS respectively. To grasp this opportunity, the Group has established a dedicated team in 2012 and we have developed solid progress in 2013. Under the government’s mandatory requirements, management believes in the growth of the maintenance business in the coming years.

Chinese Mainland

Going into 2014, the Group expects investment will continue to flow into the commercial properties surging from the rapid urbanization under the Government’s 12th five-year plan and thus ample business opportunities in the AMS market. With our well established dedicated team and project reference, the Group has achieved positive progress this year and is confident to expand the management portfolio progressively in 2014. Through the Mainland team’s effort, the Group has now successfully secured 4 management service contracts and 1 pre-management contract by the end of 2013. These projects include La Viva Grand Park (星悅華廷) in Tieling, The Jade Island in Jiaozhou (膠州璞玉島), Shiwan Project (石灣山莊) in Qingdao and pre-management services for the Forest Manor (西郊莊園) in Shanghai; and they will commence in the first quarter of 2014. Apart from the newly secured contracts, there are a number of potential contracts in the pipeline.

Riding on the solid management experience and existing management team in Beijing and Shanghai, Management has identified several 2nd and 3rd tier cities (such as Chengdu, Dalian, Tianjin, Jinan, Hangzhou, Suzhou, Wuxi and etc), which is close to Beijing, Shanghai and Shenyang as the main business focus. The team will focus on the real estate business opportunities deriving from local entrepreneurs, investment funding companies, and also local government in 2014.

ISP Business

Moving forward to 2014, the ISP business will continue to grow in light of the boom in the retails market in Hong Kong. ISP’s ability to complete projects to high quality within a short time span together with the well-established relationship with corporate client and developers, has put ISP in the first league of fitting out contractors for the retail business.

With the increasing demand of luxury and prestigious hotels, commercial and residential developments in Macau in recent years, hotel projects in Macau is the Group's key focus in 2014. ISP has successfully secured the first retail fitting out projects this year and management is confident in the future growth, with a number of potential mega size projects in the pipeline.

With the urban high rise and large span of public buildings in Hong Kong and the Chinese Mainland, the development of building construction and auxiliary businesses is flourishing, including the curtain wall industry. The management believes the demand for building curtain wall will be robust and ISP has partnered with an overseas curtain wall supplier to also tap into and develop this auxiliary business in 2014. The curtain wall market can be divided into public facilities, commercial buildings and residential buildings. Public facilities include government buildings, schools, libraries, stadiums, public transportation buildings and other government projects. Commercial buildings primarily include office buildings, hotels, shopping centers, casinos and exhibition and convention centers.

The ISP division has continued to expand its service capability by attaining the "probationary contractor in Group B" on the list of approved contractor in public works under the Works Branch of the Development Bureau in this year. The team will be eligible to tender for projects up to \$185 million.

FINANCIAL POSITION AND FINANCIAL RISK MANAGEMENT

Synergis has significantly grown its financial capabilities with an enlarged asset base after our ISP acquisition. Backed by an increased equity base, new banking facilities and liquidity lines have been obtained to support the increased scale of operations.

As of 31 December 2013, the total outstanding bank loan was HK\$276 million, which is scheduled to be repaid over the next four years. This includes the amortised outstanding balance of HK\$156 million relating to the banking facility drawn down for acquiring the ISP business in November 2012. The remaining part represents working capital loans to support mainly our ISP operations and business development. Management will continue to proactively monitor the financial positions of the Group so as to maintain sufficient buffer in our financial capacity while trying to take advantage of any good business opportunities.

Interest costs on bank borrowings are primarily charged based on a spread over HIBOR. With regard to the current portfolio of businesses, management expects that the financing requirements for next financial year will be met from a combination of retained earnings and bank borrowings.

	2013	2012
Financial position (HK\$'000)		
Total assets	907,258	780,964
Current assets	666,034	528,568
Current liabilities (excluding uncommitted bank loans scheduled to be repaid after 2014)	538,768	405,838
Net assets	224,199	204,831
Bank loans due in 2014	144,000	24,000
Uncommitted bank loans scheduled to be repaid after 2014	132,000	156,000
Per share data		
Shares in issue (all classes)	412,000,000	390,670,000
Basic earnings per share (HK cents)	9.0	5.6
Diluted earnings per share (HK cents)	8.5	5.6
Dividend per share (HK cents)	5.5	4.5
Net assets per share (HK\$)	5.4	5.2
Gearing ratios and liquidity		
Net debt to net assets	87.5%	43.6%
Total debt to net assets	123.1%	87.9%
Current ratio (exclude uncommitted bank loans scheduled to be repaid after 2014)	1.2	1.3
Interest coverage	10.1	59.8
Other key ratios		
Return on shareholders' equity (ROE)	15.3%	9.1%
Dividend payout ratio	66%	91%

The Group's treasury management adopts a prudent approach in the management of its financial risks and resources. The Group has established policies and procedures to the assessment, booking and monitoring of all financial risks including interest rates and exchange rates.

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

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 the Chinese Mainland has been funded via permanent capital injection, 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 any cash surplus to its financial resources not employed in its business, in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

Cash Management

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

HUMAN RESOURCES

At 31 December 2013, the Group employed a total of 6,179 staff (2012: 6,649 staff) in Hong Kong, Macau and the Chinese Mainland. This reduction in the number of staff was mainly attributed to the contract completion of Link car park.

Given the growth of the Group, a competent stable workforce is essential to meet the Group's operational needs. 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 programs such as through communication, workshops, and staff loyalty programs. This Model approach has won a number of awards in Human Resource and Organization Development competitions.

The Group has continuously invested in developing people and managing talents to cater for the growth of the Group. In addition to taking care of the academic advancement of the staff through education subsidy arrangement, the Group has developed a series of core training programs for the staff in enhancing both management and technical skills for achieving performance excellence. The Group has also worked out a comprehensive HR succession plan to identify talents for the sustainable growth of the Group. The Talents Development Program is one of the major initiatives implemented to better enhance the career development of managers.

Taking into consideration business growth, staff requirement in both Hong Kong and the Chinese Mainland is subject to continuous review. Besides external recruitment, internal talent pools are identified through staff work achievements and performance reviews. Personal development plans are developed to provide exposure to increased 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. Such remuneration and benefits packages, as well as staff retention schemes from front line to management staff are reviewed systematically through our HR Effectiveness Committee, composed of senior management and divisional representatives.

Incentive bonus schemes and a share options scheme are available to senior management staff to provide them with incentives 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 earnings, approved by the Board. 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 together with the participation of the management have reviewed the audited consolidated financial statements for the financial year ended 31 December 2013 of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in this results announcement, from page 1 to page 11, 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 2013. 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 annual results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock exchange") (as amended from time to time by the Stock Exchange) as its own code of conduct regulating securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code throughout the financial year ended 31 December 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles in the code provisions and certain recommended best practices set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules.

During the financial year ended 31 December 2013, the Company complied with all code provisions of the CG Code.

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

Hong Kong, 17 March 2014

This announcement is available for viewing on the Stock Exchange's website: www.hkexnews.hk and the Company's website: www.synergis.com.hk.

As at the date of this announcement, the Board comprises Dr. Wilfred Wong Ying Wai (Chairman), Dr. Fan Cheuk Hung (Managing Director) and Dr. Catherine Chu as Executive Directors, Mr. Tenniel Chu as a Non-executive Director; 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*