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SYNERGIS HOLDINGS LIMITED

昇捷控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 02340)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 HK\$'000	2016 HK\$'000
Revenue	3	2,083,300	2,433,471
Cost of sales		(1,916,456)	(2,248,218)
Gross profit		166,844	185,253
Other income	4	9,801	5,162
General and administrative expenses		(148,505)	(122,494)
Doubtful debt recovery	4	19,818	-
Amortisation of intangible assets		(1,628)	(3,401)
Intangible asset write off	4	(33,907)	(1,755)
Impairment loss on goodwill	8	(55,000)	-
Impairment of contracting work-in-progress	3(b)	(2,723)	(9,448)
Impairment of receivables	3(b)	(3,160)	(82,304)
Interest expenses		(5,291)	(5,959)
Loss before taxation	4	(53,751)	(34,946)
Taxation	5	(1,770)	(4,766)
Loss for the year		(55,521)	(39,712)
Loss attributable to:			
Equity holders of the Company		(54,377)	(39,483)
Non-controlling interest		(1,144)	(229)
		(55,521)	(39,712)
Losses per share for loss attributable to the equity holders of the Company			
- basic (HK cents)	6	(13.8)	(11.7)
- diluted (HK cents)	6	(13.8)	(11.7)
Dividend	7	-	6,419

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 HK\$'000	2016 HK\$'000
Loss for the year	<u>(55,521)</u>	<u>(39,712)</u>
Other comprehensive income/(loss):		
<u>Items that will not be reclassified to profit or loss:</u>		
Actuarial gain on long service payment liabilities	505	1,564
<u>Items that may be subsequently reclassified to profit or loss:</u>		
Exchange differences on translating foreign operations	<u>1,696</u>	<u>(2,060)</u>
Other comprehensive income/(loss) for the year	<u>2,201</u>	<u>(496)</u>
Total comprehensive loss for the year	<u>(53,320)</u>	<u>(40,208)</u>

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment		15,263	13,435
Investment properties		5,600	3,600
Intangible assets	8	-	35,535
Goodwill	8	116,794	171,794
Deferred tax assets		41	78
Prepayment		2,080	1,840
Total non-current assets		139,778	226,282
Current assets			
Contracting work-in-progress		349,294	411,412
Receivables	9	490,604	398,409
Deposits and prepayments	9	22,429	26,622
Taxation recoverable		2,594	5,553
Cash and cash equivalents		112,532	111,723
Time deposits with original maturities over three months		3,666	17,561
Total current assets		981,119	971,280
Current liabilities			
Payables and accruals	12	704,154	753,368
Bank loans	11	162,402	204,000
Amount due to non-controlling interests	10	1,306	1,240
Amount due to other partner of joint operations		15	15
Taxation payable		565	4,655
Total current liabilities		868,442	963,278
Net current assets		112,677	8,002
Total assets less current liabilities		252,455	234,284
Non-current liabilities			
Long service payment liabilities		1,380	2,378
Deferred tax liabilities		248	6,356
Total non-current liabilities		1,628	8,734
Net assets		250,827	225,550
Equity attributable to equity holders of the Company			
Share capital	13	50,486	43,055
Retained profits and other reserves		201,499	182,509
		251,985	225,564
Non-controlling interests		(1,158)	(14)
Total equity		250,827	225,550

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 and facility management ("PFM") business and interiors and special projects ("ISP") business in Hong Kong, Mainland China and Macau.

The consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$'), unless otherwise stated, and were approved for issue by the Board on 27 March 2018.

2. Basis of Preparation and Accounting Policies

The consolidated financial statements of Synergis Holdings Limited have been prepared in accordance with 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 2017:

Amendments to HKFRS 12	Annual Improvements 2014 - 2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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 2017 and have not been early adopted by the Group:

Annual Improvements Project on HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 ¹
Amendments to HKAS 40	Transfers of Investment Property ¹

HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
HKFRS 16	Leases ²
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
HKFRS 17	Insurance Contracts 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 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

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”

HKFRS 15 replaces HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related interpretations (including but not limited to HK(IFRIC)-Int 18 “Transfers of Assets from Customers”). HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with a customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue when control of a good or service transfers to a customer. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified.

Based on the assessment undertaken to date, the Group does not expect the adoption of HKFRS 15 would have a material impact over revenue recognition of the Group’s major operation.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 9, “Financial Instruments”

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no

changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness but contemporaneous documentation is still required.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. Based on the assessments undertaken to date, the Group expects an earlier recognition of loss which would result in a small increase in loss allowances.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK\$20,165,000. Based on the preliminary assessment undertaken to date, it is estimated that the adoption of HKFRS 16 would result in recognition of right-of-use assets and financial liabilities in the consolidated statement of financial position primarily arising from leases of land and buildings. The interest expenses on the lease liabilities and the depreciation expenses on the right-of-use assets under HKFRS 16 will replace the rental charge under HKAS 17 in the consolidated income statement.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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, procurement and maintenance contracting; and
- interiors and special projects.

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

	PFM			PFM Business	ISP Business	Corporate Overhead (Note I)	Total
	Hong Kong	Mainland China	Ancillary Business				
2017							
Revenue	538,592	67,228	91,731	697,551	1,385,749	-	2,083,300
Gross profit	67,729	15,469	18,776	101,974	64,870	-	166,844
Operating expenses	(36,600)	(16,759)	(18,364)	(71,723)	(59,208)	(15,495)	(146,426)
Operating profit/(loss) before exceptional operating items	31,129	(1,290)	412	30,251	5,662	(15,495)	20,418
Doubtful debt recovery (Note II)	-	12,698	349	13,047	6,771	-	19,818
Impairment of contracting work-in-progress and receivables (Note 3 (b))	-	(2,463)	(697)	(3,160)	(2,723)	-	(5,883)
Operating profit/(loss)	31,129	8,945	64	40,138	9,710	(15,495)	34,353
Impairment loss on goodwill	-	-	-	-	-	(55,000)	(55,000)
Amortisation of intangible assets	-	-	-	-	-	(1,628)	(1,628)
Intangible asset write off	-	-	-	-	-	(33,907)	(33,907)
Acquisition loan interest expenses	-	-	-	-	-	(2,925)	(2,925)
Interest expenses	(162)	(2,204)	-	(162)	(2,204)	-	(2,366)
Other expenses	(840)	(900)	-	(840)	(900)	(339)	(2,079)
Other income	6,377	5	-	6,377	5	-	6,382
Other interest income	294	3,125	-	294	3,125	-	3,419
Profit/(loss) before taxation	45,807	9,736	-	45,807	9,736	(109,294)	(53,751)
Taxation	(4,236)	(3,397)	-	(4,236)	(3,397)	5,863	(1,770)
Profit/(loss) for the year	41,571	6,339	-	41,571	6,339	(103,431)	(55,521)

	PFM			PFM Business	ISP Business	Corporate Overhead (Note I)	Total
	Hong Kong	Mainland China	Ancillary Business				
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)	(16,078)	(121,535)
Operating profit/(loss) before exceptional operating items	31,413	580	3,582	35,575	44,221	(16,078)	63,718
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)	(16,078)	(28,034)
Amortisation of intangible asset	-	-	-	-	-	(3,401)	(3,401)
Intangible asset write off	-	-	-	-	-	(1,755)	(1,755)
Acquisition loan interest expenses	-	-	-	-	-	(3,660)	(3,660)
Interest expenses	(339)	(1,960)	-	(339)	(1,960)	-	(2,299)
Other expenses	(327)	(93)	-	(327)	(93)	(539)	(959)
Other income	4,837	325	-	4,837	325	-	5,162
Profit/(loss) before taxation	26,699	(36,212)	-	26,699	(36,212)	(25,433)	(34,946)
Taxation	(4,439)	(327)	-	(4,439)	(327)	-	(4,766)
Profit/(loss) for the year	22,260	(36,539)	-	22,260	(36,539)	(25,433)	(39,712)

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

Note II: The amount represents settlement of receivables which were previously impaired.

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

A provision of approximately HK\$5,900,000 (2016: HK\$91,800,000) was included based on the impairment assessment on the remaining balance including contracting work-in-progress and receivables mainly related to Hsin Chong Group Holdings Limited (“Hsin Chong”) and its subsidiaries (collectively “Hsin Chong Group”). The Company is pursuing all measures to recover the receivables.

4. Loss before Taxation

	2017 HK\$'000	2016 HK\$'000
Loss before taxation is arrived after charging/(crediting):		
Staff costs, including directors' emoluments	700,780	730,014
Intangible asset write off	33,907	1,755
Depreciation	6,806	5,798
Auditor's remuneration		
-Audit	1,520	1,420
-Non-audit services	223	1,718
Impairment loss on goodwill	55,000	-
Impairment of contracting work-in-progress	2,723	9,448
Impairment of receivables	3,160	82,304
Operating lease rental on land, buildings and office equipment	12,380	12,930
Interest income from former ultimate holding company	(3,419)	-
Fair value gain on investment properties	(2,000)	(560)
Doubtful debt recovery	(19,818)	-

5. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits/(loss) 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:

	2017 HK\$'000	2016 HK\$'000
Current taxation		
Hong Kong profits tax		
- provision for the year	7,768	4,541
- (over)/under provision in prior years	(35)	1,088
Overseas tax		
- provision for the year	108	-
Deferred taxation	(6,071)	(863)
	<u>1,770</u>	<u>4,766</u>

6. Losses Per Share

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

	2017	2016
Loss attributable to equity holders (HK\$'000)	(54,377)	(39,483)
Less: dividends to convertible preference shareholders (HK\$'000)	-	(1,200)
Loss attributable to ordinary shareholders (HK\$'000)	<u>(54,377)</u>	<u>(40,683)</u>
Weighted-average ordinary shares issued ('000)	<u>393,376</u>	<u>347,982</u>
Basic losses per share (HK cents)	<u>(13.8)</u>	<u>(11.7)</u>

- (b) The diluted losses per share for the year ended 31 December 2017 and 2016 are the same as the basic losses 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.

7. Dividend

	2017 HK\$'000	2016 HK\$'000
(a) Dividends attributable to the current year:		
No interim dividend proposed (2016: 1.5 HK cents)	-	6,419
No final dividend proposed (2016: Nil)	-	-
	<u>-</u>	<u>6,419</u>
(b) Dividend attributable to the previous year, approved and paid during the year:		
No final dividend proposed (2016: 2.5 HK cents)	<u>-</u>	<u>10,692</u>

At a meeting held on 27 March 2018, the Board resolved not to declare final dividend for year ended 31 December 2017 (2016: Nil).

8. Intangible Assets and Goodwill

	Goodwill HK\$'000	Trademark HK\$'000	Backlog orders HK\$'000	Non- competition agreement HK\$'000	Total HK\$'000
<u>Cost</u>					
At 1 January 2016	171,794	48,826	15,934	2,393	67,153
Write off during the year	-	-	-	(2,393)	(2,393)
At 31 December 2016	171,794	48,826	15,934	-	64,760
Write off during the year	-	(48,826)	-	-	(48,826)
At 31 December 2017	171,794	-	15,934	-	15,934
<u>Accumulated amortisation/ Impairment</u>					
At 1 January 2016	-	(10,036)	(15,934)	(492)	(26,462)
Amortisation for the year	-	(3,255)	-	(146)	(3,401)
Write off during the year	-	-	-	638	638
At 31 December 2016	-	(13,291)	(15,934)	-	(29,225)
Amortisation for the year	-	(1,628)	-	-	(1,628)
Impairment charge	(55,000)	-	-	-	-
Write off during the year	-	14,919	-	-	14,919
At 31 December 2017	(55,000)	-	(15,934)	-	(15,934)
<u>Net Book Value At 31 December 2017</u>	116,794	-	-	-	-
At 31 December 2016	171,794	35,535	-	-	35,535

The impairment charge of HK\$55,000,000 was made as at 31 December 2017 regarding the goodwill recognised upon the Group's acquisition of the ISP business in late 2012, as a result of management assessment of the ISP business's prospect, taking account of the decrease in new orders awarded during the year and the increasingly competitive business environment of the ISP business in future.

As a result of a series of rebranding exercise of the Group in the reporting period following the change in controlling shareholder of the Company, the Hsin Chong's trademark acquired along the Group's acquisition of the ISP business in late 2012, has been written-off during the year, resulting in the loss of approximately HK\$28,300,000 (net of tax).

9. Receivables, Deposits and Prepayments

The credit period of the Group's accounts receivable generally ranges from 30 to 60 days (2016: 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 invoice date is as follows:

	2017 HK\$'000	2016 HK\$'000
Accounts receivable		
0 to 30 days	173,954	157,934
31 to 60 days	43,424	39,491
61 to 90 days	15,977	10,442
Over 90 days	120,289	81,160
	<u>353,644</u>	<u>289,027</u>
Retention receivables and other receivables	<u>207,537</u>	<u>191,686</u>
Receivables	<u>561,181</u>	<u>480,713</u>
Deposits and prepayments	<u>22,429</u>	<u>26,622</u>
	583,610	507,335
Impairment of account receivables, retention receivables and other receivables	<u>(70,577)</u>	<u>(82,304)</u>
	<u>513,033</u>	<u>425,031</u>

The Group made a provision for amounts of receivables of approximately HK\$82,304,000 based on the impairment assessment for the year ended 31 December 2016 which was mainly related to Hsin Chong Group. Contracting work-in-progress of approximately HK\$4,847,000 previously impaired were reallocated to receivables and has also been impaired during the year. Further provision for amounts of receivables of approximately HK\$3,160,000 based on the impairment assessment for the year ended 31 December 2017 which related to Hsin Chong Group has been made as well. During the year, approximately HK\$19,818,000 of receivables which were previously impaired, have been recovered and approximately HK\$19,020,000 has been settled under the settlement agreement and supplemental agreement that have been entered with Hsin Chong for the repayment of remaining balance of receivables by 1 June 2018 at the latest. As a result, the total receivables with provision for impairment as at 31 December 2017 were approximately HK\$70,577,000.

The amount of receivable of approximately HK\$63,380,000 was outstanding to be recovered by the settlement agreements with Hsin Chong 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 Non-controlling Interests

Balances with 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

	2017 HK\$'000	2016 HK\$'000
Portion due for repayment within one year	126,402	204,000
Portion due for repayment after one year, which contains a clause of repayment on demand		
(i) in the second year	24,000	-
(ii) in the third to fifth years, inclusive	12,000	-
Total bank loans	162,402	204,000

Notes:

- (a) As at 31 December 2017, the Group had bank loans of HK\$162,402,000 (2016: HK\$204,000,000) denominated in Hong Kong dollars.
- (b) The bank loans of the Group carried weighted average interest rates of 3.0% (2016: 2.8%) per annum.
- (c) The Group's bank loan of HK\$60,000,000 (2016: HK\$84,000,000) is subject to a floating charge over the assets of all the Company's subsidiaries.
- (d) The Group's bank loan of HK\$150,000,000 (2016: Nil) is personally guaranteed by a controlling shareholder.
- (e) 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 (2016: 30 to 60 days). The ageing analysis of accounts payable by invoice date is as follows:

	2017 HK\$'000	2016 HK\$'000
Accounts payable		
0 to 30 days	375,704	400,210
31 to 60 days	21,694	55,281
61 to 90 days	16,286	25,394
Over 90 days	38,879	46,399
	452,563	527,284
Retention payables, other payables and accruals	226,494	212,943
Amounts due to customers for property and facility services	10,955	6,368
Amounts due to customers for contract work	14,142	6,773
	704,154	753,368

13. Share Capital

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
Ordinary shares		
At 1 January 2017	350,544	35,055
Share issued upon exercise of options granted under the Share Option Scheme	4,786	479
Placing of new shares (Note (a))	<u>69,520</u>	<u>6,952</u>
At 31 December 2017	<u>424,850</u>	<u>42,486</u>
Convertible preference shares (Note (b))		
At 1 January 2017 and 31 December 2017	<u>80,000</u>	<u>8,000</u>
Ordinary shares and convertible preference shares issued and fully paid		
At 31 December 2017	<u>504,850</u>	<u>50,486</u>
At 31 December 2016	<u>430,544</u>	<u>43,055</u>

Notes:

- (a) The Company entered into a placing agreement on 12 May 2017, pursuant to which 69,520,000 new shares of the Company were placed to independent investors at the placing price of HK\$1.09 per share. The completion of placing took place on 13 June 2017.
- (b) On 30 November 2012, 80,000,000 convertible preference shares ("CPS") of HK\$0.75 each were issued as part of the consideration paid for the acquisition of ISP business.

DIVIDEND

The Board did not declare interim dividend for the six months ended 30 June 2017 (2016: 1.5 HK cent per share). To preserve funds for the expansion and development of the Company, the Board resolved not to declare final dividend for the year ended 31 December 2017 (2016: Nil). Accordingly, total dividends for the financial year of 2017 were nil (2016: 1.5 HK cent per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 May 2018 to Friday, 18 May 2018, both days inclusive (Hong Kong time), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2018 Annual General Meeting. In order to be eligible to attend and vote at the 2018 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, 11 May 2018 (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

		2017	2016	Change	
				Amount	%
Revenue	HK\$' million	2,083.3	2,433.5	(350.2)	-14.4%
Gross profit	HK\$' million	166.8	185.2	(18.4)	-9.9%
Gross profit margin		8.0%	7.6%		+0.4%
Operating profit before exceptional operating items	HK\$' million	20.4	63.7	(43.3)	-68.0%
Doubtful debts recovery	HK\$' million	19.8	-	19.8	-
Impairment of contracting work-in-progress and receivables	HK\$' million	(5.9)	(91.8)	85.9	+93.6%
Operating profit/(loss)	HK\$' million	34.3	(28.1)	62.4	+222.1%
Impairment loss on goodwill	HK\$' million	(55.0)	-	(55.0)	-
Intangible asset write off	HK\$' million	(33.9)	(1.7)	(32.2)	-1,894.1%
EBITDA	HK\$' million	50.5	(16.8)	67.3	+400.6%
Loss attributable to shareholders	HK\$' million	(54.4)	(39.5)	(14.9)	-37.7%
Basic losses per share	HK cents	(13.8)	(11.7)	(2.1)	-17.9%

The Group reported consolidated revenue of approximately HK\$2.1 billion for the year ended 31 December 2017, a decrease of 14.4% over the year ended 31 December 2016. The management team had focused on improving gross profit and was able to keep similar gross profit margin as that of last year in spite of keen competition and rising cost. The Group recorded an operating profit of approximately HK\$20.4 million after taking into account operating expenses arising from tearing up business segments and recruiting talents, poised to open a new page for the Company.

The Group recorded a loss attributable to shareholders of approximately HK\$54.4 million including few exceptional items as compared to the loss of approximately HK\$39.5 million recorded last year. Loss attributable to shareholders was stated after charging a non-cash impairment loss on goodwill of HK\$55.0 million and a write off of Hsin Chong's trademark of approximately HK\$28.3 million (net of tax), both of which were related to the acquisition of the ISP business from Hsin Chong in late 2012.

Moreover, the Group has also recognised the doubtful debt recovery of approximately HK\$19.8 million, the majority of which being approximately HK\$19.0 million was from Hsin Chong Group Holdings Limited ("Hsin Chong"). Being prudent after taking into account of repetitive deferred repayment schedule and the absence of announcements regarding any concrete cashflow enhancement activities by Hsin Chong, an additional amount of approximately HK\$5.9 million on impairment of contracting work-in-progress and receivables has been provided during the year. Losses per share was 13.8 HK cents (2016: losses per share was 11.7 HK cents).

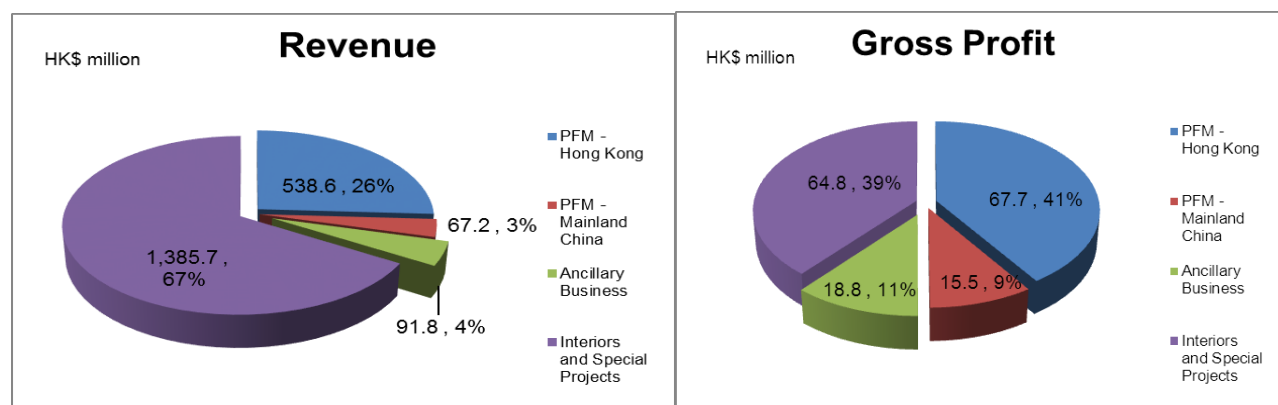
Regarding the update on Hsin Chong's repayment status, the Company entered into a supplemental agreement on 17 August 2017 (the "Supplemental Agreement") in addition to the settlement agreement dated 27 March 2017 with Hsin Chong after arm's length negotiation for the repayment of remaining balance of receivables of approximately HK\$66.7 million plus interest by installments, pursuant to which the deadline of the repayment period had been deferred from 31 July 2017 to 1 June 2018. Other than the repayment of approximately HK\$3.3 million plus interest on 30 October 2017 under the Supplemental Agreement, the Company had not received further repayment from Hsin Chong. The Company will continue to seek for settlement of the remaining balance of receivables of approximately HK\$63.4 million plus interest under the Supplemental Agreement within the agreed period and the net balance of receivables of approximately HK\$3.0 million plus interest during the year. The Company is monitoring the situation closely and seeking legal advice as to actions it may take to protect its right.

BUSINESS REVIEW AND PROSPECTS

BUSINESS OVERVIEW

On 1 August 2017, the Company has adopted a new Chinese name “昇捷控股有限公司” which signifies the Group’s establishment of a new milestone, as the Chinese character “昇” means new drives, new team and new momentum; while the Chinese character “捷” represents stepping forward and achieving success. The PFM arm has also used “昇捷” to replace its previous Chinese name “新昌”; while “ISP” business has adopted a new English and Chinese name of “ISP” and “昇柏” respectively.

The Group’s PFM business remained stable in revenue and continued to maintain its solid market position whilst ISP business continued to be a significant contributor to the Group’s revenue.



The operating results of PFM business and ISP business in the following sections excluded the exceptional operating items that are impairment of contracting work-in-progress of approximately HK\$2.7 million and receivable of approximately HK\$3.2 million which are related to Hsin Chong Group during the year and the recovery on doubtful debts of approximately HK\$19.8 million that was previously impaired in last year.

	Revenue (HK\$' million)			Operating Profit / (Loss) before exceptional operating items (HK\$' million)		
	2017	2016	Change	2017	2016	Change
PFM – Hong Kong	538.6	553.8	-2.7%	31.1	31.4	-1.0%
Ancillary Business – Hong Kong	91.8	100.6	-8.7%	0.4	3.6	-88.9%
PFM Business – Hong Kong Sub-total	630.4	654.4	-3.7%	31.5	35.0	-10.0%
PFM – Mainland China	67.2	62.1	8.2%	(1.3)	0.6	-316.7%
PFM Business Sub-total	697.6	716.5	-2.6%	30.2	35.6	-15.2%
ISP Business	1,385.7	1,717.0	-19.3%	5.7	44.2	-87.1%
Corporate Overheads	-	-	-	(15.5)	(16.1)	+3.7%
Total	2,083.3	2,433.5	-14.4%	20.4	63.7	-68.0%

Property and Facility Management Business

Property and Facility Management

As at 31 December 2017, the Group managed 341 PFM service contracts, with 35 contracts providing asset management, leasing, consultancy and sales agency services. The scope of service covers government departments, large scale public facilities, transportation systems, airport cargo terminals, education institutions, hospitals, industrial and commercial properties, public housing estates, private housing, car parks, etc. During this year, the Group's business has become more diversified.

Hong Kong:

The Group has secured two 3-year new contracts with a total contract sum of HK\$143.6 million with Link Asset Management Limited to provide management services for 48 Link Real Estate Investment Trust's car parks located in the New Territories and other four major PFM contracts from two-year to three-year, with a total contract sum of around HK\$65.4 million. Major contracts include:

- Hong Kong Baptist University Staff Quarters;
- Centennial College Island South (Pokfulam) Campus;
- Station Assistant Services for various projects for MTR Corporation; and
- The Carparks of residential under the Heya brand name at Cheung Sha Wan

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

- Property Management Service Contracts: Property Management Support Services for Link, King Shan Court, Sun Hing Garden, Lung Mun Oasis, Tin Fu Court and Tin Ping Estate;
- Housing Authority Contract of the Hong Kong Housing Authority Headquarters Customer Service Centre;
- Facility Management Service Contracts of Cathay Pacific Cargo Terminal, the Mid-Levels Escalator and Walkway System Management Contract in Central from the Electrical and Mechanical Services Department, Hong Kong Jockey Club, Riding Schools and Other Associated Properties; and
- Carpark Management Contract of the Housing Authority's Carparks

Although the revenue for this business segment has slightly decreased by 2.7%, the management team was able to keep the operating profit at approximately HK\$31.1 million that was very similar with that of last year. We are striving hard to expand our business under keen competition together with exercise tighter cost control to push for a higher profit margin.

Stepping into 2018, the Group expects to focus more on expanding the facility management business as well. Apart from offering value-added services such as consultancy services to our existing clients, the team also expects to increase our market share by expanding our service scope such as building consultancy and energy audit services. Besides, the team will continue to explore new customers including international schools or other institutions and develop technical consultancy and supporting services to food & beverage industry. With our stable market position in the property management segment, we will continue to retain our current portfolio whilst exploring opportunities in commercial premises especially in West Kowloon.

During the year, the Group has launched its leasing and real estate agency business in Hong Kong with the first project, Hong Kong's famous wedding theme shopping mall – Golden Plaza in Mong Kok. The real estate agency business is one of the key development foci in 2018.

Mainland China:

The financial performance of this business segment was steady compared to that reported last year. However, this segment was suffered an operating loss of HK\$1.3 million compared to a profit of HK\$0.6 million last year, mainly due to the increase in overheads in Southern China as a result of expansion of our agency team. The Company has secured several short term to three-year contracts mainly in Shanghai, Beijing and Shenzhen with a total contract sum of HK\$11.6 million.

Property management services for the residential/commercial projects

- A new office building of Huawei with an underground carpark covering a total construction area of 43,000 square metres(“sqm”) in the Beijing Huawei Centre.
- Shanghai Hongfa Garden consists of a luxury apartment tower with a construction area of approximately 27,600 sqm and is located at Changning District in Shanghai.
- Shenyang Maternity and Child Health Hospital is located in downtown area of Shenyang consisting of 25,000 sqm health and care services centre.

Agency services for the residential/commercial development projects

- Fuyong Art Dock project is one of the key commercial projects with a construction area of approximately 30,000 sqm at Fuyong Pier in Shenzhen. We have been appointed as the commercial consultant and sole leasing agent of this project.
- Located in Shenzhen Xixiang District, Xixiang Mall project consists of 20,000 sqm commercial area. We have been appointed as the commercial consultant and sole leasing agent of the project.
- East One and East Commercial Centre are the municipal government's key construction projects with a total area of approximately 100,000 sqm, consisting a residential tower, two apartment towers and two office towers in new central business district of Phnom Penh in Cambodia. We have been appointed as the sole sales agent in Southern China for this project.
- Yuyao Commercial Project is a commercial complex with a construction area of approximately 31,000 sqm in Yuyao City. We have been appointed as the commercial consultant and sole leasing agent of this project.
- A luxury residential project, Royal Lee The Terminal Phuket - Phase I is located at Sakhu Sub-district, Phuket of Thailand. We have been appointed as the joint sole sales agent of the project.

- G Residence is a residential development consisting of 480 units of serviced apartments located at Mukim Plentong of Johor in Malaysia. We have been appointed as the sales agent of China Region of the project.

With different requirements of skillsets and job references in Northern China and Southern/Eastern China, management has adopted different development strategies for our developing businesses in different regions. The management team in Northern China focuses on developing the commercial consultancy and leasing services, while the Southern/Eastern China team focuses on developing business in property management and agency services. We will utilise our extensive network and experience in property and facility management to provide our customers with the most specialised services. In addition, the Group has established an extensive business network in the Mainland China and expected to achieve significant progress in forthcoming year.

Ancillary Business

Over the years, in order to provide a one-stop value added service to the customers, Synergis has constantly developed its ancillary business. The Group determined to modify the business model to provide integrated “5 in 1” professional services including procurement, laundry, cleaning, security and maintenance contracting services in mid-2017 to external customers in order to capture the new opportunities as nowadays many commercial corporations tend to outsource their non-core business to improve cost-effectiveness. The new brand – SynWave (新浪潮) aims to offer enhanced, flexible and tailor-made services. Total revenue from the ancillary businesses reported a 8.7% decrease over last year to HK\$91.8 million as a result of the expiration of several management contracts in property management segment. The gross profit margin was improved by around 3.1% to 20.5% after a series of cost control exercise. However, due to the increase in the costs associated with such transformation in business model and general administrative expenses for business development, investment on infrastructure and repositioning strategy, this business segment only recorded a minor operating profit of HK\$0.4 million for the year ended 31 December 2017.

During the year, a two-year cleaning service contract from Kowloon Motor Bus Depot with a total contract sum of approximately HK\$16.0 million and a two-year technical support services contract with a total contract sum of approximately HK\$10.0 million for drainage improvement works for Tsing Yi Garden had been secured. Furthermore, SynWave has been appointed as the sole corporate distributor of Vinda, responsible for sales and distribution of Vinda’s products to more than 150 corporate customers. We have put effort to increase its customer’s diversification continuously after a repositioning exercise and expect a significant progress in the coming years.

Interiors & Special Projects

As a part of the core business of Synergis, ISP provides one-stop ISP services including planning, design, consultancy, project management, demolition work, site formation work, repair and restoration of historic buildings work, curtain wall, sourcing services, etc. to its local and overseas customers. With its expertise and extensive industry experience and the launch of our new branding, we strive to do better than ever before.

For the year, the total revenue and gross profit of ISP business recorded HK\$1,385.7 million and HK\$64.8 million, representing a decrease of 19.3% and 24.9% in the revenue and gross profit respectively when compared to those of the year ended 31 December 2016. The significant revenue contribution came from residential development at Discovery Bay North Phase 16, the new factory development of a well-established pharmaceutical brand in Yuen Long, the alteration and addition works at Kowloon Investment Building at Bute Street in Mong Kok, which covered over half of ISP's revenue this year. The gross profit margin was around 4.7% that was 0.3% lower than that of last year. The decrease in revenue was mainly due to a lack of new order replenishment in the second half of 2017. Besides, the decrease in gross profit of approximately HK\$21.5 million was mainly due to the lower gross margin generally for the construction projects brought forward from last year together with lower revenue this year in result. During the year, ISP has expanded its new business in procurement and sourcing services and a metal work fabrication factory in Dongguan to support the curtain wall business. We also set up an interior design consultancy team to expand our services to small to medium size interior design and fitting out works for offices, retail and residential to capture any new opportunities. As a result, the general and administrative expenses substantially increased over 40.7% due to the investment on developing more diversified business to leverage the existing businesses with very keen competition. The operating profit inevitably substantially decreased to HK\$5.7 million for the 31 December 2017.

New contracts amounting to HK\$519.0 million were awarded for the year. The major projects are listed below by nature:

Construction

- Building and Electrical and Mechanical Works for Automation of Arrival Bags Delivery at Hong Kong International Airport; and
- Reprovision of an Indoor All-weather Swimming Pool at Po Leung Kok Camões Tan Siu Lin Primary School at Yau Ma Tei

Alteration and Addition ("A&A"), and Fitting-out

- A&A Works at Hung To Road in Kwun Tong;
- Office Renovation Works at 28th Floor for CDW Building in Tsuen Wan;
- Renovation Works at Whampoa Garden;
- Renovation Works at Citistore in Tseung Kwan O;
- Fitting-out for Hotel Guestrooms, Corridors, Lift Lobbies and Lift Car at Tung Chung Town Lot No.2 & 11; and
- A&A Works At Commercial / Carpark Block, Hing Man Shopping Centre, No. 188 Tai Tam Road

Procurement

- A first phase resort development contract in Danang, Vietnam, with an area of approximately 1.1 million sqm, providing entertainment facilities consultancy services as well as material and facilities procurement services.

The total outstanding works for contracts on hand, as of 31 December 2017, exceeded HK\$1.4 billion, over two-thirds of which would be completed in 2018. With substantial outstanding contracts on hand and our efforts to replenish orders, management believes that the ISP business would deliver growth in the coming years through the team's commitment and dedication to excellence. We will continue to focus on the core business (fitting out, A&A, renovation, special construction project, demolition, etc) and target at high end/hotel fitting out and retail fitting out business with higher profit margin in the coming years.

After year end, ISP has awarded a construction manager service & general contractor contract for temple renovation project in Kowloon Tong recently. ISP will provide professional construction manager services in the pre-construction stage to manage project design, project cost control, selection of building materials, plant and equipment, project planning and construction schedule of works. The renovation works for the temple will include interior renovations to the 8 levels of the building (comprising approximately 5,200 sqm), improvements for the garden at ground level, replacement of the roof system, mechanical & electrical plants and the exterior building façade. The exterior building façade of the temple will be replaced in its entirety and the expected project completion will take place by end of 2020. Besides, ISP has also awarded a construction of a small size superstructure in Macau.

Mandatory Unconditional Cash Offer

The controlling shareholder of the Company has been changed to Champ Key Holdings Limited ("Champ Key") after completion of acquisitions took place on 21 November 2016.

Pursuant to Rules 26.1 and 13.5 of the Code on Takeovers and Mergers and Share Buy-backs, 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 80,000,000 convertible preference shares ("CPSs") were 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 were set out as 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.

The change of Company Name and Company Logo

The adoption of Chinese name “昇捷控股有限公司”, as the secondary name of the Company to replace the previous Chinese name “新昌管理集團有限公司” which was used for identification purposes only, was approved by the shareholders of the Company at the annual general meeting held on 19 May 2017 and took effect on 25 May 2017. The Certificate of secondary name was issued by the Registrar of Companies in Bermuda on 4 July 2017, certifying that “昇捷控股有限公司” was registered as the secondary name of the Company on 25 May 2017 and the certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 18 July 2017. The Chinese stock short name of the shares of the Company for trading on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has been changed from “新昌管理集團” to “昇捷控股” with effect from 1 August 2017. The English stock short name of the shares of the Company for trading on the Stock Exchange remains unchanged as “SYNERGIS HOLD”. The logo of the Company has been changed to reflect the change of company name with effect from 1 August 2017 as well. The changes of company name and logo are part of the re-branding exercise in light of the change of controlling shareholder of the Company from Hsin Chong to Champ Key.

Financial Position and Financial Risk Management

As of 31 December 2017, the total outstanding bank loan was HK\$162.4 million, which is scheduled to be repaid over the next three years. This includes an outstanding balance of HK\$60.0 million (which around \$36.0 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 mainly to support ISP operations and business development. During the year under review, the Group's sources of fund were generated primarily from operating activities and financing activities including placing and existing banking facilities.

On 12 May 2017, the Company entered into a placing agreement (as supplemented by a side letter on 26 May 2017) with Kingston Securities Limited and VMS Securities Limited (the "Placing Agreement") as the placing agents (the "Placing Agents"), pursuant to which the Company conditionally agreed to place through the Placing Agents up to 69,520,000 placing shares (the "Placing Shares") to not fewer than six independent placees at the placing price of HK\$1.09 per Placing Share (the "Placing Price") (collectively, the "Placing"). The Placing Price represented a discount of approximately 19.85% to the closing price of HK\$1.36 per share as quoted on the Stock Exchange on the date of the Placing Agreement. The Placing was completed on 13 June 2017 and an aggregate of 69,520,000 Placing Shares were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 20 May 2016. The aggregate nominal value of the Placing Shares under the Placing should be HK\$6,952,000. The Company received the gross proceeds of approximately HK\$75.8 million from the Placing while the net proceeds of approximately HK\$73.9 million, which represents a net issue price of HK\$1.06 per Placing Share.

The purpose of the Placing which raised approximately HK\$73.9 million after expenses is to provide adequate buffer for the Group's working capital requirements in case that HK\$63.4 million outstanding receivables due from Hsin Chong under its settlement agreement with the Group has not been received and after taking into account the expected operating cash inflow, available banking and other facilities. The Group's working capital requirements include operating overheads and the upfront cash outlay (before receipt of payments for certified works carried out) in respect of projects on hand and new projects that may be awarded in the ISP business. The Group closely manages its cash flow position to ensure that there is adequate cash buffer to support new projects if awarded. As at the date of this announcement, approximately HK\$50.0 million out of the net Placing proceeds was used for supporting the subcontractor payments of ISP business and the balance of approximately HK\$23.9 million has been remained in a bank. The Directors considered that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the market conditions and in the interests of the Company and the shareholders as a whole.

The effects of the Placing on the capital structure of the Company are more particularly depicted in note 13 to the financial information of this announcement. The full details of the aforesaid transaction can also be referred to in the announcements of the Company dated 14 May 2017, 26 May 2017, 6 June 2017 and 13 June 2017.

The gearing ratios and liquidity have been improved immediately after completion of Placing. 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.

Regarding the impairment of contracting work-in progress and receivables mainly related to Hsin Chong, the Company entered into a supplemental agreement to the settlement agreement with Hsin Chong on 17 August 2017 after arm's length negotiation for the repayment of remaining balance of receivables of approximately HK\$66.7 million plus interest by installments, pursuant to which the deadline of the repayment period has been deferred from 31 July 2017 to 1 June 2018. Other than the repayment of approximately HK\$3.3 million plus interest on 30 October 2017 under the Supplemental Agreement, the Company had not received further repayment from Hsin Chong up to the date of announcement. The management is pursuing all measures to recover the receivables and expects to further improve the liquidity.

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 shareholders' equity and banking facilities. 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)	2017	2016
Total assets	1,120,897	1,197,562
Receivables and other assets	864,921	841,996
Deposits, cash and cash equivalents	116,198	129,284
Current assets	981,119	971,280
Net assets	250,827	225,550
Current liabilities	868,442	963,278
Bank loans	162,402	204,000
Gearing ratios and liquidity		
Net debt to net assets	18.4%	33.1%
Total debt to net assets	64.7%	90.4%
Current ratio	1.1	1.0
Per share data		
Shares in issue (all classes)	504,850,000	430,544,000
Basic losses per share (HK cents)	(13.8)	(11.7)
Diluted losses per share (HK cents)	(13.8)	(11.7)
Dividend per share (HK cents)	-	1.5
Net assets per share (HK cents)	49.7	52.4

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

Interest rate risk arises from bank borrowings is low 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 centralised 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 2017, the Group employed a total of 5,695 staff (2016: 5,976) in Hong Kong and Mainland China. Employees are remunerated according to their job responsibilities and the market pay trends, with a discretionary annual performance bonus as variable pay for rewarding individual performance and contributions to the respective group's achievement and results.

We would like to share more detail in our standalone Environment, Social and Governance report.

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 four members, namely, Mr. Lau Man Tak (chairman of the Audit Committee), Mr. Kan Fook Yee, Mr. Eric Lee Hon Man and Dr. Wong Yun Kuen. 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 2017 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 2017. 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 2017.

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 2017, the Company complied with all code provisions of the CG Code.

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

Hong Kong, 27 March 2018

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. Kan Fook Yee, Mr. Lau Man Tak, Mr. Eric Lee Hon Man and Dr. Wong Yun Kuen as Independent Non-executive Directors.