

Chairman's Statement

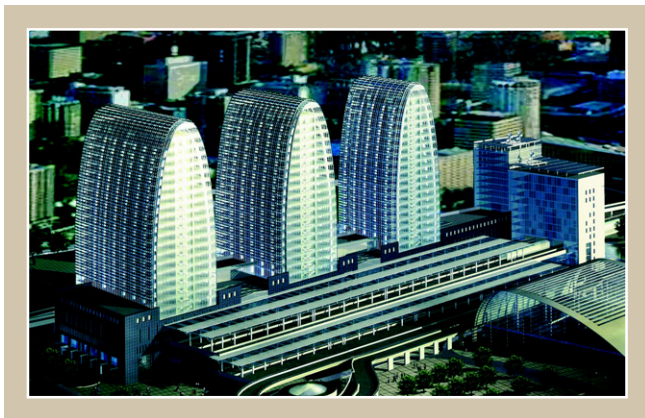


Professor WOO Chia Wei,
Chairman

Dear Shareholders,

I am pleased to present the annual results of Synergis Holdings Limited and its subsidiaries (collectively, "Synergis" or the "Group"). The past year has been challenging due primarily to unprecedented aggressive market competition and a shifting outsourcing model by one of Synergis' largest customers, the Hong Kong Housing Authority ("HKHA"). Despite the difficult conditions, the Group's turnover only decreased by 1.4% to HK\$382.4 million for the year ended March 31, 2005 ("FY2004/05"). This decrease is largely due to the fact that two significant HKHA contracts were not available for re-tendering on contract expiry. However, Synergis was able to counterbalance the loss of revenue almost entirely with growth in other areas and by diversifying its customer base. More importantly, the Group was able to maintain a 99% contract renewal rate and continuously expand its management portfolio – clear and convincing evidence of customers' confidence in, and appreciation of, Synergis' ability to deliver on its value proposition.

Nevertheless, as a consequence of the challenging market conditions explained in more detail in the Management Discussion and Analysis ("MD&A") section of this report, net profit was HK\$25.8 million, a decrease of 18.3% on the results of the year ended March 31, 2004 ("FY2003/04"). This should, however, be considered a reasonably acceptable result in the circumstances because of our ability to maintain a satisfactory gross profit margin of 20.7% in FY2004/05 compared with 22.0% in FY2003/04 despite the change in HKHA's outsourcing model and the excessively aggressive pricing and operational strategies employed by smaller service providers. What is particularly noteworthy is that both turnover and earnings in the second half of FY2004/05 showed recovery and improvement – up 4% and 15.6%, respectively, over the first half of the year. Given these encouraging trends and the strong financial position of the Group, the Board of Directors is recommending a final dividend of 4.0 HK cents per share. Together with the interim dividend of 2.0 HK cents per share, total dividends for FY 2004/05 will amount to 6.0 HK cents per share, representing a 77% payout of earnings for the year. While this payout ratio may appear paradoxical in light of the decrease in net profits, the Board believes that the Group's dividend policy should reflect the cash generative nature of its business, taking into account its medium term working capital needs and strategic plans. With a cash balance of over HK\$100 million and banking facilities of HK\$100 million as at March 31, 2005, the total dividend payout of HK\$19.9 million represents a reasonable dividend distribution of earnings and cash flow generated in the year and does not have any adverse impact on the Group's financing requirements for the foreseeable future.



Left:
*Xihuan Plaza,
Beijing*



In response to changing market dynamics, Synergis' strategies were focused on diversification of its client base and expansion of its business in the Mainland of China (the "Mainland"). As explained in more detail in the MD&A, in FY2004/05, the Group added upscale residential developments to its portfolio and started providing management services to clients in the arts and catering sectors, among others. Our "total solutions" approach and our people's ability to understand the critical needs of our clients have enabled us to not only be successful in private residential projects, such as The Paragon (悠然山莊) and The Hillgrove (漣山) but also develop relationships with niche clients such as the Hong Kong Jockey Club and Tao Heung Holding Limited (稻香集團有限公司).

Furthermore, as mentioned in our FY2004/2005 Interim Report, our strategy for expansion in the Mainland is focused on the Group's ability to transfer and consistently implement its management systems, its corporate culture and core values to its operations in the Mainland. This strategy is beginning to bear fruit. The solid foundation and operational excellence we have established in Shanghai and Beijing is providing the Group with a springboard for further expansion in the Mainland, as evidenced by the successful establishment of the Group's second joint venture in Beijing with Beijing Financial Street Property Management Co., Ltd (北京金融街物業管理有限責任公司).

The Group's focus and unwavering commitment to quality and service excellence has brought new awards and accolades. The awards of the Q-Mark Certificate by the Hong Kong Q-Mark Council; The Top Service Award by the Next Media; and the recent award of the Business Performance Index (BPI) 9004 Excellence Class Certificate by the Hong Kong Quality Assurance Agency are all continuing proof of Synergis' status as a "Superbrand". These awards are external recognition of the Group's professionalism, quality management and service performance.

Looking ahead, Synergis is poised to continue to capture new market opportunities and reinforce its market leadership position, given its proven track record, diversified portfolio and strong management team.

On behalf of the Board of Directors, I would like to thank all of our customers, suppliers, bankers, business associates and shareholders for their continuous support. The Board would also like to express its appreciation to more than 4,600 employees for their dedication, conscientious work and contribution to the Group's achievements throughout the year.

Professor Woo Chia Wei

Chairman