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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 2015

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 2015 with comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	2	2,447,379	1,906,253
Cost of sales		(2,261,438)	(1,720,107)
Gross profit		185,941	186,146
Other income		7,463	7,422
General and administrative expenses		(108,333)	(121,427)
Amortisation of intangible assets		(8,283)	(8,726)
Interest expenses		(7,007)	(7,317)
Loss on disposal of a subsidiary		(2,257)	-
Profit before taxation	3	67,524	56,098
Taxation	4	(12,243)	(10,756)
Profit for the year		55,281	45,342
Earnings per share for profit attributable to the equity holders of the Company			
- basic	5	14.9 cents	11.9 cents
- diluted	5	12.8 cents	10.8 cents
Dividends	6	21,380	29,028

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	<u>55,281</u>	<u>45,342</u>
Other comprehensive loss:		
<u>Items that will not be reclassified to profit or loss:</u>		
Actuarial loss on long service payment liabilities	(2,450)	(1,524)
<u>Items that may be subsequently reclassified to profit or loss:</u>		
Exchange differences on translating foreign operations	<u>(1,811)</u>	<u>(95)</u>
Other comprehensive loss for the year	<u>(4,261)</u>	<u>(1,619)</u>
Total comprehensive income for the year	<u>51,020</u>	<u>43,723</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment		6,883	8,891
Investment properties		3,040	2,800
Intangible assets	7	40,691	48,974
Goodwill	7	171,794	168,968
Deferred tax assets		91	144
Total non-current assets		222,499	229,777
Current assets			
Contracting work-in-progress		299,158	180,871
Receivables	8	470,877	326,089
Deposits and prepayments	8	35,545	56,136
Amounts due from fellow subsidiaries	9	58,633	53,444
Amount due from ultimate holding company	9	12,939	12,358
Taxation recoverable		83	244
Deposit, cash and cash equivalents		129,841	91,195
Total current assets		1,007,076	720,337
Current liabilities			
Payables and accruals	11	630,796	431,763
Bank loans	10	293,536	247,000
Amount due to non-controlling interests		1,148	-
Amount due to other partner of joint operations		6	144
Amounts due to fellow subsidiaries	9	588	5,504
Taxation payable		12,900	8,950
Total current liabilities		938,974	693,361
Net current assets		68,102	26,976
Total assets less current liabilities		290,601	256,753
Non-current liabilities			
Long service payment liabilities		3,977	1,940
Deferred tax liabilities		7,232	8,859
Total non-current liabilities		11,209	10,799
Net assets		279,392	245,954
Equity attributable to equity holders of the Company			
Share capital	12	42,768	41,589
Retained profits and other reserves		227,143	187,729
Proposed dividends		10,692	16,636
		280,603	245,954
Non-controlling interests		(1,211)	-
Total equity		279,392	245,954

Notes to the Financial Statements

1. Basis of Preparation and Accounting Policies

The consolidated financial statements of Synergis Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies.

(a) New and amended standards adopted by the Group

The following new/revised HKFRSs, amendments and improvements are mandatory for the first time for the financial year beginning 1 January 2015.

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvement 2010 - 2012 Cycle
Annual Improvements Project	Annual Improvement 2011 - 2013 Cycle

The application of the above amendments and improvements in the current year has had no material effect on the Group’s reported financial performance and position for the current and prior year and/or disclosures set out in these consolidated financial statements.

(b) New and amended standards have been issued and are relevant to the Group, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted in preparing these consolidated financial statements

Annual Improvements Project	Annual Improvement 2012 - 2014 Cycle ¹
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations ¹
HKAS 1 Amendment	Disclosure Initiative ¹
HKAS16 and HKAS38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 27 Amendment	Equity Method in Separate Financial Statements ¹
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹Effective for annual periods beginning on or after 1 January 2016

²Effective for annual periods beginning on or after 1 January 2018

³Effective date to be determined by the IASB

The Group is in the process of accessing the impact of the above new standards and amendments to existing standards on the Group’s consolidated financial statements.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of new Hong Kong Company Ordinance (Cap.622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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 Chinese Mainland including leasing services;
- ancillary business including security, cleaning, laundry, etc.;
- interiors and special projects (“ISP”)

During the year, the Group has changed the composition of its reportable segments to four operating segments (2014: Five) mainly combining the result of repair and maintenance into ISP due to segment performance assessment within the Group. The corresponding segment information for the year ended 31 December 2014 have been restated.

(a) Segment Results (in HK\$’000)

	<u>Property and Facility Management Services</u>						
	Hong Kong	Chinese Mainland	Ancillary Business	Property and Facility Management and Ancillary Business	Interiors and Special Projects	Corporate (Note 1)	Total
2015							
Revenue	582,409	91,771	89,358	763,538	1,683,841	-	2,447,379
Gross profit	61,281	14,380	17,951	93,612	92,329	-	185,941
Operating expenses	(28,095)	(14,277)	(10,645)	(53,017)	(29,545)	(21,786)	(104,348)
Operating profit/(loss)	33,186	103	7,306	40,595	62,784	(21,786)	81,593
Amortisation of intangible assets				-	-	(8,283)	(8,283)
Acquisition loan interest expenses				-	-	(4,524)	(4,524)
Interest expenses				(455)	(2,028)	-	(2,483)
Other expenses				(1,256)	(1,771)	(958)	(3,985)
Other income				4,345	861	-	5,206
Profit before taxation				43,229	59,846	(35,551)	67,524
Taxation				(2,883)	(9,360)	-	(12,243)
Profit for the year				40,346	50,486	(35,551)	55,281

Property and Facility
Management Services

	Hong Kong	Chinese Mainland	Ancillary Business	Property and Facility Management and Ancillary Business	Interiors and Special Projects	Corporate (Note 1)	Total
<u>2014</u>							
Revenue	624,913	85,995	84,060	794,968	1,111,285	-	1,906,253
Gross profit	67,100	18,656	19,101	104,857	81,290	-	186,147
Operating expenses	(28,961)	(20,788)	(9,657)	(59,406)	(30,708)	(26,464)	(116,578)
Operating profit/(loss)	38,139	(2,132)	9,444	45,451	50,582	(26,464)	69,569
Amortisation of intangible assets				-	-	(8,726)	(8,726)
Acquisition loan interest expenses				-	-	(5,370)	(5,370)
Interest expenses				(148)	(1,799)	-	(1,947)
Other expenses				(2,163)	(959)	(1,728)	(4,850)
Other income				4,472	2,950	-	7,422
Profit before taxation				47,612	50,774	(42,288)	56,098
Taxation				(3,806)	(6,950)	-	(10,756)
Profit for the year				43,806	43,824	(42,288)	45,342

Note 1: Corporate mainly represents corporate and administrative activities, and shared services.

(b) Customer Information

For the year ended 31 December 2015, revenue of approximately HK\$265,694,000 was derived from one single external customer which was attributable to ISP (for the year ended 2014: HK\$142,280,000 was derived from one single external customers which was attributable to property and facility management services).

3. Profit before Taxation

	2015 HK\$'000	2014 HK\$'000
Profit before taxation is arrived after charging/(crediting):		
Staff costs, including directors' emoluments	712,261	720,696
Depreciation	4,425	5,847
Auditor's remuneration including non-audit services	1,467	1,325
Operating lease rental on land, buildings and office equipment	11,923	11,521
Other contracting income	(3,028)	(2,990)
Gain on disposal of an investment property	-	(400)

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:

	2015 HK\$'000	2014 HK\$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	14,208	10,698
- (over)/under provision in prior years	(340)	10
Overseas tax		
- provision for the year	3	1,601
- over provision in prior years	(39)	-
Deferred taxation – disposal of a subsidiary	(15)	-
Deferred taxation	<u>(1,574)</u>	<u>(1,553)</u>
	<u>12,243</u>	<u>10,756</u>

5. Earnings Per Share

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

	2015	2014
Profit attributable to equity holders (HK\$'000)	55,281	45,342
Less: dividends to convertible preference shareholders (HK\$'000)	<u>(4,000)</u>	<u>(5,600)</u>
Profit attributable to ordinary shareholders (HK\$'000)	<u>51,281</u>	<u>39,742</u>
Weighted-average ordinary shares issued ('000)	<u>343,163</u>	<u>332,952</u>
Basic earnings per share (HK cents)	<u>14.9</u>	<u>11.9</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 to be issued on convertible preference shares during the year.

	2015	2014
Profit attributable to equity holders (HK\$'000)	55,281	45,342
Weighted-average ordinary shares issued ('000)	343,163	332,952
Adjustments for share options ('000)	7,575	5,270
Adjustments for potential ordinary shares to be issued ('000)	<u>80,000</u>	<u>80,000</u>
Weighted-average ordinary shares for calculating diluted earnings per share ('000)	<u>430,738</u>	<u>418,222</u>
Diluted earnings per share (HK cents)	<u>12.8</u>	<u>10.8</u>

6. Dividends

	2015 HK\$'000	2014 HK\$'000
(a) Dividends attributable to the current year:		
Interim dividend paid of 2.5 HK cents (2014: 3.0 HK cents)	10,688	12,392
Final dividend proposed of 2.5 HK cents (2014: 4.0 HK cents)	10,692	16,636
	<u>21,380</u>	<u>29,028</u>
(b) Dividends attributable to the previous year, approved and paid during the year:		
Final dividend of 4.0 HK cents (2014: 3.5 HK cents)	<u>16,844</u>	<u>14,420</u>

At a meeting held on 23 March 2016, the Company's board of directors resolved to recommend a final dividend of 2.5 HK cents for the year ended 31 December 2015. 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.

7. Intangible Assets and Goodwill

	Goodwill HK\$'000	Trademark HK\$'000	Backlog orders HK\$'000	Non- competition agreement HK\$'000	Total HK\$'000
Cost					
At 1 January 2014 & 1 January 2015	168,968	48,826	15,934	2,393	67,153
Addition for the year	2,826	-	-	-	-
At 31 December 2015	<u>171,794</u>	<u>48,826</u>	<u>15,934</u>	<u>2,393</u>	<u>67,153</u>
Accumulated amortisation					
At 1 January 2014	-	(3,526)	(5,754)	(173)	(9,453)
Amortisation for the year	-	(3,255)	(5,311)	(160)	(8,726)
At 31 December 2014	-	(6,781)	(11,065)	(333)	(18,179)
Amortisation for the year	-	(3,255)	(4,869)	(159)	(8,283)
At 31 December 2015	<u>-</u>	<u>(10,036)</u>	<u>(15,934)</u>	<u>(492)</u>	<u>(26,462)</u>
Net Book Value					
At 31 December 2015	<u>171,794</u>	<u>38,790</u>	<u>-</u>	<u>1,901</u>	<u>40,691</u>
At 31 December 2014	<u>168,968</u>	<u>42,045</u>	<u>4,869</u>	<u>2,060</u>	<u>48,974</u>

Goodwill is allocated to the Group's cash-generating units that are expected to benefit from the business combination. Annual assessment of any impairment of goodwill is based on the recoverable amount of the Interiors & Special Projects segment derived from cash flow projections based on approved management budget over a three-year period. Cash flows beyond the three-year period are extrapolated with zero growth rate. A discount rate of 14.7% was adopted to reflect specific risk relating to the segment. The key assumptions adopted are the discount rates, growth rates and projected operating profit, which were determined based on past performance and management's expectations for the market development. Management believes that any reasonably foreseeable changes in any of the above key assumptions will not cause the carrying amount of goodwill to exceed the recoverable amount.

The trademark refers to the use of the "Hsin Chong" in Hong Kong. Other than the value included in the acquisition consideration, there is no on-going fee for utilizing the trademarks. Although there is no expiry date, management has adopted a 15 year useful life for amortisation purpose.

Backlog orders refers to the contractual sales that are outstanding at time of acquisition, totalling around HK\$300 million, from which there is a set of expected benefits to be received and accordingly management has adopted amortisation over 3 years.

Based on the non-competition agreement, management has adopted amortisation over 15 years.

8. Receivables, Deposits and Prepayments

As of 31 December 2015, accounts receivable of HK\$76,221,000 (2014: HK\$75,104,000) 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 (2014: 30 to 60 days). The ageing analysis of accounts receivable by due date is as follows:

	2015 HK\$'000	2014 HK\$'000
Accounts receivable		
Not yet due	239,032	150,959
1 to 30 days	28,894	31,942
31 to 60 days	28,939	10,985
61 to 90 days	5,761	11,249
Over 90 days	12,627	20,928
	<u>315,253</u>	<u>226,063</u>
Retention receivables and other receivables	<u>155,624</u>	<u>100,026</u>
Receivables	<u>470,877</u>	<u>326,089</u>
Deposits and prepayments	<u>35,545</u>	<u>56,136</u>
	<u>506,422</u>	<u>382,225</u>

The majority of the Group's accounts receivable are denominated in Hong Kong dollars. There were no accounts receivables impaired as of 31 December 2015 (2014: Nil). The maximum exposure to credit risk at the reporting date is the carrying value of the accounts receivable mentioned above. The company does not hold any collateral as security.

9. Balances with Fellow Subsidiaries and Ultimate Holding Company

Balances with fellow subsidiaries and ultimate holding company are unsecured, interest free, repayable on demand with no fixed terms of repayment and mainly denominated in Hong Kong dollars.

Balances included receivables in trade nature amounted to HK\$678,000 (2014: HK\$6,686,000) and HK\$50,505,000 (2014: HK\$45,527,000) due from ultimate holding company and fellow subsidiaries respectively, which are not yet due and fully performing.

10. Bank Loans

	2015 HK\$'000	2014 HK\$'000
Portion due for repayment within one year	209,536	139,000
Portion due for repayment after one year, which contains a clause of repayment on demand		
(i) in the second year	84,000	24,000
(ii) in the third to fifth years, inclusive	-	84,000
Total bank loans	293,536	247,000

Notes:

- (a) As at 31 December 2015, the Group has bank loan of HK\$244,992,000 (2014: HK\$247,000,000) and HK\$48,544,000 (2014: Nil) denominated in Hong Kong dollars and Macau Pataca respectively.
- (b) The bank loans of the Group carried weighted average interest rates of 2.7% (2014: 2.9%) per annum.
- (c) The Group's bank loan of HK\$108,000,000 (2014: HK\$132,000,000) is subject to a floating charge over the assets of its subsidiaries.
- (d) The carrying amounts of loans approximate their fair values.

11. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2014: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	2015 HK\$'000	2014 HK\$'000
Accounts payable		
Not yet due	372,109	238,348
1 to 30 days	43,250	19,512
31 to 60 days	9,684	6,549
61 to 90 days	2,545	8,074
Over 90 days	11,998	14,536
	439,586	287,019
Retention payables, other payables and accruals	191,210	144,744
	630,796	431,763

12. Share Capital

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
Ordinary shares		
At 1 January 2015	335,890	33,589
Share issued upon exercise of options granted under the Share Option Scheme	<u>11,786</u>	<u>1,179</u>
At 31 December 2015	<u>347,676</u>	<u>34,768</u>
Convertible preference shares		
At 1 January 2015	<u>80,000</u>	<u>8,000</u>
At 31 December 2015	<u>80,000</u>	<u>8,000</u>
Ordinary shares and convertible preference shares issued and fully paid		
At 31 December 2015	<u>427,676</u>	<u>42,768</u>
At 31 December 2014	<u>415,890</u>	<u>41,589</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 2.5 HK cents per share (2014: 4.0 HK cents per share) for the year ended 31 December 2015 is hence recommended. Subject to shareholders' approval at the forthcoming 2016 annual general meeting (the "2016 AGM") of the Company, the proposed final dividend will be paid on or around Wednesday, 8 June 2016 to shareholders of the Company whose names appear on the register of members of the Company on Monday, 30 May 2016 (Hong Kong time).

Together with the interim dividend of 2.5 HK cents per share (2014: 3.0 HK cents per share) already paid, total dividends for the financial year will amount to 5.0 HK cents per share (2014: 7.0 HK cents per share), representing a payout ratio of 39% (2014: 64%) 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 Tuesday, 17 May 2016 to Friday, 20 May 2016, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2016 AGM. In order to be eligible to attend and vote at the 2016 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 Monday, 16 May 2016 (Hong Kong time); and
- (ii) from Thursday, 26 May 2016 to Monday, 30 May 2016, 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 2016 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) above not later than 4:30 p.m. on Wednesday, 25 May 2016 (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

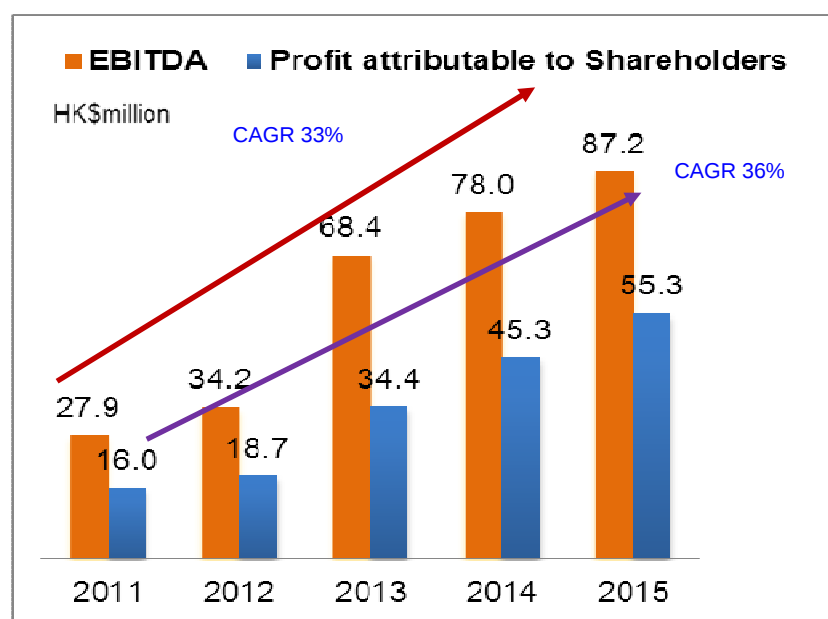
FINANCIAL OVERVIEW

In 2015, Synergis continued to deliver shareholder value through steady growth. Profit attributable to shareholders was HK\$55.3 million, representing a growth of 22.1% over the last year.

- ✧ Revenue increased by 28.4%
- ✧ Operating profit improved by 17.2%
- ✧ Profit attributable to shareholders recorded a year-on-year growth of 22.1%, mainly due to strong results from the ISP business.

		2015	2014	Change
Revenue	HK\$' million	2,447.4	1,906.3	+28.4%
Gross Profit	HK\$' million	186.0	186.1	-0.1%
Operating Profit	HK\$' million	81.6	69.6	+17.2%
Profit attributable to Shareholders	HK\$' million	55.3	45.3	+22.1%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	HK\$' million	87.2	78.0	+11.8%
Gross Profit Margin		7.6%	9.8%	-2.2%
Net Profit Margin		2.3%	2.4%	-0.1%
Basic Earnings Per Share	HK cents	14.9	11.9	+25.2%

EBITDA & Profit attributable to Shareholders



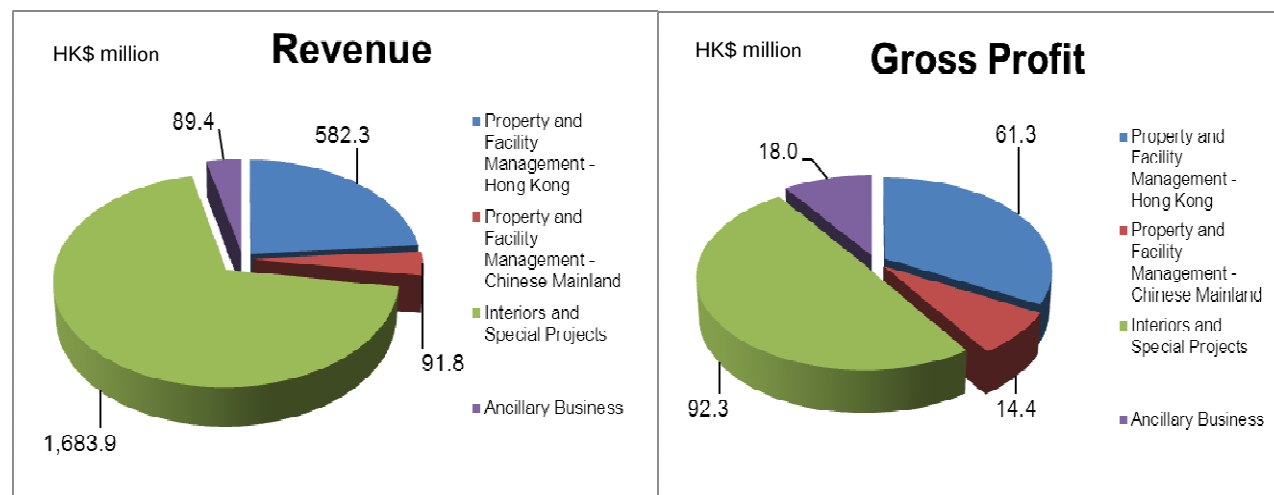
Synergis recorded new highs in both revenue and profits contributed by a diversified business portfolio comprising property and facility management, ISP and other ancillary services.

The Group reported consolidated revenues of HK\$2.4 billion for the year ended 31 December 2015, an increase of 28.4% as compared with 2014. Despite keen competition and rising costs in both the property and facility management and Interiors and Special Projects businesses, the Group has managed to maintain gross profit at a level consistent with that of 2014. By imposing tight control on costs and expenses, operating profit improved 17.2% to HK\$81.6 million. After amortization of intangible assets and interest on bank loans related to the ISP business, profit attributable to shareholders was HK\$55.3 million, an increase of 22.1% from 2014, Earnings per share was 14.9 HK cents (2014: 11.9 HK cents).

BUSINESS REVIEW AND PROSPECTS

BUSINESS OVERVIEW

The Group's Property and Facility Management business continued to maintain its solid market position, whilst the ISP business once again achieved steady growth in 2015. Management considers that the ISP business will continue to be a significant contributor for the Group's revenue and net profits.



	Revenue (HK\$' million)			Operating Profit/(Loss) (HK\$' million)		
	2015	2014	Change	2015	2014	Change
Property & Facility Management – Hong Kong	582.3	624.9	-6.8%	33.2	38.2	-13.1%
Ancillary Business – Hong Kong	89.4	84.1	6.3%	7.3	9.4	-22.3%
Management Services Business – Hong Kong Sub-total	671.7	709.0	-5.3%	40.5	47.6	-14.9%
Property & Facility Management – Chinese Mainland	91.8	86.0	6.7%	0.1	(2.1)	104.8%
Management Services Business Sub-total	763.5	795.0	-4.0%	40.6	45.5	-10.8%
ISP Business	1,683.9	1,111.3	51.5%	62.8	50.6	24.1%
Corporate Overhead	-	-	-	(21.8)	(26.5)	17.7%
Total	2,447.4	1,906.3	28.4%	81.6	69.6	17.2%

Management Services Business

“This segment generated steady contributions with improvement on the operating profit of the Chinese Mainland business when compared with 2014.”

Property and Facility Management Services

As at the end of 2015, the Group managed 304 property and facility management service contracts comprising 269 contracts in Hong Kong and 35 contracts in the Chinese Mainland. Together, the gross floor area managed was approximately 12,200,000 square metres (“sqm”) (Hong Kong: 9,800,000 sqm and Chinese Mainland: 2,400,000 sqm).

Hong Kong:

The Property and Facility Management business in Hong Kong maintained a well-diversified portfolio of contracts comprising different sectors of government, public institutions and private clients.

(i) Hong Kong Housing Authority (“HKHA”)

The Group secured a new two-year management contract for HKHA’s Block 3 and Block 4 Headquarters Buildings in April 2015 with a total contract sum of HK\$17 million.

(ii) Corporate Clients and Public Institutions

The Group obtained the following facilities management contracts with a total contract sum of HK\$94 million for three years during the year:

- Technical and Engineering Support Services at Cathay Pacific Cargo Terminal in February 2015;
- Facility Maintenance and Logistic Support Services for Asia World Expo at Hong Kong International Airport in May 2015; and
- Property Services for the new laundry building of Vogue Laundry Services Limited in June 2015.

(iii) Private clients

The Property Management Portfolio has been expanded with the award of several management contracts during the year.

We were able to achieve a high retention rate for the contracts due for renewal during the year. Major contracts successfully renewed are listed below:

(a) Property Management Contracts

- Lung Mun Oasis, Shan King Estate, Fu Shin Estate, Kwong Ming Court, Hong Pak Court and Link Property Management Support Services contracts.

(b) Facility Management Contracts

- Cathay Pacific Cargo Terminal, Town Campus of HKU SPACE, Customer Service for the Tseung Kwan O Line and West Rail Line of MTR Corporation, Asia Airfreight Terminal and the English Schools Foundation.

Most of the contracts have been renewed with an increase in service fee and expanded scope of work. The high contract retention rate reflects that Synergis’ quality services are well received by customers.

The additional revenue from newly secured contracts and the full year result impact of the Le Prestige and HKHA car park contracts which commenced in 2014 have been offset by the expiration of contracts for HKHA Property Services and the Government Property Agency in September 2014 and March 2015 respectively. Revenue for this management services business segment remains stable but operating profit decreased by 14.9% to HK\$40.5 million. This was a result of the operating environment which continues to be challenging with inflationary pressures in wages and keen industry competition.

Looking forward to 2016, Synergis will be placing more emphasis on expanding its Facility Management Service. Apart from exploring opportunities in expanding the service scopes of existing projects, the facility management team will also focus on business opportunities in the airport region, institutions and corporate clients requiring integrated facility management.

With a stable market position in Property Management, Synergis will continue to explore opportunities in private residential projects whilst continuing to provide a high standard of service to clients in its current portfolio. Apart from private housing, business opportunities in managing carparks for Link will also be pursued.

In order to enhance communication with external and internal customers, further promotion will be undertaken for the Synergis Community App and Synergis Internal Communication App (SICA). These apps have been launched with positive feedback from clients and users. With SICA, frontline staff can conveniently access company information on their mobile devices even if they do not have a computer. The two smart phone apps have effectively enhanced both internal and external communication to support ever higher service standards, the sharing of information and the planning of future businesses with large customer bases.

Chinese Mainland:

2015 was a rewarding year for the Chinese Mainland business as it starts to turn around. The management team on the Mainland has built up solid experience in the asset management services business over the past several years. With their efforts in developing business and good relations with clients, the team was able to secure the following contracts on consultancy, asset management service and agency service with a total contract sum of HK\$4.8 million in 2015:

- EC Mall Shopping Center (北京歐美匯購物中心) in Beijing;
- China Shipbuilding Industry Corporation (中國船舶重工集團公司第七研究院) in Beijing;
- Beijing University of Posts and Telecommunications Apartments (北京郵電大學公寓) in Beijing;
- Taizhou Baodai Shopping Mall (泰州寶帶購物中心) in Jiangsu;
- Jiangxi Lifestyle Mall (嘉興優活新天地商業中心) in Zhejiang;
- Huaihai New Sunshine Mall (上海淮海新業中心) in Shanghai;
- Corporate Avenue Phase 1 (上海企業天地第一期) in Shanghai; and
- La Viva Foshan (佛山星悅水城) in Guangdong.

With different skill set requirement in Northern China and Eastern China, the management has adopted different strategies in developing business in these two regions. The management team in Northern China will focus on developing the consultancy, sales and leasing businesses, while the Eastern China team will focus on developing business in property management and asset management services. With recent relaxation of the policy in the China real estate market and property management opportunities expected from the parent company's China projects in Guangdong and Shandong Provinces, Tianjin and Tieling in the coming few years, the team is confident of achieving even better results in 2016.

Ancillary Business

Total revenue from the ancillary businesses of security, cleaning, trading and laundry saw a 6.3% increase over 2014 to HK\$89.4 million. Due to the increase in general administrative expenses for business development, the operating profit of this business segment reduced to HK\$7.3 million in 2015.

Interiors and Special Projects

“ISP has consistently delivered good results and has secured new contracts worth over HK\$2.2 billion during the year with the outstanding value of contracts on hand exceeding HK\$2.8 billion.”

For the year ended 31 December 2015, the ISP business recorded HK\$1.7 billion in total revenue and HK\$92.3 million gross profit, representing a growth of 51.5% and 13.6% respectively when compared with 2014. A significant contribution came from the building revitalization project in Wong Chuk Hang, the development of a 28-storey commercial building in Causeway Bay and renovation projects in Tsuen Wan and Tuen Mun. The gross profit margin and operating profit margin was 5.5% and 3.7% respectively. Efforts in streamlining operations and cost reduction initiatives associated with the cost monitoring mechanism have delivered satisfactory returns in 2015. As a result, operating profit for the ISP business increased by 24.1% to HK\$62.8 million this year.

New Contracts Awarded

New contracts amounting to HK\$2.2 billion for the year was very similar to the amount in the contracts awarded in 2014.

A number of projects with significant contract sums has been secured in 2015. The major projects are listed below by nature:

Construction and Special Projects

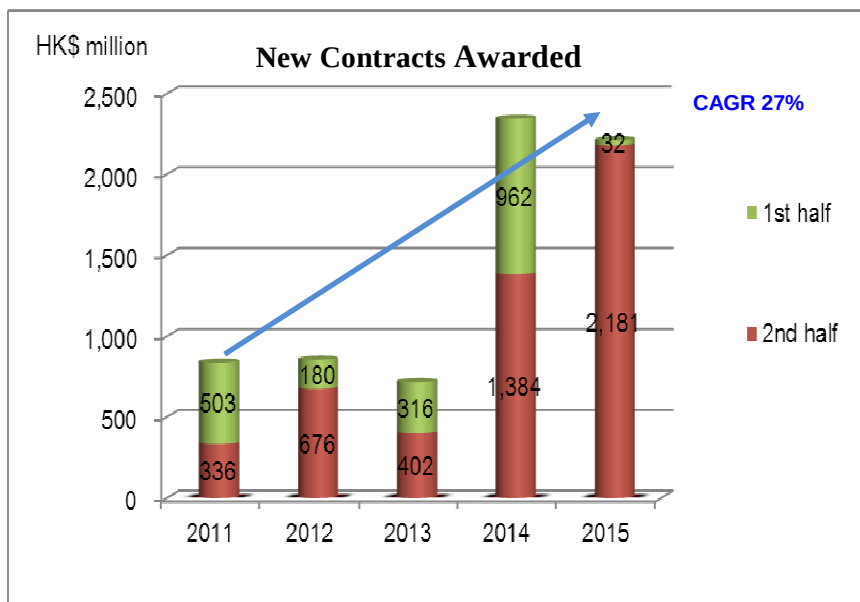
- Residential development at Discovery Bay North Phase 16; and
- New factory development in Yuen Long for a well-established pharmaceutical brand.

Alteration and addition (“A&A”), Renovation and Conservation

- Residential development at Aberdeen Street;
- A&A works for a transformer room and shops at Harbour City;
- A&A works of Pakpolee Commercial Centre;
- Renovation works to G/F lobbies, drop-off areas and public areas of ATL Logistics Centre A & Centre B; and
- Renovation works, A&A works to Food Streets and Canopies in Causeway Bay.

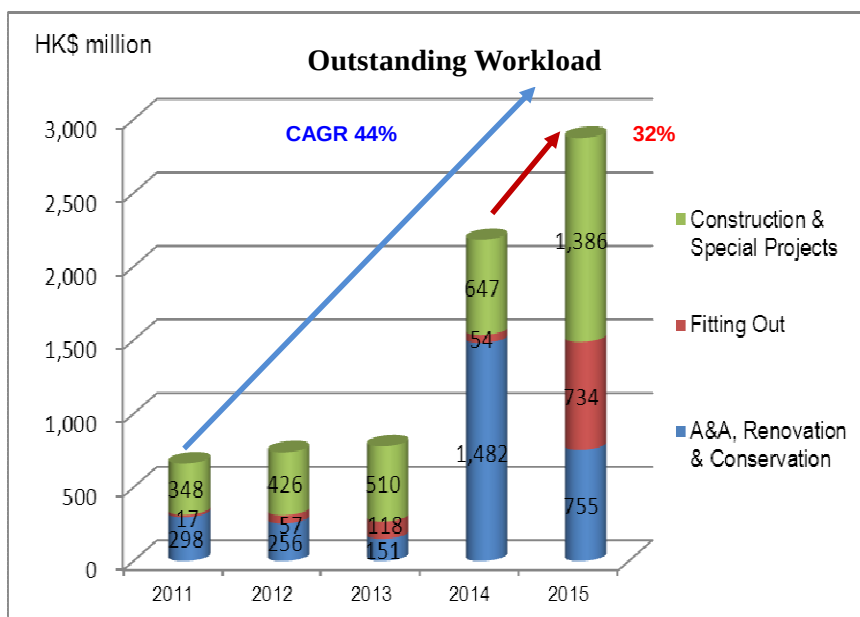
Fitting-out

- Fitting-out works for the M+ Museum Project in the West Kowloon Cultural District.



Outstanding Workload

The total outstanding workload for contracts on hand, as of 31 December 2015, exceeds HK\$2.8 billion of which over half will be completed in 2016. With the substantial outstanding contracts on hand and the capability to replenish orders, management believes that the ISP business would deliver sustainable growth in the coming years through the team's commitment and dedication to excellence.



With the good performance of business in fitting-out, renovation, A&A and special construction works in the past few years, the team will continue to drive expansion in these three sectors in 2016. Plans are also in hand to develop new lines of business including curtain wall business and materials sourcing and purchasing specialist trading business to help reduce project costs.

Financial Position and Financial Risk Management

After acquisition of the ISP business in November 2012, new banking facilities and liquidity lines have been obtained to support the increased scale of operations.

As of 31 December 2015, the total outstanding bank loan was HK\$294 million, which is scheduled to be repaid over the next two years. This includes an outstanding balance of HK\$108 million (which around HK\$84 million due over 1 year) relating to the banking facility drawn down for acquiring the ISP business in November 2012. The remaining sum represents working capital loans to mainly support ISP operations and business development. The management will continue to proactively monitor the financial positions of the Group so as to maintain sufficient buffer in our financial capacity while taking advantage of attractive 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 financial requirements for the future will be met from a combination of retained earnings and bank borrowings.

Financial position (HK\$'000)	2015	2014
Total assets	1,229,575	950,114
Receivables and other assets	877,235	629,142
Deposit, cash and cash equivalents	129,841	91,195
Current assets	1,007,076	720,337
Net assets	279,392	245,954
Current liabilities	938,974	693,361
Bank loans	293,536	247,000
Gearing ratios and liquidity		
Net debt to net assets	58.6%	63.3%
Total debt to net assets	105.1%	100.4%
Current ratio	1.1	1.0
Per share data		
Shares in issue (all classes)	427,676,000	415,890,000
Basic earnings per share (HK cents)	14.9	11.9
Diluted earnings per share (HK cents)	12.8	10.8
Dividend per share (HK cents)	5.0	7.0
Net assets per share (HK cents)	65.3	59.1
Other key ratios		
Return on shareholders' equity (ROE)	19.8%	18.4%
Dividend payout ratio	39%	64%

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

Interest rate risk arises from bank borrowings as interest rates are fixed for short-term periods, to take advantage of the lower rates thus available. The interest rates will be subject to fluctuation at the time of renewal.

The Group's business is conducted primarily in Hong Kong, and the majority of its assets and liabilities are denominated in Hong Kong Dollars, therefore it has minimal foreign currency exposure. The growth in Chinese Mainland has been funded via permanent capital injection, which is for the 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 instruments, 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

As at 31 December 2015, the Group employed a total of 5,792 staff (4,963 staff in Hong Kong/Macau and 829 staff in Chinese Mainland) (2014: 6,197). The latest figure reflects changes in the portfolio of property and facility management contracts in 2015.

To cope with operational needs and the Group's sustainable business growth, coupled with implementation of Statutory Minimum Wages, a series of Staff Retention measures are adopted with two main focuses: Employee Engagement and Staff Development. The Human Resources Effectiveness Committee, with members from senior management as well as representatives from operational units, has continued to review all related policies and work out new staff retention initiatives including regular visits to sites for better communication and extension of compassionate leave to frontline staff to show the Company's care for staff in times of need. Proactive initiatives for staff retention have also been implemented to share the fruits of the Group's business growth, different awards to recognize the hard work and contributions of staff; a Share Options Scheme is available for senior management staff to provide them with incentives to align their performance with the development of the Group.

In 2015, the Learning and Development Team has placed its focus on enhancing service standards to clients. Reinforced Total Customer Experience Management trainings offered an opportunity for staff to serve clients with a more comprehensive approach. With the result obtained from the previous Training Need analysis, the team aims at enhancing staff competency by strengthening the writing skills and service mindset of staff. The Group will continue to support qualified staff to attain the Recognition of Prior Learning under the Qualification Framework. Up to the end of 2015, the team assisted over 1,400 employees to obtain accreditation for Qualifications Framework Levels 1 to 3; with around 20 staff members successfully achieving the Qualification of Housing Practitioner through Qualifications Framework Level 4.

Looking forward to the year ahead, building on its continuous efforts to invest in enhancing staff engagement and talent attraction, the Group will further enhance efficiency and effectiveness in human resources management through workflow re-engineering and process automation at both the site and headquarter levels. Roster compilation and salary payment could be automated through implementation of the newly-developed Synergis Attendance Management System, which is designed to relieve the workload of frontline staff and allow for redeployment of manpower to uplift service standards.

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. Kan Fook Yee and Mr. Wong Tsan Kwong. The Audit Committee together with the participation of the management of the Company have reviewed the audited consolidated financial statements for the year ended 31 December 2015 of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in this annual results announcement, from pages 1 to 12, have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. 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 for 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 year ended 31 December 2015.

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.

Throughout the year ended 31 December 2015, the Company complied with all code provisions of the CG Code.

By order of the Board
Synergis Holdings Limited
Joseph Choi Kin Hung
Executive Director and Chairman

Hong Kong, 23 March 2016

As at the date of this announcement, the Board comprises Ir. Joseph Choi Kin Hung (Chairman), Ms. Brenda Yau Shuk Mee (Co-Managing Director), Mr. Terence Leung Siu Cheong (Co-Managing Director) and Mr. Lui Chun Pong as Executive Directors; and Mr. Stephen Ip Shu Kwan, Mr. Kan Fook Yee, Mr. Wong Tsan Kwong and Mr. David Yu Hon To as Independent Non-executive Directors.

** for identification purposes only*