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 2016

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Synergis Holdings Limited (the "Company" or "Synergis") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 with comparative figures for the last financial year.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2016

	Note	**2016 HK$'000**	2015 HK$'000
Revenue	3	**2,433,471**	2,447,379
Cost of sales		**(2,248,218)**	(2,261,438)
Gross profit		**185,253**	185,941
Other income		**5,162**	7,463
General and administrative expenses		**(124,249)**	(108,333)
Amortisation of intangible assets		**(3,401)**	(8,283)
Impairment of contracting work-in-progress	3(b)	**(9,448)**	-
Impairment of receivables	3(b) & 9	**(82,304)**	-
Interest expenses		**(5,959)**	(7,007)
Loss on disposal of a subsidiary		**-**	(2,257)
(Loss)/profit before taxation	4	**(34,946)**	67,524
Taxation	5	**(4,766)**	(12,243)
(Loss)/profit for the year		**(39,712)**	55,281
(Loss)/profit attributable to:			
Equity holders of the Company		**(39,483)**	55,281
Non-controlling interest		**(229)**	-
		(39,712)	55,281
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company			
- basic (HK cents)	6	**(11.7)**	14.9
- diluted (HK cents)	6	**(11.7)**	12.8
Dividends	7	**6,419**	21,380

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
(Loss)/profit for the year	**(39,712)**	55,281
Other comprehensive loss:		
Items that will not be reclassified to profit or loss:		
Actuarial gain / (loss) on long service payment liabilities	**1,564**	(2,450)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(2,060)**	(1,811)
Other comprehensive loss for the year	**(496)**	(4,261)
Total comprehensive (loss)/income for the year	**(40,208)**	51,020

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**13,435**	6,883
Investment properties		**3,600**	3,040
Intangible assets	8	**35,535**	40,691
Goodwill	8	**171,794**	171,794
Deferred tax assets		**78**	91
Prepayment		**1,840**	-
Total non-current assets		**226,282**	222,499
Current assets			
Contracting work-in-progress		**411,412**	299,158
Receivables	9	**398,409**	470,877
Deposits and prepayments	9	**26,622**	35,545
Amounts due from former fellow subsidiaries	10	**-**	58,633
Amount due from former ultimate holding company	10	**-**	12,939
Taxation recoverable		**5,553**	83
Deposit, cash and cash equivalents		**129,284**	129,841
Total current assets		**971,280**	1,007,076
Current liabilities			
Payables and accruals	12	**753,368**	630,796
Bank loans	11	**204,000**	293,536
Amount due to non-controlling interests	10	**1,240**	1,148
Amount due to other partner of joint operations		**15**	6
Amounts due to former fellow subsidiaries	10	**-**	588
Taxation payable		**4,655**	12,900
Total current liabilities		**963,278**	938,974
Net current assets		**8,002**	68,102
Total assets less current liabilities		**234,284**	290,601
Non-current liabilities			
Long service payment liabilities		**2,378**	3,977
Deferred tax liabilities		**6,356**	7,232
Total non-current liabilities		**8,734**	11,209
Net assets		**225,550**	279,392
Equity attributable to equity holders of the Company			
Share capital	13	**43,055**	42,768
Retained profits and other reserves		**182,509**	227,143
Proposed dividends		**-**	10,692
		225,564	280,603
Non-controlling interests		**(14)**	(1,211)
Total equity		**225,550**	279,392

Notes to the Financial Statements

1. General Information

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company on 4 August 2003. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 October 2003.

The principal business of the Group is principally engaged in the provision of property management and facility management ("PFM") business, interiors and special projects ("ISP") business and ancillary business in Hong Kong, Mainland China and Macau.

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated, and were approved for issue by the Board on 28 March 2017.

Before 21 November 2016, the Directors regarded Hsin Chong Group Holdings Limited, a company incorporated in Bermuda, as its ultimate holding company and Smart Lane Holdings Limited ("Smart Lane"), a company incorporated in British Virgin Islands, as its immediate holding company (collectively "Hsin Chong"). On 21 November 2016, Smart Lane completed a major transaction by disposing the entire interests in the Group to Champ Key Holdings Limited ("Champ Key") and the directors regarded Champ Key, a company incorporated in British Virgin Islands, as its immediate holding company. Smart Lane ceased to be the immediate holding company of the Group.

The controlling shareholder of the Company has been changed from Hsin Chong to Champ Key, which is wholly and beneficially owned by Mrs. Chu Yuet Wah.

2. 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") and requirements of the Hong Kong Companies Ordinance (Cap.622). 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 amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

Amendments to HKAS 27	Equity method in separate financial statements
Annual Improvements Project	Annual Improvements to HKFRSs 2012 – 2014 Cycle
HKFRS 14	Regulatory Deferral Accounts

The adoption of the above amendments to existing standards has no material impact on the Group's results and financial position or any substantial changes to the Group's accounting policies.

(b) Standards and amendments to existing standards which are not yet effective

The following standards and amendments are effective after 2016 and have not been early adopted by the Group:

Amendments to HKAS 7	Statement of cash flows[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Annual Improvements Project	Annual Improvement to HKFRSs 2014- 2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods to be determined

The Group will adopt the above standards and amendments to existing standards as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 15, “Revenue from Contracts with Customers”

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. At this stage, the Group is in the process of assessing the impact of HKFRS 15 on the Group’s financial statements.

HKFRS 16, “Leases”

HKFRS 16 will affect primarily the accounting for Group’s operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized in the consolidated statement of financial position. The Group is in the process of assessing to what extent the operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

3. Segment Information

In accordance with the Group’s internal financial reporting provided to the chief operating decision-maker, identified as the Executive Committee, who is 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 Mainland China;
- ancillary business including security, cleaning, laundry, etc.;
- interiors and special projects

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

	PFM Hong Kong	PFM Mainland China	Ancillary Business	PFM Business	ISP Business	Corporate (Note)	Total
2016							
Revenue	**553,836**	**62,100**	**100,562**	**716,498**	**1,716,973**	**-**	**2,433,471**
Gross profit	**66,299**	**15,170**	**17,480**	**98,949**	**86,304**	**-**	**185,253**
Operating expenses	**(34,886)**	**(14,590)**	**(13,898)**	**(63,374)**	**(42,083)**	**(17,833)**	**(123,290)**
Impairment of contracting work-in-progress and receivables (Note 3 (b))	**-**	**(12,698)**	**(349)**	**(13,047)**	**(78,705)**	**-**	**(91,752)**
Operating profit/(loss)	**31,413**	**(12,118)**	**3,233**	**22,528**	**(34,484)**	**(17,833)**	**(29,789)**
Amortisation of intangible assets				**-**	**-**	**(3,401)**	**(3,401)**
Acquisition loan interest expenses				**-**	**-**	**(3,660)**	**(3,660)**
Interest expenses				**(339)**	**(1,960)**	**-**	**(2,299)**
Other expenses				**(327)**	**(93)**	**(539)**	**(959)**
Other income				**4,837**	**325**	**-**	**5,162**
(Loss)/profit before taxation				**26,699**	**(36,212)**	**(25,433)**	**(34,946)**
Taxation				**(4,439)**	**(327)**	**-**	**(4,766)**
(Loss)/profit for the year				**22,260**	**(36,539)**	**(25,433)**	**(39,712)**

	PFM Hong Kong	PFM Mainland China	Ancillary Business	PFM Business	ISP Business	Corporate (Note)	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

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

(b) Impairment of Contracting work-in-progress and Receivables

A provision of approximately HK$90 million was included in the annual results based on the impairment assessment on the respective balance including contracting work-in-progress and receivables related to Hsin Chong Group Holdings Limited and its subsidiaries (collectively "Hsin Chong Group") as there is no solid proof on recovering the amounts as at this result announcement date. Hsin Chong Group was not a major customer of the Group. The Company is pursuing all measures to recover the receivables including a settlement agreement that has been signed with Hsin Chong Group Holdings Limited.

(c) Customer Information

For the year ended 31 December 2016, revenue of approximately HK$333,667,000 was derived from one single external customer which was attributable to ISP (for the year ended 2015: HK$265,694,000 was derived from one single external customer which was attributable to ISP).

4. (Loss)/profit before Taxation

	2016	2015
	HK$'000	HK$'000
(Loss)/profit before taxation is arrived after charging/(crediting):		
Staff costs, including directors' emoluments	**730,014**	712,261
Depreciation	**5,798**	4,425
Auditor's remuneration including non-audit services	**1,629**	1,467
Impairment of contracting work-in progress	**9,448**	-
Impairment of receivables	**82,304**	-
Operating lease rental on land, buildings and office equipment	**12,930**	11,923
Other contracting income	**(6)**	(3,028)

5. 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:

	2016	2015
	HK$'000	HK$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	**4,541**	14,208
- under/(over) provision in prior years	**1,088**	(340)
Overseas tax		
- provision for the year	**-**	3
- over provision in prior years	**-**	(39)
Deferred taxation – disposal of a subsidiary	**-**	(15)
Deferred taxation	**(863)**	(1,574)
	4,766	12,243

6. (Loss)/earnings Per Share

(a) Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/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.

	2016	2015
(Loss)/profit attributable to equity holders (HK$'000)	**(39,483)**	55,281
Less: dividends to convertible preference shareholders (HK$'000)	**(1,200)**	(4,000)
(Loss)/profit attributable to ordinary shareholders (HK$'000)	**(40,683)**	51,281
Weighted-average ordinary shares issued ('000)	**347,982**	343,163
Basic (loss)/earnings per share (HK cents)	**(11.7)**	14.9

(b) The diluted loss per share for the year ended 31 December 2016 is the same as the basis loss per share because the exercise of the Group's share options and convertible preference shares would result in a decrease in loss per share for the year. Diluted earnings per share for the year ended 31 December 2015 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.

	2016	2015
(Loss)/profit attributable to equity holders (HK$'000)	**(39,483)**	55,281
Weighted-average ordinary shares issued ('000)	**347,982**	343,163
Adjustments for share options ('000)	**-**	7,575
Adjustments for potential ordinary shares to be issued ('000)	**-**	80,000
Weighted-average ordinary shares for calculating diluted (loss)/earnings per share ('000)	**347,982**	430,738
Diluted (loss)/earnings per share (HK cents)	**(11.7)**	12.8

7. Dividends

	2016 HK$'000	2015 HK$'000
(a) Dividends attributable to the current year:		
Interim dividend paid of 1.5 HK cents (2015: 2.5 HK cents)	**6,419**	10,688
No final dividend proposed (2015: 2.5 HK cents)	**-**	10,692
	6,419	21,380
(b) Dividends attributable to the previous year, approved and paid during the year:		
Final dividend of 2.5 HK cents (2015: 4.0 HK cents)	**10,692**	16,844

At a meeting held on 28 March 2017, the Board resolved not to declare final dividend for year ended 31 December 2016 (2015: 2.5 HK cents).

8. 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 2015	168,968	48,826	15,934	2,393	67,153
Addition for the year	2,826	-	-	-	-
At 1 January 2016	171,794	48,826	15,934	2,393	67,153
Write off for the year	-	-	-	(2,393)	(2,393)
At 31 December 2016	171,794	48,826	15,934	-	64,760
Accumulated amortisation					
At 1 January 2015	-	(6,781)	(11,065)	(333)	(18,179)
Amortisation for the year	-	(3,255)	(4,869)	(159)	(8,283)
At 31 December 2015	-	(10,036)	(15,934)	(492)	(26,462)
Amortisation for the year	-	(3,255)	-	(146)	(3,401)
Write off for the year	-	-	-	638	638
At 31 December 2016	-	(13,291)	(15,934)	-	(29,225)
Net Book Value					
At 31 December 2016	**171,794**	**35,535**	**-**	**-**	**35,535**
At 31 December 2015	171,794	38,790	-	1,901	40,691

One of intangible asset, non-competition agreement, arising from the acquisition of the Interior and Special Projects business in November 2012 was written off to general and administrative expenses in the consolidated income statement after the change of controlling shareholder of the Company on 21 November 2016.

In December 2015, the Group completed the acquisition of 70% equity interest of Hsin Chong abp Company Limited from its former fellow subsidiary, Hsin Chong Construction (Asia) Limited at a cash consideration of HK$1.

9. Receivables, Deposits and Prepayments

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2015: 30 to 60 days) and the majority of the Group's accounts receivable are denominated in Hong Kong dollars. The ageing analysis of accounts receivable by due date is as follows:

	2016 **HK$'000**	2015 HK$'000
Accounts receivable		
Not yet due	**166,841**	239,032
1 to 30 days	**34,527**	28,894
31 to 60 days	**8,693**	28,939
61 to 90 days	**13,329**	5,761
Over 90 days	**65,637**	12,627
	289,027	315,253
Retention receivables and other receivables	**191,686**	155,624
Receivables	**480,713**	470,877
Deposits and prepayments	**26,622**	35,545
	507,335	506,422
Impairment of account receivables, retention receivables and other receivables (note 3(b))	**(82,304)**	-
	425,031	506,422

During the year, the Group has made a provision for amounts of receivables of approximately HK$82.3 million based on the impairment assessment for the year ended 31 December 2016. Hsin Chong Group was not a major customer of the Group. The maximum exposure to credit risk at the reporting date is the carrying value of the accounts receivable mentioned above. The Group does not hold any collateral as security.

10. Balances with Former Fellow Subsidiaries, Former Ultimate Holding Company and Non-controlling Interest

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

11. Bank Loans

	2016 HK$'000	2015 HK$'000
Portion due for repayment within one year	**204.000**	209,536
Portion due for repayment after one year, which contains a clause of repayment on demand in the second year	-	84,000
Total bank loans	**204,000**	293,536

Notes:

(a) As at 31 December 2016, the Group had bank loan of HK$204,000,000 (2015: HK$244,992,000) and Nil (2015: HK$48,544,000) denominated in Hong Kong dollars and Macau Pataca respectively.

(b) The bank loans of the Group carried weighted average interest rates of 2.8% (2015: 2.7%) per annum.

(c) The Group's bank loan of HK$84,000,000 (2015: HK$108,000,000) is subject to a floating charge over the assets of its subsidiaries.

(d) The carrying amounts of loans approximate their fair values.

12. Payables and Accruals

The credit period of the Group's accounts payable generally ranges from 30 to 60 days (2015: 30 to 60 days). The ageing analysis of accounts payable by due date is as follows:

	2016 HK$'000	2015 HK$'000
Accounts payable		
Not yet due	**396,017**	372,109
1 to 30 days	**59,539**	43,250
31 to 60 days	**25,567**	9,684
61 to 90 days	**16,022**	2,545
Over 90 days	**30,139**	11,998
	527,284	439,586
Retention payables, other payables and accruals	**226,084**	191,210
	753,368	630,796

13. Share Capital

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
Ordinary shares		
At 1 January 2016	**347,676**	**34,768**
Share issued upon exercise of options granted under the Share Option Scheme	**2,868**	**287**
At 31 December 2016	**350,544**	**35,055**
Convertible preference shares		
At 1 January 2016	**80,000**	**8,000**
At 31 December 2016	**80,000**	**8,000**
Ordinary shares and convertible preference shares issued and fully paid		
At 31 December 2016	**430,544**	**43,055**
At 31 December 2015	427,676	42,768

DIVIDEND

An interim dividend of 1.5 HK cent per share (2015: 2.5 HK cents per share) was paid during the year. To preserve funds for business development of the Company, the Board does not recommend the payment of final dividend for the year ended 31 December 2016 (2015: 2.5HK cents per share). Accordingly, total dividends for the financial year amounted to 1.5 HK cent per share (2015: 5.0 HK cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 May 2017 to Friday, 19 May 2017, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2017 Annual General Meeting. In order to be eligible to attend and vote at the 2017 Annual General Meeting, 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 Friday, 12 May 2017 (Hong Kong time).

During the period mentioned above, no transfers of shares of the Company will be registered.

MANAGEMENT DISCUSSION AND FINANCIAL ANALYSIS

FINANCIAL OVERVIEW

		2016	2015	Change
Revenue	HK$' million	2,433.5	2,447.4	-0.6%
Gross Profit	HK$' million	185.2	186.0	-0.4%
Operating (Loss)/Profit	HK$' million	(29.8)	81.6	-136.5%
(Loss)/Profit attributable to Shareholders	HK$' million	(39.5)	55.3	-171.4%
Gross Profit Margin		7.6%	7.6%	-
Basic (Loss)/Earnings Per Share	HK cents	(11.7)	14.9	-178.5%

The Group reported consolidated revenues of HK$2.4 billion for the year ended 31 December 2016, similar with 2015. It is focusing efforts on improving gross profit and, in spite of keen competition and rising costs in both PFM and ISP businesses, performance has been maintained at a level similar to that of 2015. With newly recruited management talents to develop new businesses, gross profit has been inevitably reduced by 0.4% to HK$185.2 million.

The Group recorded an operating loss of HK$29.8 million after amortization of intangible assets and interest on bank loans related to the ISP business, loss attributable to shareholders was HK$39.5 million. Loss per share were 11.7 HK cents (2015: earnings per share were 14.9 HK cents).

The Group recorded a loss of HK$39.5 million for the year ended 31 December 2016 as compared to a profit of HK$55.3 million for the year ended 31 December 2015. It is mainly attributable to a provision of amounts including contracting work-in-progress and receivables of approximately HK$90 million based on the impairment assessment on the respective balance with Hsin Chong Group.

BUSINESS REVIEW AND PROSPECTS

BUSINESS OVERVIEW

The Group's PFM business remained stable in revenue and maintained its position as one of the leading service providers in the industry whilst ISP business continued to be a significant contributor to the Group's revenue.

	Revenue (HK$' million)			**Operating (Loss) / Profit (HK$' million)**		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Property & Facility Management – Hong Kong	553.8	582.3	-4.9%	31.4	33.2	-5.4%
Ancillary Business – Hong Kong	100.6	89.4	12.5%	3.2	7.3	-56.2%
Property & Facility Management Business – Hong Kong Sub-total	**654.4**	**671.7**	**-2.6%**	**34.6**	**40.5**	**-14.6%**
Property & Facility Management –Mainland China	62.1	91.8	-32.4%	(12.1)	0.1	-12,200%
Property & Facility Management Business Sub-total	**716.5**	**763.5**	**-6.2%**	**22.5**	**40.6**	**-44.6%**
ISP Business	**1,717.0**	**1,683.9**	**2.0%**	**(34.4)**	**62.8**	**-154.8%**
Corporate Overheads	**-**	**-**	**-**	**(17.9)**	**(21.8)**	**18.3%**
Total	**2,433.5**	**2,447.4**	**-0.6%**	**(29.8)**	**81.6**	**-136.5%**

The operating results of PFM and ISP have been included the impairment of contracting work-in progress and receivables of approximately HK$13.1 million and HK$78.7 million respectively mainly related to Hsin Chong Group.

Property and Facility Management Business

Property and Facility Management

As at 31 December 2016, the Group managed 290 property and facility management service contracts of which 252 contracts were in Hong Kong and 38 contracts were in Mainland China. The gross floor area under the Group's management was approximately 9.8 million square metres ("sqm") (Hong Kong: 7.4 million sqm and Mainland China: 2.4 million sqm).

Hong Kong:

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

The Group has extended the scope of its portfolio through newly awarded property and facility management contracts of two-year to three-year, with total contract sum of around HK$74.4 million. Major contracts include:

- S.K.H. Yan Laap Primary School and S.K.H. Chai Wan St. Michael's Primary School
- Hang Seng Management College
- The Education University of Hong Kong
- Celestica
- MTR Kwun Tong Extension Line
- Custom Headquarters Building
- Zero Carbon Building
- MTR South Island East Line
- Wang Lung Industrial Building

We were able to maintain a high retention rate for contract renewal during the reporting period. The high contract retention rates reflect that Synergis's quality services are well received by customers and contribute to stable revenues for the Group. The following key contracts were successfully renewed with an increase in service fee and/or with expanded scopes:

- Property management service contracts of Arran Court, King Shing Court, Newport Centre and Tai Wo Estate;
- Hong Kong Housing Authority contract of Kwai Chung Shopping Centre;
- Facility management service contract of MTR backend support services; and
- Carpark management contract of Pamela Youde Nethersole Eastern Hospital

Revenue for this business segment remains stable but operating profit decreased by 5.4% to HK$31.4 million. The management team was paying attention on cost monitoring mechanism and able to keep the gross margin at 1.5% higher than that of last year. In order to equip the management team and prepare for future expansion, more management talents have been recruited during the year and hence a lower operating profit.

Stepping into 2017, the Group is expected to put more focus on expanding the facility management segments. Apart from offering value-added services such as consultancy services to our existing client, the team also expects to increase our market share by expanding our service scope such as building consultancy and energy audit services. Following the newly awarded educational projects in 2016, the team will also approach international schools or other institutions with enhanced marketing materials for pitching.

With our stable market position in the property management segment, we will continue to retain our current portfolio whilst exploring opportunities on commercial premises especially in Yau Tsim Mong Regions. Apart from private housing, we will also explore our further partnership with those institutional clients such as Link Asset Management and Housing Society. We also have plan to set up Macau operation, and commercial and investment sale agency business in Hong Kong to seek for further business expansion opportunities in 2017.

Mainland China:

The financial performance of this business segment was steady and similar to those reported in last year excluding the one-off impairment on accounts receivables. However, the operating loss was HK$12.1 million in this segment mainly due to the impairment on accounts receivables mainly related to Hsin Chong Group. The Company has secured several short terms to three-year key contracts in Shanghai, Harbin, Shandong and Zhengzhou with a total contract sum of HK$6.7 million.

Property management services for the residential projects

- City Condo in Changning district and Haisi Tower in Xuhui district. Located in the centre of the Hongqiao Development Zone, City Condo is a major development with a clubhouse and an underground car park covering a total construction area of over 110,000 sqm.
- Haisi Tower consists of two 17-storey residential buildings and is situated in a high-end district in Shanghai.

Asset management services for the commercial development projects

- Corporate Avenue Phase 1 is a high-tech commercial and office complex with two A-list office buildings covering a total construction area of 98,000 sqm in Shanghai.
- Located in the Pudong New Area, the Sanlin commercial project consists of two lots of land, B1-5 and B1-6, and includes a commercial construction area of 40,000 sqm. We have also been appointed to provide agency services for the Sanlin commercial project after opening.
- Two contracts to provide mall management and hotel leasing services in Linyi, Shandong, which is part of the third batch of cities in China named as a National Civilised City. We will also oversee the new hotel property development project featuring a six-storey building located in the city centre on Linxi Tenth Road.
- The Taisheng Plaza project is one of municipal government’s key construction projects of a large commercial complex with approximately 260,000 sqm in core commercial districts in Linyi.
- Zhengzhou Xinzheng International Airport is one of the country’s eight regional hub airports. The terminal one is under renovation and covers a total construction area of around 100,000 sqm. It will transform into a high-end modern commercial complex. We will provide the complex with exclusive leasing agency and pre-operation consultancy services.

With different requirements of skillsets and job references in Northern China and Southern/Eastern China, management has adopted different strategies in developing business in these two regions. The management team in Northern China will focus on developing the commercial consultancy and leasing, while the Southern/Eastern China team will focus on developing business in property management and agency services. The management team has built up solid experience in asset management services in Mainland China and the development of this area of business in Mainland China is progressing well. In addition, grade one property management licence is expected to be approved by Ministry of Housing and Urban-Rural Development of the People's Republic of China in middle of this year in which there would be no limitation for the number of managing properties and scale of the projects. We will continue expand the scope of our business to provide diversified services and aim at delivering more profit in future.

Ancillary Business

Total revenue from the ancillary businesses of security, cleaning, trading and laundry reported 12.5% increase over 2015 to HK$100.6 million. Our ancillary business has done a repositioning exercise to expand its business to include a larger range of clients during the year. Due to the increase in general administrative expenses for business development together with the cost of recruiting additional management talents, the operating profit of this business segment reduced to HK$3.2 million in 2016.

We have secured two new two-year cleaning services contracts with total contact sum HK$14.2 million. We are providing our cleaning services to 23 branches of The Bank of East Asia on Hong Kong Island and Holiday Inn Express Hong Kong Soho. Our team is confident in expanding the scope of its business to include corporate offices, hotels, government organizations and large malls, and offer high-quality services in 2017.

Interiors & Special Projects

For the year ended 31 December 2016, the ISP business recorded HK$1.7 billion in total revenue and HK$86.3 million gross profit, representing a 2.0% increase of revenue and a 6.5% decrease of gross profit respectively when compared with those of 2015. The significant revenue contribution came from the building revitalization project in Castle Peak Road, the new factory development of a well-established pharmaceutical brand in Yuen Long and asset enhancement works for a plaza at Tin Shui Wai. The strong financial performance was mainly due to the strong order book postings last year. The gross profit margin and operating loss margin was 5.0% and 2.0% respectively, being 0.5% and 5.7% lower than those reported in 2015. The decrease was mainly due to the lower gross margin generally for construction and special projects brought forward from last year. During the year, the Company has made efforts to develop new lines of business such as for curtain wall business, material sourcing and purchasing specialist trading business. As a result, the general and administrative expenses increased. With the substantial impairment of contracting work-in progress and receivables mainly related to Hsin Chong Group at year end, the operating loss decreased by around 154.8% to HK$34.4 million this year for the ISP business.

New Contracts Awarded

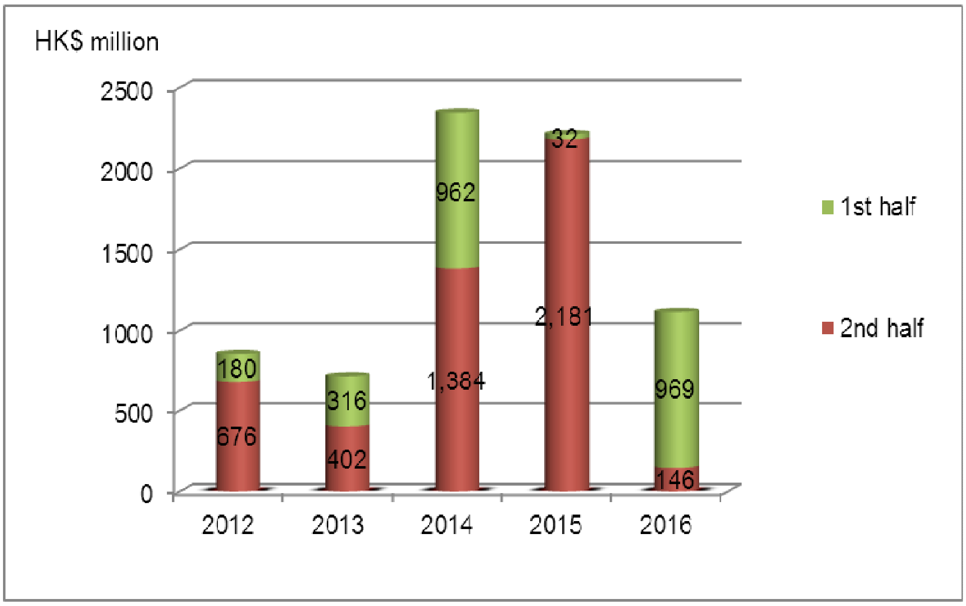
New contracts amounting to HK$1.1 billion were awarded for the year. The major projects are listed below by nature:

Construction & Special Projects

- Chinese Medicine Plant Development at Yuen Long Industrial Estate; and
- Façade Works for Kowloon East Regional Headquarters Divisional Police Station

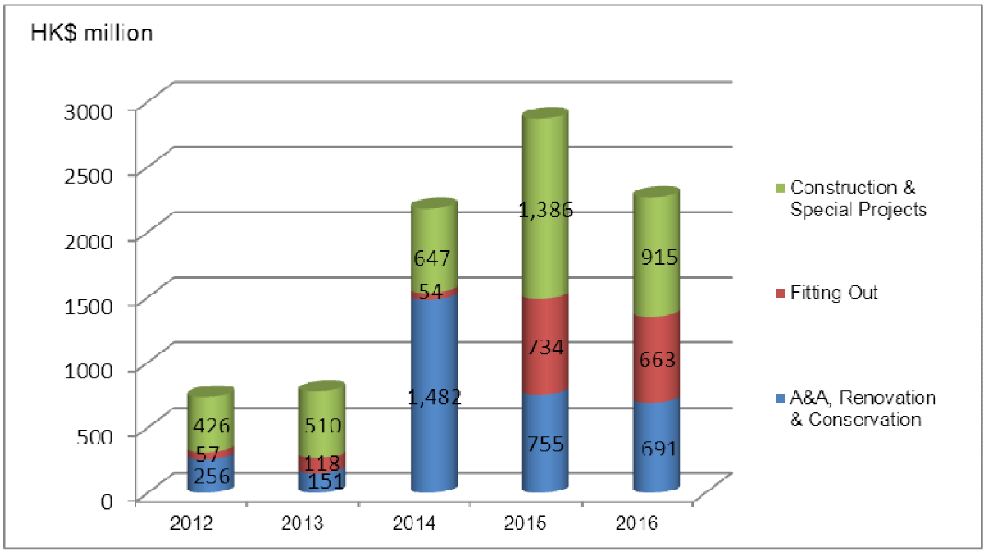
Alternation and Addition, Renovation and Conservation

- Asset Enhancement Works at Chung Fu Plaza (North) in Tin Shui Wai;
- Renovation Works at AEON Kornhill Store and Whampoa Store;
- Alteration and Improvement Works at Lincoln House Carpark in Taikoo; and
- Alteration and Addition ("A&A") Works at Kowloon Investment Building at Bute Street in Mong Kok



Outstanding Workload

The total outstanding workload for contracts on hand, as of 31 December 2016, approximately HK$2.3 billion of which over half would be completed in 2017. With substantial outstanding contracts on hand and the replenished orders, management believes that the ISP business would deliver growth in the coming years through the team's commitment and dedication to excellence.



New business lines were set up in 2016 including of developed material sourcing and purchasing specialist function and integrated with on-line web base trading business. We have also established a direct metal work and curtain wall fabrication factory in Mainland China. We aim to expand our new sourcing and procurement business to a comprehensive material sourcing arm of the Group, as well as to create a platform to expand overseas market to increase our competitiveness. Besides, we plan to expand into high end fitting out, A&A and renovation business in Macau in 2017.

Disposal of ISP Business and termination

On 21 September 2016 (after trading hours), the Company as vendor and Dimension Vantage Limited as purchaser ("Purchaser") entered into a sale and purchase agreement ("Agreement"), pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the 51 shares of Driven Power Management Limited ("Driven Power"), a wholly-owned subsidiary of the Company, which shall represent 51% of the issued share capital of Driven Power as at completion, at the consideration of HK$179.0 million, which shall be payable by the Purchaser to the Company in cash on the completion date ("Disposal"). Driven Power is an investment holding company and its subsidiaries are principally engaged in the ISP Business in Hong Kong, the People's Republic of China and Macau. Upon completion, Driven Power and each of its subsidiaries will cease to be subsidiaries of the Company and its entire issued shares will be held as to 49% by the Company and as to 51% by the Purchaser.

On 15 November 2016, the Company and the Purchaser entered into the deed of termination ("Deed of Termination") to terminate the Agreement ("Termination"). Pursuant to the Deed of Termination, the Agreement was terminated with effect from the date of the Deed of Termination, and the obligations and duties of the Company and the Purchaser under the Agreement are released. Details of the Disposal and Termination are set out in the Company's announcements dated 21 September 2016, 20 October 2016, 31 October 2016 and 15 November 2016.

Mandatory Unconditional Cash Offer

On 18 November 2016, Champ Key (a) acquired 55,000,000 ordinary shares from Summit View Holdings Limited, representing approximately 15.80% of the ordinary shares in issue as at the date of the joint announcement, i.e. 30 November 2016, (or approximately 12.85% of the ordinary shares in issue as enlarged by the full conversion of convertible preference shares ("CPSs")), at a total consideration of HK$61,600,000 (equivalent to HK$1.12 per share); and (b) entered into the sale and purchase agreement with Smart Lane, being an indirect wholly-owned subsidiary of Hsin Chong Group Holdings Limited, for the acquisition of 169,116,777 ordinary shares, representing approximately 48.58% of the ordinary shares in issue as at 30 November 2016 (or approximately 39.51% of the ordinary shares in issue as enlarged by the full conversion of CPSs) and the 80,000,000 CPSs convertible into 80,000,000 ordinary shares (representing approximately 18.69% of the ordinary shares in issue as enlarged by the full conversion of CPSs) at an aggregate consideration of HK$279,010,790 (equivalent to approximately HK$1.12 per ordinary share, assuming all CPSs are converted into new ordinary shares). Completion of both acquisitions took place on 21 November 2016. The controlling shareholder of the Company has been changed from Hsin Chong to Champ Key, which is wholly and beneficially owned by Mrs. Chu Yuet Wah.

Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, Champ Key and parties acting in concert are required to make mandatory unconditional cash offers for all the issued ordinary shares (other than those already owned and/or agreed to be acquired by Champ Key) ("Share Offer") and to cancel all 7,244,000 outstanding options ("Option Offer") (collectively, the "Offers"). As all CPSs are held by Champ Key as at 30 November 2016, no comparable offer would be made in respect of the CPSs. The offer price of HK$1.12 per ordinary share under the Share Offer and the offer prices for the Option Offer as set out below:

(a) 6,814,000 options may be exercised at an exercise price of HK$0.952 per ordinary share, the offer price for these options was HK$0.168 each;

(b) 330,000 options may be exercised at an exercise price of HK$0.860 per ordinary share, the offer price for these options was HK$0.260 each; and

(c) 100,000 options may be exercised at an exercise price of HK$0.850 per ordinary share, the offer price for these options was HK$0.270 each.

The Offers were closed on 3 February 2017.

Proposed change of Company Name after Reporting Period

The Board proposed to adopt a new Chinese name "昇捷控股有限公司" as the secondary name of the Company to replace the existing Chinese name "新昌管理集團有限公司" which is currently used for identification purposes only. The proposed change of company name is part of the re-branding exercise in light of the change of controlling shareholder of the Company from Hsin Chong to Champ Key, which is wholly and beneficially owned by Mrs. Chu Yuet Wah. The Board considers that the new Chinese name of the Company better aligns with the existing English name of the Company. The change of company name is therefore in the interests of the Company and the shareholders as a whole. Such proposed change of company name is expected to come into effect in around three months.

Financial Position and Financial Risk Management

As of 31 December 2016, the total outstanding bank loan was HK$204 million, which is scheduled to be repaid within one year. This includes an outstanding balance of HK$84 million 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. During the year under review, the Group's sources of fund were generated primarily from operating activities and existing banking facilities. The gearing ratios and liquidity have been substantially improved when compared with those of 2015. Regarding the impairment of contracting work-in progress and receivables mainly related to Hsin Chong Group, the management is pursing all measures to recover the receivables and expected to further improve the liquidity since we signed the settlement agreement with Hsin Chong Group Holdings Limited recently. The management will continue to proactively monitor the financial positions of the Group so as to maintain a sufficient buffer in 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. The Group would continue to manage our financial position and maintain sufficient working capital and liquidity to get ready for any business opportunities and to prepare for the challenges in future.

Financial position (HK$'000)	2016	2015
Total assets	**1,197,562**	1,229,575
Receivables and other assets	841,996	877,235
Deposit, cash and cash equivalents	129,284	129,841
Current assets	**971,280**	1,007,076
Net assets	**225,550**	279,392
Current liabilities	**963,278**	938,974
Bank loans	**204,000**	293,536
Gearing ratios and liquidity		
Net debt to net assets	**33.1%**	58.6%
Total debt to net assets	**90.4%**	105.1%
Current ratio	**1.0**	1.1
Per share data		
Shares in issue (all classes)	**430,544,000**	427,676,000
Basic (loss)/earnings per share (HK cents)	**(11.7)**	14.9
Diluted (loss)/earnings per share (HK cents)	**(11.7)**	12.8
Dividend per share (HK cents)	**1.5**	5.0
Net assets per share (HK cents)	**52.4**	65.3

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. 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 Mainland China 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 2016, the Group employed a total of 5,976 staff (2015: 5,792) in Hong Kong and Mainland China.

Employee Engagement and Staff Development are the two major focuses for the sustainable business growth of the Group. Our Learning and Development Team conducted the training needs analysis last year. It has modified the training curriculum based on the findings and formulated a brand-new series of training programmes for our staff. People Management and Leadership are the main keys of the training programmes which aim at enhancing staff capability and management skills. The Group anticipates positive impacts to be brought by the revamped training programmes on both the services that we offer and our future corporate development.

We are working with our existing client – HKU SPACE, in designing an advanced FM certificate course and the programme is expected to launch at third quarter this year. The aim for this newly designed course is to provide high level trainings for experienced professionals within the field for in-depth understanding on critical areas of facilities management. We believe that this initiative could enhance our brand image and cultivate experienced facility/property management practitioners which could contribute to the field.

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 to relieve the workload so to uplift services 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 2016 of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in this annual results announcement, from pages 1 to 13, 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 2016. 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 (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 2016.

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 2016, the Company complied with all code provisions of the CG Code.

By order of the Board
Synergis Holdings Limited
Kingston Chu Chun Ho
Executive Director and Chairman

Hong Kong, 28 March 2017

As at the date of this announcement, the Board comprises Mr. Kingston Chu Chun Ho (Chairman), and Mr. Terence Leung Siu Cheong (Deputy Chairman and Managing Director) 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*