CIRCULAR DATED 26 NOVEMBER 2018

THIS CIRCULAR IS ISSUED BY CITYNEON HOLDINGS LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF NOVUS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

CITYNEON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199903628E)

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by

CREDIT SUISSE (SINGAPORE) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 197702363D)

for and on behalf of

WEST KNIGHTON LIMITED

(Incorporated in the British Virgin Islands)
(BVI Company No.: 1991027)

for all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled, or agreed to be acquired by West Knighton Limited

Independent Financial Adviser to the Independent Directors

NOVUS CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 201723484W)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 12 DECEMBER 2018, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR. ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.

THE OFFEROR DOES NOT INTEND TO REVISE THE OFFER PRICE.

CONTENTS

DEFINITIONS 2

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS 7

INDICATIVE TIMETABLE 8

LETTER TO SHAREHOLDERS 9

1. INTRODUCTION 9
2. THE OFFER 10
3. FURTHER DETAILS OF THE OFFER 11
4. PROCEDURES FOR ACCEPTANCE 11
5. INFORMATION ON THE COMPANY 12
6. INFORMATION ON THE OFFEROR AND ITS SHAREHOLDERS 12
7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY 12
8. THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION 13
9. DIRECTORS' INTERESTS 14
10. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS 14
11. RECOMMENDATION OF THE INDEPENDENT DIRECTORS 15
12. ACTION TO BE TAKEN BY SHAREHOLDERS 15
13. OVERSEAS SHAREHOLDERS AND COPIES OF THIS CIRCULAR 16
14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS 18
15. DIRECTORS' RESPONSIBILITY STATEMENT 18
16. CONSENTS 18
17. DOCUMENTS AVAILABLE FOR INSPECTION 19
18. ADDITIONAL INFORMATION 19

APPENDIX A : LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF CITYNEON HOLDINGS LIMITED IN RESPECT OF THE OFFER A-1

APPENDIX B : GENERAL INFORMATION RELATING TO THE COMPANY B-1

APPENDIX C : RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY C-1

APPENDIX D : AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2017 .... D-1

APPENDIX E : UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR 9M2018 .... E-1

In this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

"**9M2017**"	:	The nine (9) months ended 30 September 2017
"**9M2018**"	:	The nine (9) months ended 30 September 2018
"**9M2018 Results**"	:	The unaudited consolidated financial statements of the Group for 9M2018, as set out in Appendix E to this Circular
"**Acquisition**"	:	Shall have the meaning ascribed to it in Section 1.1(a) of this Circular
"**Acquisition Shares**"	:	Shall have the meaning ascribed to it in Section 1.1(a) of this Circular
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Amended and Restated Facility Agreement**"	:	Shall have the meaning ascribed to it in Section 6.2(c) to Appendix B of this Circular
"**Business Day**"	:	A day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
"**CDP**"	:	The Central Depository (Pte) Limited (Company Registration No.: 198003912M), a company incorporated in Singapore
"**Circular**"	:	This circular to the Shareholders dated 26 November 2018 from the Company containing, amongst other things, the Recommendation from the Independent Directors to the Shareholders and the advice of the IFA to the Independent Directors
"**Closing Date**"	:	12 December 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Company**"	:	Cityneon Holdings Limited (Company Registration No.: 199903628E), a company incorporated in Singapore and listed on the Main Board of the SGX-ST
"**Company Securities**"	:	(i) The Shares; (ii) securities which carry voting rights in the Company; and (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of the Shares or securities which carry voting rights in the Company
"**Consideration**"	:	Shall have the meaning ascribed to it in Section 1.1(b) of this Circular
"**Constitution**"	:	The constitution of the Company
"**CPF**"	:	The Central Provident Fund

"**CPFIS**"	:	CPF Investment Scheme
"**CPFIS Investors**"	:	Investors who purchase Shares using their CPF contributions pursuant to the CPFIS
"**CS**"	:	Credit Suisse (Singapore) Limited (Company Registration No.: 197702363D), a company incorporated in Singapore
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**East Lavington**"	:	East Lavington Limited, a company incorporated in the British Virgin Islands
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of the Offer Document
"**FAT**"	:	Form of Acceptance and Transfer for Offer Shares, which is applicable to Shareholders whose Offer Shares are registered in their own names in the Register and are not deposited with CDP and which forms part of the Offer Document
"**FY**"	:	In respect of the Company, financial year ended or ending (as the case may be) on 31 December of a particular year as stated
"**Group**"	:	The Company and its subsidiaries from time to time
"**IFA**"	:	Novus Corporate Finance Pte. Ltd. (Company Registration No.: 201723484W), a company incorporated in Singapore and the independent financial adviser to the Independent Directors in respect of the Offer
"**IFA Letter**"	:	Letter dated 26 November 2018 from the IFA to the Independent Directors containing, amongst other things, the advice of the IFA to the Independent Directors in respect of the Offer, as set out in Appendix A to this Circular
"**Independent Directors**"	:	The Directors who are considered independent for the purposes of making the Recommendation, namely: (i) Hooi Hing Lee; (ii) Poon Lai Yin Michael; (iii) Kwok Chi Shing; and (iv) Duan Mengying
"**Latest Practicable Date**"	:	19 November 2018, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The listing manual of the Mainboard of the SGX-ST in force as at the Latest Practicable Date
"**Lucrum 1**"	:	Lucrum 1 Investment Limited (BVI Company No.: 1942309), a company incorporated in the British Virgin Islands
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities

"**Offer**"	:	The mandatory unconditional cash offer made by CS, for and on behalf of the Offeror, to acquire the Offer Shares, on the terms and subject to the conditions set out in the Offer Document and the Relevant Acceptance Forms
"**Offer Announcement**"	:	The announcement in connection with the Offer released by CS, for and on behalf of the Offeror, on the Offer Announcement Date
"**Offer Announcement Date**"	:	29 October 2018, being the date of the Offer Announcement
"**Offer Document**"	:	The offer document dated 14 November 2018, and any other document(s) which may be issued by or on behalf of Offeror, to amend, revise, supplement or update such offer document(s) from time to time
"**Offer Price**"	:	S$1.30 in cash for each Offer Share
"**Offer Shares**"	:	Shares, other than those Shares already owned or agreed to be acquired by the Offeror as at the date of the Offer.
"**Offeror**"	:	West Knighton Limited (BVI Company No.: 1991027), a company incorporated in the British Virgin Islands
"**Offeror Securities**"	:	(i) The Offeror Shares; (ii) securities which carry voting rights in the Offeror; and (iii) convertible securities, warrants, options and derivatives in respect of the Offeror Shares or securities which carry voting rights in the Offeror
"**Offeror Shares**"	:	Issued and paid-up ordinary shares in the capital of the Offeror
"**Original Facility**"	:	Shall have the meaning ascribed to it in Section 6.2(c) to Appendix B of this Circular
"**Original Lender**"	:	Shall have the meaning ascribed to it in Section 6.2(c) to Appendix B of this Circular
"**Overseas Shareholders**"	:	Shareholders whose mailing addresses are outside Singapore, as appearing on the Register or, as the case may be, in the records of CDP
"**PAT**"	:	The audited consolidated profit after income tax (after deducting for the non-controlling interests' shares of the profits) for the relevant FY, before payment of the performance bonus to Ron Tan and excluding any gains or losses arising from extraordinary and exceptional items of the Group
"**Recommendation**"	:	The recommendation in respect of the Offer as required under the Code
"**Register**"	:	The register of Shareholders maintained by the Share Registrar
"**Relevant Acceptance Forms**"	:	The FAA and/or the FAT
"**Ron Tan**"	:	Tan Aik Ti, Ron, the Executive Chairman and Group Chief Executive Officer of the Company who is also a controlling shareholder deemed interested in 193,244,869 Shares representing approximately 78.99% of the total number of Shares as at the Latest Practicable Date

"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SFRS(I)**"	:	Shall have the meaning ascribed to it in Section 7.5 to Appendix B of this Circular
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited (Company Registration No.: 197300970D), a company incorporated in Singapore
"**Share Registrar**"	:	B.A.C.S. Private Limited (Company Registration No.: 196900036D), a company incorporated in Singapore and the share registrar of the Company located at 8 Robinson Road, #03-00 ASO Building, Singapore 048544
"**Shareholders**"	:	The holders of Offer Shares, including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST
"**Shareholders' Agreement**"	:	The shareholders' agreement entered into among East Lavington, Thunderlane Ventures, Ron Tan and the Offeror to, among others, regulate their relationship as shareholders of the Offeror and the conduct of business and affairs of the Offeror
"**Shares**"	:	Issued and paid-up ordinary shares in the share capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**SPA**"	:	Shall have the meaning ascribed to it in Section 1.1(a) of this Circular
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Investors**"	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
"**Star Media**"	:	Star Media Group Berhad (Company No.: 10894-D), a company incorporated in Malaysia and listed on the Bursa Malaysia Securities Berhad
"**S$**"	:	Singapore dollars, being the lawful currency of Singapore
"**Thunderlane Ventures**"	:	Thunderlane Ventures Limited, a company incorporated in the British Virgin Islands
"**US$**"	:	United States dollars, being the lawful currency of the United States of America
"**VHE**"	:	Victory Hill Exhibitions Pte. Ltd. (Company Registration No.: 201436955Z), a company incorporated in Singapore and a wholly-owned subsidiary of the Company
"**%**" or "**per cent.**"	:	Percentage or per centum

Acting in Concert and Associates. Unless otherwise defined, the expressions "**acting in concert**" and the term "**associates**" shall have the same meanings as ascribed to them respectively in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Depository related terms. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST).

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified, supplemented or re-enacted. Any word defined in the Companies Act, the Code, the Listing Manual, the SFA, or any such statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code, the Listing Manual, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary, wholly owned subsidiary and related corporation. References to "**subsidiary**", "**wholly owned subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5, 5B and 6 of the Companies Act.

Time and date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Total number of Shares and percentage of Shares. In this Circular, the total number of Shares as at the Latest Practicable Date is 244,656,195 (based on the results of the instant information search of the Company dated the Latest Practicable Date conducted with ACRA). Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on 244,656,195 Shares as at the Latest Practicable Date.

Reproduced statements. Statements which are reproduced in their entirety or as excerpts from the Offer Document, the IFA Letter, the 9M2018 Results and the Constitution are set out in this Circular within quotes and in *italics*, and all capitalised terms and expressions used within these reproduced statements and not defined herein shall have the same meanings ascribed to them in the Offer Document, the IFA, the 9M2018 Results Letter and the Constitution respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "if", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

Date of despatch of Offer Document	:	14 November 2018 (Wednesday)
Date of despatch of this Circular	:	26 November 2018 (Monday)
Closing Date and time	:	5.30 p.m. (Singapore time) on 12 December 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Offer.
Date of settlement of consideration for valid acceptances of the Offer	:	In respect of acceptances which are valid and complete in all respects and in accordance with the instructions given in the Offer Document and the Relevant Acceptance Forms (as the case may be), within seven (7) Business Days after the receipt of such acceptances. Please refer to paragraph 2 of Appendix A to the Offer Document on page 18 therein, for further information.

CITYNEON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199903628E)

Directors	**Registered Office**
Tan Aik Ti, Ron (Executive Chairman and Group Chief Executive Officer)	25 Tai Seng Avenue
Hooi Hing Lee (Lead Independent Non-executive Director)	#06-01, Cityneon Building
Poon Lai Yin Michael (Independent Non-executive Director)	Singapore 534104
Kwok Chi Shing (Independent Non-executive Director)	
Duan Mengying (Non-executive Director)	

26 November 2018

To: The Shareholders of the Company

Dear Sir / Madam

MANDATORY UNCONDITIONAL CASH OFFER BY CREDIT SUISSE (SINGAPORE) LIMITED FOR AND ON BEHALF OF WEST KNIGHTON LIMITED FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **Offer Announcement.** On 29 October 2018, CS announced, for and on behalf of the Offeror, that *inter alia*:

(a) pursuant to a sale and purchase agreement dated 26 October 2018 entered into between the Offeror and Lucrum 1 (the "**SPA**"), the Offeror has on 29 October 2018 purchased from Lucrum 1 an aggregate of 168,692,268 Shares (the "**Acquisition Shares**"), representing approximately 68.95% of the total number of Shares (the "**Acquisition**");

(b) the aggregate consideration for the Acquisition was S$219,299,948.40 (the "**Consideration**"), being S$1.30 for each Acquisition Share, and was satisfied by:

(i) the issue of a cashier's order for S$22,000,000 being approximately 10% of the Consideration, by a licensed bank in Singapore and made payable to Lucrum 1; and

(ii) the issue of an interest-free promissory note by the Offeror to Lucrum 1 in respect of the balance of the Consideration. The promissory note is payable on 29 April 2019 (6 months after its issue date) or such earlier date as the Offeror may elect;

(c) completion of the SPA took place on 29 October 2018; and

(d) as a consequence of the Acquisition, the Offeror is required to make an Offer for all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code, at a price of S$1.30 for each Offer Share.

A copy of the Offer Announcement is available for download from SGXNET at www.sgx.com. The Offer Announcement was also advertised in The Straits Times on 2 November 2018.

1.2 **Offer Document.** Shareholders should by now have received a copy of the Offer Document and Relevant Acceptance Forms issued by CS, for and on behalf of the Offeror, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available for download from SGXNET at www.sgx.com.

1.3 **Independent Financial Adviser.** The Company has appointed Novus Corporate Finance Pte. Ltd. as the independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter set out in Appendix A to this Circular.

1.4 **Independent Directors.** The Independent Directors are required to make a Recommendation to Shareholders.

1.5 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Offer and to set out the advice of the IFA to the Independent Directors with regard to the Offer and the Recommendation of the Independent Directors.

Shareholders should read the Offer Document, this Circular and the IFA Letter set out in Appendix A to this Circular carefully and consider the advice of the IFA to the Independent Directors and the Recommendation of the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

If you are in any doubt in respect of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

2. THE OFFER

2.1 **Offer and Offer Shares.** Subject to the terms and conditions set out in the Offer Document, the Offer is made by CS, for and on behalf of the Offeror for all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code. The principal terms of the Offer are set out in Section 2 of the Offer Document, extracts of which are reproduced below.

2.2 **Offer Price.** Section 2.2 of the Offer Document on page 10 therein states the following:

> "*2.2* ***Offer Price.***
>
> ***For each Offer Share: S$1.30 in cash (the "Offer Price")***
>
> ***The Offeror DOES NOT intend to increase the Offer Price****. Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price, in any way.*
>
> ***Offer Shares****. The Offer is extended, on the same terms and conditions, to all the Shares, other than those owned, controlled or agreed to be acquired by the Offeror (the "****Offer Shares****")*."

2.3 **No Encumbrances.** Section 2.3 of the Offer Document on page 10 therein states the following:

> "*2.3* ***No Encumbrances.*** *The Offer Shares will be acquired:*
>
> *(a) fully paid-up;*
>
> *(b) free from all Encumbrances; and*
>
> *(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date).*
>
> ***If any dividend, right, return of capital or other distribution is announced, declared, made or paid by the Company on or after the Offer Announcement Date, the Offeror reserves its right to reduce the Offer Price by the amount of such dividend, right, return of capital or other distribution.***"

2.4 **Unconditional Offer.** Section 2.4 of the Offer Document on page 10 therein states the following:

> "*2.4* ***Unconditional Offer.*** *The Offer is unconditional in all respects. Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.*"

2.5 **Warranty.** Section 2.5 of the Offer Document on page 10 therein states the following:

> "*2.5* ***Warranty.*** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date).*"

2.6 **Duration of the Offer.** Paragraph 1 of Appendix A to the Offer Document on page 18 therein states the following:

> "***1. DURATION OF THE OFFER***
>
> ***1.1 First Closing Date.*** *Pursuant to Rule 22.3 of the Code, except insofar as the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least twenty-eight (28) days after the Despatch Date.*
>
> ***Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 12 December 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.***
>
> ***1.2 Subsequent Closing Date(s).*** *The Offeror is not obliged to extend the Offer. However, if the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.*
>
> ***1.3 Revision.*** *The Offeror does not intend to revise the Offer Price. Nonetheless if the terms of the Offer are revised, then pursuant to Rule 20.1 of the Code, the Offer will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to the Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who had previously accepted the Offer.*"

3. FURTHER DETAILS OF THE OFFER

Appendix A to the Offer Document on pages 18 and 19 therein sets out further details on (a) the settlement of the consideration for the Offer, (b) the requirements relating to the announcement of the level of acceptances of the Offer, and (c) the right of withdrawal of acceptances of the Offer.

4. PROCEDURES FOR ACCEPTANCE

Appendix B to the Offer Document on pages 20 to 25 therein sets out the procedures for acceptance of the Offer.

5. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore on 28 June 1999 and its shares have been quoted and traded on the SGX-ST since 7 December 2005, first on SGX Sesdaq, before transferring to the Mainboard of the SGX-ST on 22 January 2008.

The Group is principally engaged in the provision of quality customer and brand experiences in the fields of Thematic Attractions, Interior Architecture, Events & Exhibitions, and IP Experiences.

Additional information on the Company is set out in Appendix B to this Circular.

6. INFORMATION ON THE OFFEROR AND ITS SHAREHOLDERS

The following information on the Offeror and its shareholders has been extracted from Sections 3.1 and 3.2 of the Offer Document on pages 10 and 11 therein, and reproduced below.

"*3.1* ***The Offeror.*** *The Offeror is a special purpose vehicle incorporated under the laws of the BVI on 3 September 2018 for the purposes of the Acquisition and the Offer. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Offer.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of USD 100 divided into 100 ordinary shares. The shareholders of the Offeror are East Lavington and Thunderlane Ventures, which own 80% and 20% of the Offeror respectively.

The directors of the Offeror are Johnson Ko, Ron Tan and Ko Wing Yan Samantha. Ko Wing Yan Samantha is the daughter of Johnson Ko.

Appendix C *to this Offer Document sets out additional information on the Offeror.*

3.2 ***The Offeror Shareholders.*** *East Lavington is an investment holding company incorporated under the laws of the BVI and is a wholly-owned subsidiary of Golden Commence. Golden Commence is an investment holding company incorporated under the laws of the BVI and its sole shareholder and director is Johnson Ko. Johnson Ko, aged 67, is a Hong Kong-based entrepreneur and professional investor, and is currently an independent non-executive director of Meitu, Inc,. (stock code: 1357.HK), the deputy chairman and an executive director of Frontier Services Group Limited (stock code: 500. HK), a non-executive director of KuangChi Science Limited (stock code: 439.HK), and a non-executive director of Yunfeng Financial Group Limited (stock code: 376.HK), all of which are listed on the Main Board of The Stock Exchange of Hong Kong.*

Thunderlane Ventures is an investment holding company incorporated under the laws of the BVI and its sole shareholder and director is Ron Tan, who is also the Executive Chairman and Group Chief Executive Officer of the Company."

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer, and the Offeror's intentions relating to the Company have been extracted from Section 5 of the Offer Document on page 12 therein, and reproduced below. **Shareholders are advised to read the extract below carefully.**

"*5.1* ***Compliance with the Code.*** *As set out in Section 1 of this Offer Document, the Offeror is making the Offer in compliance with the requirements of the Code.*

5.2 ***Intention to Delist and Privatise the Company.*** *The Offeror is making the Offer with a view to delist and privatise the Company. The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in the implementation of strategic initiatives and/or operational changes of the Group, as well as dispense with compliance costs associated with the maintenance of its listed status.*

*5.3 **Opportunity for Shareholders to Realise their Investment in Cash at a Premium.** The Offer Price represents a premium of approximately 6.8%, 11.9%, 15.7% and 19.2% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods respectively up to and including the Last Trading Date. The Offer Price is also at a premium to the highest ever closing price of the Company up to and including the Last Trading Date.*

*5.4 **Offeror's Intentions in Relation to the Company.** The Offeror presently has no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the normal course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company.*"

8. THE OFFEROR'S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

The full text stating the Offeror's intentions relating to the listing status and compulsory acquisition of the Company has been extracted from Section 6 of the Offer Document on page 13 therein, and reproduced below. **Shareholders are advised to read the extract below carefully.**

"*6.1 **Listing Status.** Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time as it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

In the event that trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Company and to delist the Company from the SGX-ST (including by way of a voluntary delisting from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual), should the option be available to the Offeror.

> *6.2* ***Compulsory Acquisition.*** *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of the despatch of the Offer Document otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury shares and other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("****Dissenting Shareholders****") on the same terms as those offered under the Offer.*
>
> ***In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.***
>
> *Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.*"

9. DIRECTORS' INTERESTS

Details of the Directors including, amongst other things, the Directors' direct and deemed interests in the Offeror Securities and the Company Securities as at the Latest Practicable Date are set out in Appendix B to this Circular.

10. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS

10.1 **IFA.** Shareholders should read and consider carefully the advice of the IFA to the Independent Directors in respect of the Offer as contained in the IFA Letter and the Recommendation as set out in Section 11.2 of this Circular before deciding on whether to accept or reject the Offer. The IFA Letter setting out the advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix A to this Circular.

10.2 **Evaluation of the Offer by the IFA.** The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in Section 9 of the IFA Letter. **Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors as set out in Section 9 of the IFA Letter in conjunction with, and in the context of, the full text of the IFA Letter.**

10.3 **Advice of the IFA to the Independent Directors in respect of the Offer.** Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has made certain recommendations to the Independent Directors as set out in Section 9 of the IFA Letter on page 39 therein, an extract of which is reproduced below. Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter.

> "***Having considered the aforesaid points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions***."

11. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

11.1 **Independence of Directors.** Ron Tan, the Executive Chairman and Group Chief Executive Officer is not an Independent Director as he is the sole director and shareholder of Thunderlane Ventures, which in turn holds 20% of the shares in the Offeror.

Accordingly, Ron Tan will face conflicts of interest in relation to the Offer that would render it inappropriate for him to join the Independent Directors in making a Recommendation to the Shareholders in connection with the Offer.

The SIC had ruled on 22 November 2018 that Ron Tan is exempted from making a Recommendation to the Shareholders on the Offer.

Notwithstanding the above, all the Directors (including, for the avoidance of doubt, Ron Tan) are jointly and severally responsible for the accuracy of facts stated, opinions expressed and completeness of the information given by the Company to Shareholders on the Offer, including information contained in documents, announcements and advertisements issued by or on behalf of the Company in connection with the Offer.

11.2 **Independent Directors' Recommendation.** The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by the IFA in the IFA Letter, CONCUR with the IFA's assessment of the Offer and its Recommendation thereon. Accordingly, the Independent Directors recommend that Shareholders ACCEPT the Offer or sell their Shares in the open market if they are able to obtain a price higher than the Offer Price (after deducting transaction costs).

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE IFA'S OPINION SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

The IFA and the Independent Directors, in giving their advice and making their Recommendation respectively, have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in respect of his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 **Shareholders who DO NOT WISH TO ACCEPT the Offer.** Shareholders who do not wish to accept the Offer should take no further action in respect of the Offer Document and the Relevant Acceptance Forms which have been sent to them.

12.2 **Shareholder who WISH TO ACCEPT the Offer.** Shareholders who wish to accept the Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix B to the Offer Document and the Relevant Acceptance Forms.

13. OVERSEAS SHAREHOLDERS AND COPIES OF THIS CIRCULAR

13.1 **Overseas Shareholders.** The full text relating to Overseas Shareholders has been extracted from Section 9 of the Offer Document on pages 14 and 15 therein, and is reproduced below.

"*9.1* ***Overseas Shareholders.*** *The availability of the Offer to Shareholders whose mailing addresses are outside Singapore, as appearing on the Register or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements. Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror reserves the right not to send this Offer Document, the FAA and/or the FAT to any overseas jurisdiction. For the avoidance of doubt, the Offer is made to all Shareholders holding Offer Shares, including those to whom the Offer Document and the acceptance forms have not been, or will not be, sent.*

*Copies of this Offer Document and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror and permitted by applicable laws and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law. The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

9.2 ***Copies of the Offer Document, the FAA and the FAT.*** *Subject to compliance with applicable laws, any Overseas Shareholder may, nonetheless, attend in person and obtain copies of this Offer Document, the FAA and the FAT, as the case may be, and any related documents, during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date, from the Offeror c/o The Central Depository (Pte) Limited at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588 (if he is a Depositor) or B.A.C.S. Private Limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544 (if he is not a Depositor), as the case may be. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write in to the Offeror c/o B.A.C.S. Private Limited at the above-stated address to request that this Offer Document, the FAA or the FAT, as the case may be, and any related documents be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.*

> *9.3 **Overseas Jurisdiction.** It is the responsibility of an Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT, or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, CDP, the Share Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, CDP, the Share Registrar and/or any person acting on their behalf may be required to pay. In (a) requesting for this Offer Document, the FAA and/or the FAT and any related documents, and/or (b) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.*
>
> ***Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.***
>
> *9.4 **Notice.** The Offeror and Credit Suisse each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or notice and if necessary, paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Shareholder) to receive or see such announcement, notice or advertisement.*"

13.2 **Copies of this Circular.** This Circular will not be sent to all Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours up to the Closing Date from the offices of the Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, download a copy of this Circular from the website of the SGX-ST at www.sgx.com, or make a request to the Share Registrar for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to request this Circular and/or any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. In requesting for this Circular and/or any related documents the Overseas Shareholder represents and warrants to the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The full text relating to CPFIS Investors and SRS Investors has been extracted from Section 10.3 of the Offer Document on page 16 therein, and reproduced below.

> "*10.3* ***Information Pertaining to CPFIS Investors and SRS Investors.*** *CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. CPFIS Investors and SRS Investors will receive the Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts.*"

15. DIRECTORS' RESPONSIBILITY STATEMENT

15.1 The Directors (including those who have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular (other than in the IFA Letter and the Recommendation) are fair and accurate, and that there are no other material facts not contained in this Circular, the omission of which would make any statement in this Circular misleading, and they jointly and severally accept responsibility accordingly.

15.2 In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

15.3 The Recommendation set out in Section 11.2 of this Circular is the sole responsibility of the Independent Directors.

15.4 Where any information has been extracted or reproduced from the Offer Document or from published or publicly available sources (including, without limitation, in respect of the Company), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

16. CONSENTS

16.1 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors set out in Appendix A of this Circular, the opinion letter from the IFA dated 12 November 2018 in relation to the 9M2018 Results, and all references thereto, in the form and context in which they appear in this Circular.

16.2 BDO LLP, named as the auditors of the Company, has given and has not withdrawn its written consent to the inclusion herein of its name, the independent auditor's review report dated 12 November 2018 in relation to the 9M2018 Results, and all references thereto in the form and context in which they appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 25 Tai Seng Avenue, #06-01, Cityneon Building, Singapore 534104 during normal business hours from the date of this Circular up to and including the Closing Date:

(a) the Constitution of the Company;

(b) the annual reports of the Company for FY2015, FY2016 and FY2017;

(c) the IFA Letter as set out in Appendix A to this Circular;

(d) the 9M2018 Results as set out in Appendix E to this Circular;

(e) the review report from BDO LLP dated 12 November 2018 in relation to the 9M2018 Results;

(f) the opinion letter from the IFA dated 12 November 2018 in relation to the 9M2018 Results; and

(g) the letters of consent from the IFA and BDO LLP referred to in Section 16 of this Circular.

18. ADDITIONAL INFORMATION

The attention of Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
CITYNEON HOLDINGS LIMITED

Hooi Hing Lee
Lead Independent Director

NOVUS CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201723484W)

9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

26 November 2018

To: The Independent Directors of Cityneon Holdings Limited
(deemed to be independent in respect of the Offer)

Mr. Hooi Hing Lee
Mr. Poon Lai Yin Michael
Mr. Kwok Chi Shing
Ms. Duan Mengying

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE MANDATORY UNCONDITIONAL CASH OFFER BY CREDIT SUISSE (SINGAPORE) LIMITED ("CREDIT SUISSE"), FOR AND ON BEHALF OF WEST KNIGHTON LIMITED (THE "OFFEROR"), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF CITYNEON HOLDINGS LIMITED (THE "COMPANY")

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 26 November 2018 (the "**Circular**") issued by the Company to the shareholders of the Company (the "**Shareholders**") shall have the same meaning herein.*

1. INTRODUCTION

On 29 October 2018 (the "**Offer Announcement Date**"), Credit Suisse announced, for and on behalf of the Offeror, that the Offeror had on 29 October 2018 purchased from Lucrum 1 Investment Limited ("**Lucrum 1**") an aggregate of 168,692,268 ordinary shares (the "**Sale Shares**") in the capital of the Company, representing approximately 68.95%[1] of the total number of issued and paid-up ordinary shares in the capital of the Company (the "**Shares**"), for an aggregate consideration of S$219,299,948.40 (the "**Consideration**"), being S$1.30 for each Sale Share (the "**Acquisition**").

The Acquisition was made pursuant to a sale and purchase agreement dated 26 October 2018 and entered into between the Offeror and Lucrum 1 for the sale and purchase of the Sale Shares (the "**SPA**"), and was effected by way of an off-market transfer of securities. The Consideration was satisfied by (a) the issue of a cashier's order for S$22,000,000, being approximately 10% of the Consideration, by a licensed bank in Singapore and made payable to the Seller, and (b) the issue of an interest-free promissory note by the Offeror to the Seller in respect of the balance of the Consideration. The promissory note is payable on 29 April 2019 (6 months after its issue date) or such earlier date as the Offeror may elect.

As a result of the Acquisition and as at the Offer Announcement Date, the Offeror owned, controlled or had agreed to acquire an aggregate of 168,692,268 Shares, representing approximately 68.95% of the total number of issued Shares.

As a consequence of the Acquisition, the Offeror is required to make a mandatory unconditional cash offer ("**Offer**") for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror ("**Offer Shares**"), in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") and Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**").

1 All percentage shareholdings of shares in the Offer Announcement are computed on the basis of 244,656,195 Shares as at the Offer Announcement Date. Figures are rounded to the nearest two (2) decimal places.

The Offeror is a special purpose vehicle incorporated under the laws of the British Virgin Islands ("**BVI**") on 3 September 2018 for the purposes of the Acquisition and the Offer. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Offer. As at 8 November 2018, being the latest practicable date prior to the printing of the Offer Document, the shareholders of the Offeror are East Lavington Limited ("**East Lavington**") and Thunderlane Ventures Limited ("**Thunderlane Ventures**"), which own 80% and 20% of the Offeror respectively. The directors of the Offeror are Ko Chun Shun Johnson ("**Mr. Ko**"), Tan Aik Ti, Ron ("**Mr. Tan**"), who is also the Executive Chairman and Group Chief Executive Officer of the Company, and Ko Wing Yan Samantha. Ko Wing Yan is the daughter of Mr. Ko.

East Lavington is an investment holding company incorporated under the laws of the BVI and is a wholly-owned subsidiary of Golden Commence Developments Limited ("**Golden Commence**"). Golden Commence is an investment holding company incorporated under the laws of the BVI and its sole shareholder and director is Mr. Ko. Thunderlane Ventures is an investment holding company incorporated under the laws of the BVI and its sole shareholder and director is Mr. Tan.

In connection with the Offer, Novus Corporate Finance Pte. Ltd. ("**NCF**") has been appointed by the Company as the independent financial adviser ("**IFA**") to the directors of the Company who are considered independent for the purposes of making a recommendation to Shareholders in respect of the Offer as required under the Code (the "**Independent Directors**").

This letter ("**Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our views and evaluation of the financial terms of the Offer, our opinion thereon, and forms part of the Circular providing, *inter alia*, details of the Offer, and the recommendation of the Independent Directors.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the strategic, legal, commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for or the strategic or long term merits of the Offer or on the future prospects of the Company and its subsidiaries (collectively, the "**Group**") or the method and terms by which the Offer has been made or any other alternative methods by which the Offer may be made. Such evaluations and comments remain the sole responsibility of the directors of the Company (the "**Directors**"), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group. We have also relied on information provided and representations made, whether written or verbal, including relevant financial analyses, estimates and information contained in the Circular by the management of the Company (the "**Management**"), the Directors, the Company's solicitors and auditors. We have not independently verified such information, representation or assurance, whether written or verbal, and accordingly cannot and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information, representation or assurance.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, that (a) all material information in connection with the Offer, the Company and/or the Group has been disclosed to us; (b) such information is true, complete and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

For the purposes of assessing the financial terms of the Offer and reaching our conclusions thereon, we have not conducted a comprehensive independent review of the business, operations or financial condition of the Group. We have also not relied upon any financial projections or forecasts in respect of the Company and/or the Group for the purpose of our evaluation of the Offer. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion and advice in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including, without limitation, property, plant and equipment) of the Company or the Group. As such, we will be relying on the disclosures and representations made by the Company on the value of the assets, liabilities and profitability of the Company and/or the Group. We have also not been furnished with any such independent evaluation or appraisal.

Our analysis and our opinion as set out in this Letter are based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 19 November 2018 (the "**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately. As such, our opinion and advice should not be the sole basis for deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter).

Our opinion in respect of the Offer, as set out in section 9 of this Letter, should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

Shareholders should have by now received a copy of the Offer Document that contains the formal offer by Credit Suisse, for and on behalf of the Offeror, to acquire all the Offer Shares, subject to the terms and conditions of the Offer as set out in the Offer Document. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer as set out in the Offer Document carefully.**

3.1 Offer Price

Subject to the terms and conditions set out in the Offer Document, Credit Suisse, for and on behalf of the Offeror, has made the Offer to acquire all the Offer Shares in accordance with Section 139 of the SFA and Rule 14 of the Code.

As stated in Section 2.2 of the Offer Document, the consideration for each Offer Share is as follows:

"***For each Offer Share: S$1.30 in cash (the "Offer Price")***

The Offeror DOES NOT intend to increase the Offer Price. *Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Offer, including the Offer Price, in any way.*"

3.2 Offer Shares

Section 2.2 of the Offer Document states the following:

"***Offer Shares.*** *The Offer is extended, on the same terms and conditions, to all the Shares, other than those owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**").*"

3.3 No Encumbrances

Section 2.3 of the Offer Document states the following:

"***No Encumbrances.*** *The Offer Shares will be acquired:*

(a) fully paid-up;

(b) free from all Encumbrances; and

(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date).

If any dividend, right, return of capital or other distribution is announced, declared, made or paid by the Company on or after the Offer Announcement Date, the Offeror reserves its right to reduce the Offer Price by the amount of such dividend, right, return of capital or other distribution."

3.4 Unconditional Offer

Section 2.4 of the Offer Document states the following:

"***Unconditional Offer.*** *The Offer is unconditional in all respects. Therefore, the Offer is not conditional upon the level of acceptances which the Offeror may receive in respect of the Offer.*"

3.5 Warranty

Section 2.5 of the Offer Document states the following:

"***Warranty.*** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to have unconditionally and irrevocably warranted that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, returns of capital and other distributions (if any) which may be announced, declared, made or paid thereon by the Company on or after the Offer Announcement Date).*"

3.6 Further details of the Offer

Further details of the Offer, including details on (a) the duration of the Offer; (b) the settlement of the consideration of the Offer; (c) the requirements relating to the announcement of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer, are set out in Appendix A to the Offer Document.

Details on the procedures for acceptance of the Offer are set out in Appendix B to the Offer Document.

4. INFORMATION ON THE OFFEROR AND ITS SHAREHOLDERS

The information on the Offeror, as set out below in italics, has been extracted from Section 3 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

*"**3.1 The Offeror.** The Offeror is a special purpose vehicle incorporated under the laws of the BVI on 3 September 2018 for the purposes of the Acquisition and the Offer. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Offer.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of USD 100 divided into 100 ordinary shares. The shareholders of the Offeror are East Lavington and Thunderlane Ventures, which own 80% and 20% of the Offeror respectively.

The directors of the Offeror are Johnson Ko, Ron Tan and Ko Wing Yan Samantha. Ko Wing Yan Samantha is the daughter of Johnson Ko.

***Appendix C** to this Offer Document sets out additional information on the Offeror.*

***3.2 The Offeror Shareholders.** East Lavington is an investment holding company incorporated under the laws of the BVI and is a wholly-owned subsidiary of Golden Commence. Golden Commence is an investment holding company incorporated under the laws of the BVI and its sole shareholder and director is Johnson Ko. Johnson Ko, aged 67, is a Hong Kong-based entrepreneur and professional investor, and is currently an independent non-executive director of Meitu, Inc,. (stock code: 1357.HK), the deputy chairman and an executive director of Frontier Services Group Limited (stock code: 500.HK), a non-executive director of KuangChi Science Limited (stock code: 439.HK), and a non-executive director of Yunfeng Financial Group Limited (stock code: 376.HK), all of which are listed on the Main Board of The Stock Exchange of Hong Kong.*

Thunderlane Ventures is an investment holding company incorporated under the laws of the BVI and its sole shareholder and director is Ron Tan, who is also the Executive Chairman and Group Chief Executive Officer of the Company.

***3.3 The Shareholder's Agreement.** East Lavington, Thunderlane Ventures, Ron Tan and the Offeror have entered into a shareholders' agreement to, among others, regulate their relationship as shareholders of the Offeror and the conduct of the business and affairs of the Offeror (the "**Shareholders' Agreement**"). Pursuant to the terms of the Shareholders' Agreement:*

*(a) **Funding of the Acquisition and the Offer.** The Offeror Shareholders shall provide shareholders' loans to the Offeror in proportion to their percentage shareholding in the Offeror for, among others, payment of (i) the consideration in respect of the Acquisition and the Offer, and (ii) fees and expenses incurred in connection with the foregoing. Save for S$80,000,000 in aggregate of the shareholders' loans which bear interest at the rate of 10% per annum, the shareholders' loans are interest-free.*

(b) ***Board of Directors of the Offeror.*** *The maximum number of directors of the Offeror shall be three (3). East Lavington shall have the right to appoint two (2) directors and Thunderlane Ventures shall have the right to appoint one (1) director. Each Offeror Shareholder may remove a director appointed by it.*

(c) ***Board of Directors of the Company.*** *Subject to the terms of the Shareholders' Agreement, the Offeror Shareholders agree to procure Ron Tan to continue to be the Executive Chairman and Group Chief Executive Officer of the Company, and for so long as the Company is listed on the SGX-ST, East Lavington shall be entitled to nominate two (2) persons and the Offeror Shareholders jointly shall be entitled to nominate such additional number of persons as they deem fit or as may be required pursuant to the Listing Manual, to be considered by the Nominating Committee of the Company for appointment as Directors.*

(d) ***Reserved Matters.*** *The Offeror Shareholders have agreed on a list of reserved matters which shall require the approval of all Offeror Shareholders.*

3.4 Guarantees and Security Deed. *As announced by the Company on 30 October 2018, in connection with the Amended and Restated Facility Agreement:*

(a) *Johnson Ko has on 29 October 2018 provided a deed of personal guarantee and indemnity to Triple Wise Asset Holdings Ltd. (the "**Lender**") pursuant to which Johnson Ko has provided a representation and warranty that (i) he will directly and/or indirectly beneficially own no less than 51% of the issued share capital of the Company, and that (ii) the Offeror will directly and beneficially own no less than 68.95% of the issued share capital of the Company (and remain the single largest shareholder of the Company);*

(b) *the Offeror has on 29 October 2018 provided a deed of corporate guarantee and indemnity to the Lender, pursuant to which the Offeror has provided a representation and warranty that it will directly and beneficially own no less than 68.95% of the issued share capital of the Company (and remain the single largest shareholder of the Company); and*

(c) *the Offeror has entered into a security deed under which, inter alia, a first ranking charge over certain of the Offeror's Shares that are placed in a designated securities account (the "**Charged Shares**") will be granted in favour of the Lender. As at the Latest Practicable Date, the Charged Shares comprise 124,774,660 of the Offeror's Shares and this constitutes approximately 51% of the total number of issued Shares. Notwithstanding the foregoing, the number of Charged Shares may be increased subsequently pursuant to the terms of the Amended and Restated Facility Agreement.*"

Please refer to Appendix C of the Offer Document for further information on the Offeror and its shareholders.

5. INFORMATION ON THE COMPANY AND ITS SHAREHOLDERS

The information on the Company, as set out below in italics, has been extracted from Section 4 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

"*The Company is a public company limited by shares and was incorporated in Singapore on 28 June 1999. Its shares have been listed on the Main Board of the SGX-ST since 22 January 2008, and prior to that, were listed on SGX Sesdaq from 7 December 2005.*

The Group is principally engaged in the provision of quality customer and brand experiences in the fields of interior architecture, events, exhibitions and intellectual property rights from major studios.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$51,927,353.10 comprising 244,656,195 Shares, and based on publicly available information, the Company does not have any outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights.

***Appendix D** to this Offer Document sets out additional information on the Company.*"

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTION IN RELATION TO THE COMPANY

The full text of the rationale for the Offer has been extracted from Section 5 of the Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall bear the same meanings as those defined in the Offer Document.

*"5.1 **Compliance with the Code.** As set out in Section 1 of this Offer Document, the Offeror is making the Offer in compliance with the requirements of the Code.*

*5.2 **Intention to Delist and Privatise the Company.** The Offeror is making the Offer with a view to delist and privatise the Company. The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in the implementation of strategic initiatives and/or operational changes of the Group, as well as dispense with compliance costs associated with the maintenance of its listed status.*

*5.3 **Opportunity for Shareholders to Realise their Investment in Cash at a Premium.** The Offer Price represents a premium of approximately 6.8%, 11.9%, 15.7% and 19.2% over the VWAP of the Shares for the 1-month, 3-month, 6-month and 12-month periods respectively up to and including the Last Trading Date. The Offer Price is also at a premium to the highest ever closing price of the Company up to and including the Last Trading Date.*

*5.4 **Offeror's Intentions in Relation to the Company.** The Offeror presently has no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the normal course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company.*"

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the financial terms of the Offer, we have considered the following which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

(i) Historical financial performance of the Group;

(ii) Financial position of the Group;

(iii) Historical market price performance and trading activity of the Shares;

(iv) Share price performance relative to market indices;

(v) Analysts' estimates and target prices for the Company;

(vi) Valuation ratios of selected companies listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Catalist Board of the SGX-ST ("**SGX-Catalist**") or other stock exchanges in Asia which are broadly comparable to the Group;

(vii) Selected precedent privatisation and delisting transactions in Singapore;

(viii) Past substantial transactions involving the Shares of the Company; and

(ix) Dividend track record of the Company.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in section 8 of this Letter.

The figures, underlying financial and market data used in our analysis, including securities prices trading volumes, free float data and foreign exchange rates have been extracted from Thomson Reuters Eikon under Refinitiv (formerly the Thomson Reuters Financial & Risk business), the SGX-ST and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. NCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

7.1 Historical financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the audited consolidated financial statements of the Group for the financial years ended 31 December ("**FY**") 2016 and 2017, as well as the unaudited consolidated financial statements of the Group for the nine-month interim period ended 30 September ("**9M**") 2017 and 2018 (the "**Period Under Review**"). The following summary of the financial information should be read in conjunction with the full text of the Group's consolidated financial statements for FY2016, FY2017, 9M2017 and 9M2018 in respect of the relevant financial periods including the notes thereto.

(S$'000)	**FY2016 (Audited)**	**FY2017 (Audited)**	**9M2017 (Restated)**	**9M2018 (Unaudited)**
Revenue	96,752	116,735	66,381	85,460
Gross profit	34,782	63,841	29,055	50,026
Other operating income[(1)]	1,791	713	441	723
Marketing and distribution expenses	(2,103)	(2,273)	(1,500)	(2,090)
Administrative and other operating expenses[(2)]	(26,384)	(39,832)	(21,694)	(32,700)
Finance costs	(641)	(2,101)	(1,001)	(5,315)
Share of results of associate, net of tax	(116)	(188)	(61)	(4)
Profit before income tax	7,329	20,160	5,240	10,640
Income tax (expense)/credit	(719)	(2,784)	(746)	3,089
Profit for the year/period	6,610	17,376	4,494	13,729
Profit attributable to owners of the Company	**6,681**	**17,393**	**4,509**	**13,734**

Source: *Group's audited consolidated financial statements for FY2016 and FY2017, as well as unaudited consolidated financial statements of the Group for 9M2017 and 9M2018*

Notes:

(1) Comprises other operating income and interest income.

(2) Includes amortization and depreciation expenses as well as staff costs.

<u>FY2016 vs FY2017</u>

The Group's revenue increased by approximately S$20.0 million or 20.7% from S$96.7 million in FY2016 to S$116.7 million in FY2017. This was mainly attributable to the strong performance of the Group's intellectual property experiences ("**IPE**") business segment, which generated revenue of approximately S$50.7 million or 43.5% of the Group's total revenue for FY2017 as compared to approximately S$17.7 million or 18.3% of the Group's total revenue for FY2016. This also represented an approximately 187.3% year-on-year increase in revenue generated from the IPE business segment. During FY2017, the Group had steadily rolled out new exhibitions for its Marvel Avengers S.T.A.T.I.O.N. in top-tier cities such as Chongqing, Taipei, Beijing and Moscow, as well as the opening of Hasbro's Transformers Autobots Alliance exhibition in Chongqing.

A breakdown of the revenue generated by the Group's reportable operating segments during FY2016 and FY2017 is as follows:

(S$'000)	FY2016	%	FY2017	%
Intellectual property experiences	17,660	18.3	50,734	43.5
Thematic attractions ("**TA**")	18,759	19.4	13,234	11.3
Interior architecture ("**IA**")	22,316	23.0	18,573	15.9
Exhibitions	29,662	30.7	28,629	24.5
Events	8,355	8.6	5,565	4.8
Total	**96,752**	**100.0**	**116,735**	**100.0**

We note that the above increase in revenue from the IPE business segment was partially offset by a decrease in revenue generated from the other four (4) business segments of the Group. Revenue from the TA segment decreased by approximately S$5.5 million or 29.5% due to a one-off contribution of a thematic project in the Asia Pacific region during FY2016. Notwithstanding the Group's participation in domestic events such as the 2017 Formula 1 Singapore Grand Prix, the Singapore National Day Parade and the Housing Development Board's Home Improvement Programmes, as well as international exhibitions such as the World Congress on Safety and Health at Work 2017, the Bahrain Shopping Festival, the Abu Dhabi Sustainability Week 2017 and the Qatar Pavilion for the Astana EXPO 2017, revenue generated from the Exhibitions and Events segments reported an aggregate drop in sales of approximately S$3.8 million or 10.1% largely due to the absence of biennial shows such as the Food & Hotel Asia show which was held in FY2016. The Group's IA business segment also reported a drop in revenue of approximately S$3.7 million or 16.8%.

As a result, the Group's gross profit increased by approximately 83.6% from S$34.8 million in FY2016 to S$63.8 million in FY2017. This was largely attributable to the higher gross profit margin ("**GPM**") reported by the IPE business segment of approximately 91.6%, which led to an improvement of the Group's aggregate GPM from 36.0% in FY2016 to 54.7% in FY2017. Other operating income decreased by approximately S$1.1 million or 60.2% in FY2017 largely due to one-off net foreign exchange gains recorded in FY2016 and lower government grants obtained and miscellaneous income reported in FY2017. This was partially offset by a slight increase in interest income.

The Group's administrative and other operating expenses increased by approximately S$13.4 million or 51.0% in FY2017 mainly due to (i) higher salaries, bonuses and other benefits as well as contributions to defined contribution plans allocated to the Group's employees of approximately S$3.5 million; (ii) higher operating lease expenses incurred in respect of other commitments pertaining to equipment, staff accommodations and other operating facilities to support the Group's business expansion amounting to approximately S$2.9 million; (iii) higher depreciation expenses of property, plant and equipment of approximately S$2.7 million; (iv) higher allowance for impairments loss on trade receivables of approximately S$1.7 million; (v) higher amortisation of intangible assets of approximately S$0.7 million; (vi) net foreign exchange loss incurred of approximately S$0.5 million; and (vii) a loss on disposal of property, plant and equipment of approximately S$0.2 million.

Marketing and distribution expenses increased slightly by approximately S$0.2 million in FY2017, while finance costs increased by approximately S$1.5 million from S$0.6 million in FY2016 to S$2.1 million in FY2017 as a result of higher cost of borrowings and higher bank borrowings incurred in relation to the Scorpio East Acquisition (as defined below).

Income tax expense recognized also increased by approximately S$2.1 million from S$0.7 million in FY2016 to S$2.8 million in FY2017 mainly due to an increase in income tax calculated at the statutory rate as a result of higher profit before income tax reported by the Group, higher withholding tax incurred of approximately S$0.7 million, a decrease in income not subject to tax of approximately S$0.7 million, an increase in under provisions of deferred tax in prior years of approximately S$0.4 million and an increase in deferred tax assets not recognized of approximately S$0.2 million. This was partially offset by enhanced tax deductions from foreign tax authorities of approximately S$1.3 million, tax savings of approximately S$0.3 million due to different tax rates applied in other countries as a result of the Group's overseas business expansion and a higher tax credit obtained by the Group of approximately S$0.6 million. The Group's share of loss recorded from its associate also increased to approximately S$0.2 million in FY2017 as compared to S$0.1 million in FY2016.

As a result of the above, the Group recorded a profit after tax attributable to owners of the Company of approximately S$17.4 million for FY2017, as compared to a profit after tax attributable to owners of the Company of S$6.7 million in FY2016. This represents a significant increase of approximately 160.3% from FY2016.

<u>9M2017 vs 9M2018</u>

The Group's revenue increased by approximately S$19.1 million or 28.7% from S$66.4 million in 9M2017 to S$85.5 million in 9M2018. This was mainly attributable to:

(i) the increased revenue contributions from the IPE business segment, which contributed almost half of the Group's total revenue during 9M2018, representing an approximately 103.5% increase year-on-year as compared to 9M2017, as a result of additional Avengers S.T.A.T.I.O.N. sets, Transformers Autobot Alliance sets and Jurrasic World – The Exhibition sets opened in various overseas locations such as Australia, Russia, Sweden, China and Korea, as well as work done for forthcoming openings of sets in Madrid, Seoul (Korea), Changsha (China) and London;

(ii) the improved performance in the Group's Exhibitions business segment in Singapore which reported an increase of approximately 12.6% in year-on-year revenue as compared to 9M2017; and

(iii) the approximately 92% completion of and revenue recognized for the Group's project in Brunei under its legacy construction and contracting business (the "**Legacy Business**"), which is expected to be completed in the fourth quarter of 2018.

As a result of the above, the Group's gross profit increased by approximately S$21.0 million or 72.2% from S$29.1 million in 9M2017 to S$50.0 million in 9M2018. The Group's aggregate GPM also improved from 43.8% in 9M2017 to 58.5% in 9M2018. This was mainly attributable to the higher contribution of the IPE business segment, which also reported an increase in gross profit of approximately S$22.5 million or 128.6% from S$17.5 million in 9M2017 to S$40.0 million in 9M2018. Other operating income increased by approximately S$0.3 million in 9M2018 mainly due to rental income generated from office units rented out in the Group's leasehold land and building (the "**Leasehold Asset**").

Marketing and distribution expenses increased by approximately S$0.6 million or 39.3% in 9M2018 mainly due to a one-off cost incurred in the corporate rebranding exercise undertaken by the Group of approximately S$0.2 million as well as higher travelling and marketing costs as a result of increased IPE business activities overseas. Administrative and other operating expenses increased by approximately S$10.7 million or 48.6% from S$22.0 million in 9M2017 to S$32.7 million in 9M2018. The increase was mainly due to (i) increased professional fees; (ii) newly incurred property taxes as a result of the acquisition of the Leasehold Asset; (iii) additional and one-off freight charges incurred for the shipment of travelling exhibitions in the IPE business segments;

(iv) foreign exchange losses; (v) increased depreciation expenses of approximately S$2.5 million or 67.5% from S$3.7 million in 9M2017 to S$6.2 million in 9M2018 due to the new additions of exhibition and IPE sets; (vi) increased amortisation expenses of approximately S$1.9 million or 237.5% from S$0.8 million in 9M2017 to S$2.7 million in 9M2018 due to the amortisation of the intangible assets arising from of the acquisition of the new Jurassic World intellectual property ("**IP**") in connection with the JPE Acquisition (as defined herein) and (v) increased staff costs of approximately S$4.1 million or 44.5% from S$9.2 million in 9M2017 to S$13.3 million in 9M2018 due to the expansion of the Group's operations as well as the increase in exhibition and IPE sets.

Finance cost increased by approximately S$4.3 million or 430.0% from S$1.0 million in 9M2017 to S$5.3 million in 9M2018 as a result of interest expenses incurred in relation to the facility loan provided by Triple Wise in February 2018, the Existing Loan (as defined herein) as well as other new loans taken up to finance the Group's business expansion.

There was also an approximately S$3.1 million positive tax credit for the Group in 9M2018 due to the recognition of a S$4.5 million write back of deferred tax liabilities pertaining to its IP licenses categorized as intangible assets on its balance sheet.

As a result of the above, the Group recorded a profit after tax attributable to owners of the Company of approximately S$13.7 million for 9M2018 as compared to a profit after tax attributable to owners of the Company of S$4.5 million in 9M2017.

However, we note that the Group's profit after tax of approximately S$0.8 million recorded for this third quarter ended 30 September ("**3Q**") 2018 was the lowest as compared to approximately S$4.0 million and S$9.0 million reported during the first and second quarters of 2018 ended 31 March ("**1Q**") and 30 June ("**2Q**") respectively. This was mainly attributable to:

(i) a lower aggregate GPM of approximately 52.8% in 3Q2018 as compared to 69.8% and 55.7% GPM in 1Q2018 and 2Q2018 respectively;

(ii) higher total operating expenses of approximately S$12.7 million in 3Q2018 which represented an approximately 15.0% quarter-on-quarter increase from 2Q2018, while operating expenses in 1Q2018 and 2Q2018 had remained relatively constant at approximately S$11.0 million and S$11.1 million respectively; and

(iii) higher finance costs as a result of increased borrowings and loans taken up by the Group of approximately S$2.2 million in 3Q2018 as compared to S$1.3 million and S$1.8 million in 1Q2018 and 2Q2018 respectively.

As a result of the above, the Group's profit after tax in 3Q2018 represented an approximately 91.4% quarter-on-quarter decrease from 2Q2018, as compared to a 128.0% quarter-on-quarter increase from 1Q2018 to 2Q2018.

7.2 Financial position of the Group

A summary of the financial position of the Group as at 31 December 2017 and 30 September 2018 is set out below:

(S$'000)	As at 31 December 2017 (Audited)	As at 31 December 2017 (Restated)[(1)]	As at 30 September 2018 (Unaudited)
Non-current assets			
Property, plant and equipment	80,176	80,176	89,028
Other intangible assets	31,298	31,298	28,704
Goodwill	12,513	12,513	15,795
Investments in associates	72	72	68
Current assets			
Inventories	682	682	858
Contract assets	23,640	23,640	48,513
Trade and other receivables[(2)]	75,885	63,172	62,388
Cash and cash equivalents[(3)]	17,931	17,931	11,768
Total assets	**242,197**	**229,484**	**257,122**
Non-current liabilities			
Finance lease obligations	464	464	361
Deferred tax liabilities	10,521	10,521	5,417
Borrowings and loan	23,000	23,000	63,980
Loan from immediate holding company	10,705	10,705	–
Current liabilities			
Contract liabilities	359	359	1,867
Trade and other payables	44,647	58,282	44,346
Borrowings and loans	66,523	66,523	67,311
Finance lease obligations	122	122	112
Income tax payables	2,687	2,687	2,680
Total liabilities	**159,028**	**172,663**	**186,074**
Total equity	**83,169**	**56,821**	**71,048**
Less: Non-controlling interest	(296)	(296)	(291)
Equity attributable to owners of the Company ("NAV")	**82,873**	**56,525**	**70,757**
Number of Shares		**244,656,195**	
NAV per Share (S$)	**0.339**	**0.231**	**0.289**
Premium of the Offer Price over the NAV per Share (%)	**283.5**	**462.8**	**349.8**
Price-to-NAV ("P/NAV") ratio as implied by the Offer Price (times)	**3.83**	**5.63**	**4.50**

Source: *Company's annual report for FY2017 and announcement relating to the unaudited consolidated financial statements of the Group for 9M2018*

Notes:

(1) The Group has adopted Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and all new and revised standards effectively for current periods beginning on or after 1 January 2018. The impact of the adoption of the new SFRS(I) accounting framework on the Group's financial statements, in particular SFRS(I) 1 – "First-time Adoption of Singapore Financial Reporting Standards (International) and SFRS(I) 15 – "Revenue from Contracts with Customers", is detailed in the Company's announcement relating to the unaudited consolidated financial statements of the Group for the period ended 30 September 2018. The change in accounting framework has been applied retrospectively, where applicable, on the Group's financial statements for FY2017 and the Group has restated some of its comparative financials for FY2017 accordingly.

Save for the aforementioned accounting adjustments on restatement, we understand from the Directors and Management that there are no material differences between the restatement of the FY2017 financials and the publicly available FY2017 audited financials extracted from the FY2017 annual report. For ease of comparison, we have presented both the audited and restated financials of the Group as at 31 December 2017. However, we have referred to the FY2017 audited financials as extracted from the Company's annual report for the purpose of our analysis of the financial position of the Group as at 31 December 2017.

(2) For the purpose of comparison, trade and other receivables has been presented to comprise (i) trade receivables, (ii) unbilled trade receivables, (iii) other receivables, (iv) deposits and (v) prepayments.

(3) Cash and cash equivalents comprised cash and bank balances less long-term fixed deposits.

As at 31 December 2017

We have referred to the FY2017 audited financials as extracted from the Company's annual report for the purpose of our analysis of the Group's financial position as at 31 December 2017. The Group recorded total assets of approximately S$242.2 million which comprised mainly (i) property, plant and equipment amounting to approximately S$80.2 million or 33.1% of total assets; (ii) trade and other receivables amounting to approximately S$75.9 million or 31.3% of total assets; (iii) intangible assets amounting to approximately S$31.3 million or 12.9% of total assets; (iv) contract assets amounting to approximately S$23.6 million or 9.7% of total assets; (v) cash and cash equivalents amounting to approximately S$17.9 million or 7.4% of total assets; and (vi) goodwill amounting to approximately S$12.5 million or 5.2% of total assets.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost and are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses. Save for construction-in-progress ("**CIP**"), depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of the Group's property, plant and equipment, which typically range from three (3) to ten (10) years with the exception of leasehold land and building which is depreciated over a twenty (20) year period. CIP represents, property, plant and equipment under construction and is stated at cost less impairment and is not depreciated.

Property, plant and equipment consisted mainly of (i) licensed interactive exhibition assets of approximately S$43.8 million; (ii) leasehold land and buildings of approximately S$25.5 million; (iii) office equipment, furniture and fittings of approximately S$6.9 million; and (iv) exhibition service assets of approximately S$2.9 million.

During FY2017, the Group had acquired the Leasehold Asset and other property, plant and equipment amounting to an aggregate of approximately S$25.9 million as a result of the Company's acquisition of the entire equity interest in Scorpio East Properties Pte. Ltd. ("**Scorpio East**") (the "**Scorpio East Acquisition**"), which owns the Leasehold Asset, for, among others, a total cash consideration of approximately S$2.9 million (the "**Cash Consideration**") and the transfer of liability for repayment of a loan obtained by Scorpio East in the principal aggregate amount of S$23.0 million to the Company (the "**Existing Loan**"). We note that in connection with the Scorpio East Acquisition, an independent valuation had been commissioned by Scorpio East on the Leasehold Asset around 12 May 2017, which valued the Leasehold Asset at S$29.0 million on an as-is basis and subject to then existing tenancies. We further note that the rationale for the Scorpio East Acquisition was, among others, as a strategic investment to expand the Group's office space as a creative design suite, as well as derive rental revenues from the remaining units which will be added to the earnings of the Group.

On 5 September 2017, the Group had also completed the acquisition of, among others, 100% equity interest in JP Exhibition LLC ("**JPE**") (the "**JPE Acquisition**") for an aggregate purchase consideration of US$25.0 million (the "**JPE Consideration**") which was negotiated and arrived at on a willing buyer willing seller basis. The JPE Consideration consists of an upfront cash consideration of US$20.0 million or approximately S$27.2 million, and a contingent consideration of US$5.0 million or approximately S$6.8 million (the "**Contingent Consideration**") to be paid to the sellers in the event JPE achieved its audited profit target. We note that the Contingent Consideration has since been paid out during the six-month interim financial period ending 30 June 2018, indicating that the profit target condition for JPE had been met.

The rationale for the JPE Acquisition was in line with the Group's plans to pursue its growth strategy and expand its international footprint in its partnership with international studios globally. We note that the JPE Acquisition has enabled the Group to leverage on the highly popular and well-known Jurassic Park film franchise for its future events and exhibitions. In connection with the JPE Acquisition, the Group had acquired, among others, additional licensed interactive exhibition assets with an aggregate fair value of approximately S$6.2 million as at the date of the JPE Acquisition.

Trade and other receivables

Trade and other receivables comprised (i) net trade receivables of approximately S$43.1 million; (ii) unbilled trade receivables of approximately S$14.6 million; (iii) other receivables of approximately S$6.4 million; and (iv) net advances to suppliers of approximately S$1.9 million.

Other intangible assets

The IPE business segment focuses on delivering engaging and interactive experiences for the global markets. The in-house creative team produces innovative and captivating contents for audiences of all ages and distributes into global territories. The IPE currently being created and marketed by this business segment in FY2017 include the AVENGERS brand under Marvel Characters B.V., the TRANSFORMERS brand under Hasbro International, Inc. and Jurassic World franchise under Universal Studios Licensing, LLC.

The Group's other intangible assets pertain to the licenses to produce and distribute Hasbro's Transformers Autobots Alliance, Marvel's Avengers S.T.A.T.I.O.N. and Jurassic World – The Exhibition. Licenses are stated at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over a period of six (6) to 9.25 years, which is the shorter of their estimated useful lives and periods of contractual rights. We note that the Group's licenses have a remaining amortisation period of four (4) to seven (7) years. We further note that, in connection with the JPE Acquisition, the Group had acquired intangible assets in relation to the Jurassic World IP rights licenses amounting to approximately S$26.0 million, the amount of which was determined via a purchase price allocation ("**PPA**") by the Management who were assisted by an external valuation specialist.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("**CGUs**") that are expected to benefit from that business combination. The carrying amount of goodwill for FY2017 of approximately S$12.5 million had been mainly allocated as follows: (i) approximately S$9.6 million to the IPE – Jurassic World CGU arising from the JPE Acquisition which is attributable to the IPE business segment determined via PPA and the expected synergies from combining the operations of the Group and those of JPE, as well as (ii) approximately S$2.8 million to the IPE – Marvel's Avengers CGU.

The Group tests the CGUs for impairment annually, or more frequently when there is an indication that goodwill may be impaired. We note from the notes to the financial statements of the Company's annual report for FY2017 that the recoverable amounts of the CGUs are determined based on a value-in-use calculation using the cash flow projections based on financial budgets approved by management. For the IPE – Marvel's Avengers CGU, the Group used cash flow projections over the remaining licence term of seven (7) years. For the IPE – Jurassic World CGU, the Group used cash flow projections of thirteen (13) years, which consist of the existing remaining licence term of six (6) years and the option to extend the licence term by seven (7) years.

As at 30 September 2018

Due to the certain accounting adjustments on restatement which were applied for current financial periods of the Group beginning on or after 1 January 2018, we have referred to the restated financials of the Group as at 31 December 2017 as extracted from the Company's unaudited consolidated financial statements for 9M2018 for the purpose of our analysis of the Group's financial position as at 30 September 2018. The Group recorded total assets of approximately S$257.1 million which comprised mainly (i) property, plant and equipment amounting to approximately S$89.0 million or 34.6% of total assets; (ii) trade and other receivables amounting to approximately S$62.4 million or 24.3% of total assets; (iii) contract assets amounting to approximately S$48.5 million or 18.9% of total assets; (iv) intangible assets amounting to approximately S$28.7 million or 11.2% of total assets; (v) goodwill amounting to approximately S$15.8 million or 6.1% of total assets; and (vi) cash and cash equivalents amounting to approximately S$11.8 million or 4.6% of total assets.

We note that the increase in property, plant and equipment of approximately S$8.8 million from S$80.2 million as at 31 December 2017 was mainly due to additions to the Group's licensed interactive exhibition assets which were newly constructed and commissioned during the period under review, as well as CIP in relation to construction work commenced for additional exhibition sets under the Jurassic World IP and The Hunger Games IP, the latter of which the Group had recently acquired an exclusive worldwide licensing rights to exploit pursuant to a licensing agreement entered into with Lions Gate Exhibition, Inc. ("**Lionsgate**") on 2 May 2018. Intangible assets decreased by approximately S$2.6 million from S$31.3 million as at 31 December 2017 due to amortisation expenses already taken into account in the Group's profit and loss statement, while goodwill increased by approximately S$3.3 million from S$12.5 million as at 31 December 2017. The Group's net contract assets increased by approximately S$23.3 million due to more contract work completed in accordance with billing milestones under the Legacy Business.

Trade and other receivables saw a slight decrease of approximately S$0.8 million or 1.2% from S$63.2 million as at 31 December 2017 to S$62.4 million as at 30 September 2018. We note that of this, trade receivables had decreased by approximately S$19.6 million or 45.5% from S$43.1 million as at 31 December 2017 as a result of successful collections from the Group's project in Brunei under its Legacy Business and the scheduled payments of the IPE business segment. This was partially offset by an increase of approximately S$17.7 million or 931.6% in unbilled trade receivables from S$1.9 million as at 31 December 2017 due to new touring exhibition agreements signed, whereby the scheduled payment is not yet due.

Cash and cash equivalents decreased by approximately S$6.1 million or 34.1% from S$17.9 million as at 31 December 2017 to S$11.8 million as at 30 September 2018 due to investments and preparatory costs incurred in relation to the new IPE sets as well as advanced payments made for the completion of the Group's project in Brunei under its Legacy Business in the fourth quarter of 2018.

Conversely, we note that the Group's total borrowings and loans have increased by approximately S$41.8 million or 46.7% from an aggregate of S$89.5 million as at 31 December 2017 to S$131.3 million as at 30 September 2018, representing approximately 70.6% of the Group's total liabilities. This was due to the drawdown of an aggregate S$70.2 million loan from various financial institutions during 9M2018. Of this, there was a loan amount of US$30.0 million or approximately S$41.0 million, repayable after one (1) year but within five (5) years, which was secured by Lucrum 1's Shares that had been placed into a designated securities account in favour of Triple Wise under the facility arrangement with Triple Wise that was secured in February 2018, which mainly contributed to the increase in non-current borrowings and loans of approximately S$41.0 million or 178.2% from S$23.0 million as at 31 December 2017.

7.2.1 NAV of the Group

Given that the Group has substantial intangible assets which represent in aggregate approximately 12.9% and 11.2% of total assets as at 31 December 2017 and 30 September 2018 respectively, we have chosen to evaluate the Company based on the NAV approach rather than net tangible assets approach given that these intangible assets, such as the licenses to produce and distribute the IPE related exhibitions, have contributed significantly to the Group's business. Based on the segment information provided for FY2017 and 9M2018, the IPE business segment had contributed approximately 43.5% and almost 50.0% of the Group's total revenue respectively. We also note from the notes to the financial statements of the Company's annual report for FY2017 and the unaudited consolidated, financial statements for 9M2018 (the "**9M2018 Results**") that the IPE business segment recorded high GPMs of approximately 91.6% for FY2017 and an increase in gross profit of approximately 128.6% during 9M2018, which was a key contributing factor to the improvement of the Group's aggregate GPM in FY2017 and 9M2018. Furthermore, we understand that the Group is currently in discussion for the 5th IP and is expecting to conclude its negotiations in 2018.

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all liabilities of the group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised.

We note that Group's non-current assets had increased by approximately 129.4% from S$54.1 million as at 1 January 2017 to S$124.1 million as at 31 December 2017 mainly as a result of (i) property, plant and equipment, including the Leasehold Asset, amounting to an aggregate of approximately S$25.9 million acquired in relation to the Scorpio East Acquisition; and (ii) intangible assets of approximately S$26.0 million and licensed interactive exhibition assets of approximately S$6.2 million acquired in relation to the JPE Acquisition which were added to the Group's balance sheet during FY2017. As at 30 September 2018, the Group's non-current assets stood at approximately S$133.6 million.

The NAV attributable to owners of the Company amounted to approximately S$82.9 million and S$70.8 million as at 31 December 2017 and 30 September 2018 respectively. With reference to the table above on the summary of the financial position of the Group, we note that the Offer Price represents a premium of approximately 283.5% and 349.8% above the NAV per Share of S$0.339 and S$0.289 as at 31 December 2017 and 30 September 2018 respectively. Accordingly, the P/NAV ratio of the Group as implied by the Offer Price would be approximately 3.83 times and 4.50 times as at 31 December 2017 and 30 September 2018 respectively.

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 30 September 2018 and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV of the Group as at 30 September 2018.

In respect of the above, we have sought the following confirmation from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

(i) save as disclosed in this Letter, there are no material differences between the realisable values of the Group's assets and their respective book values as at 30 September 2018 which would have material impact on the NAV of the Group;

(ii) save as disclosed in this Letter, they are not aware of any circumstances which may cause the unaudited NAV as at the Latest Practicable Date to be materially different from that recorded in the unaudited balance sheet of the Group as at 30 September 2018;

(iii) other than that already provided for or disclosed in the Group's financial statements as at 30 September 2018, there are no other contingent liabilities, bad or doubtful debts, impairment losses or material events which would likely have a material impact on the NAV of the Group as at the Latest Practicable Date;

(iv) there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and Group;

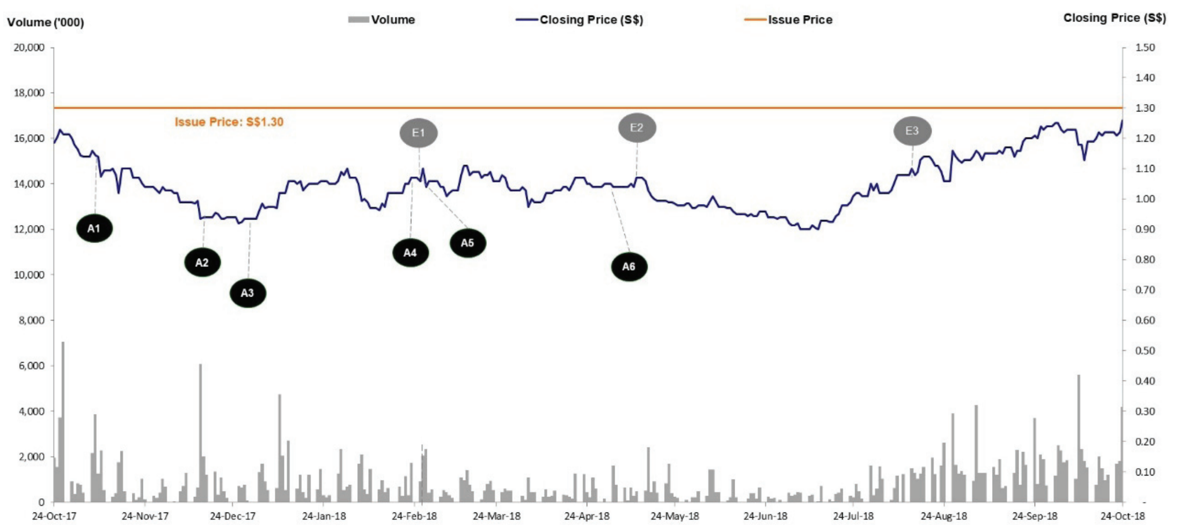
(v) save as disclosed in this Letter, there are no other intangible assets and which ought to be disclosed in the statement of financial position of the Group in accordance with the SFRS and/or SFRS(I) and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(vi) save as disclosed in this Letter, there are no material acquisitions or disposals of assets by the Group between 30 September 2018 and the Latest Practicable Date and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

7.3 Historical market price performance and trading activity of the Shares

We have compared the Offer Price to the daily closing price and trading volume of the Shares for the one (1) year period between 24 October 2017 and 24 October 2018 (the "**Last Full Trading Day**") being the last full market day immediately prior to the Offer Announcement Date. We have also marked certain dates in the one (1) year period where significant events occurred.

Daily closing price and daily trading volume of the Shares



Source: Thomson Reuters Eikon and Company announcements on the SGXNet.

Earnings announcements:

E1. **27 February 2018.** The Company announced its unaudited full year consolidated financial statements for FY2017, in which the Group's revenue and net profit after tax had jumped significantly by approximately 20.7% and 162.9% to S$116.7 million and S$17.3 million as compared to S$96.7 million and S$6.6 million respectively in FY2016, mainly due to higher revenue and higher GPM generated from the IPE business segment as a result of a shift in the business segment contributions from the Legacy Business to that of the new intellectual property and creative and design led businesses.

E2. **11 May 2018.** The Company announced its unaudited consolidated financial statements for the three-month interim financial period ended 31 March 2018, in which the Group's revenue and net profit after tax had increased by approximately 38.4% and 80.4% to S$23.5 million and S$4.0 million as compared to S$16.9 million and S$2.2 million respectively during the three-month interim financial period ended 31 March 2017, mainly due to majority contribution of revenue and higher GPM generated by the IPE business segment.

E3. **13 August 2018.** The Company announced its unaudited consolidated financial statements for the six-month interim financial period ended 30 June 2018, in which the Group's revenue and net profit after tax had increased by approximately 14.4% and 102.5% to S$55.4 million and S$13.0 million as compared to S$48.4 million and S$6.4 million respectively during the six-month financial period ended 30 June 2017, mainly due to the higher revenue contribution from and higher GPM generated by the IPE business segment as a result of, among others, the shift in the business segments' contributions to the Group's revenue and the positive impact of the new Trump administrations 21% corporate tax regime.

Other significant announcements:

A1. **7 November 2017.** Teamway International Group Holdings Limited ("**Teamway**") announced on the Stock Exchange of Hong Kong Limited that a non-legally binding memorandum of understanding had been entered into between Mutual Power International Limited ("**Mutual Power**"), an indirect wholly-owned subsidiary of Teamway, and Massive Right Investments Limited ("**Massive Right**") in relation to the proposed sale of a 76% equity interest in Lucrum 1 by Massive Right to Mutual Power (the "**Proposed Lucrum Acquisition**"). If the Proposed Lucrum Acquisition were to materialize, Mutual Power and Teamway would, upon completion of the Proposed Lucrum Acquisition, own in aggregate approximately 84.5% equity interest in and acquire statutory control of Lucrum 1. Accordingly, Mutual Power would, subject to and upon completion of the Proposed Lucrum Acquisition, be required, pursuant to the chain principle in note 7 to Rule 4.1 of the Code, to make a mandatory unconditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of Company, other than those already owned, controlled or agreed to be acquired by Mutual Power (the "**Possible Chain Offer**").

A2. **15 December 2017.** The Company announced that it had entered into a sale and purchase agreement ("**SPA**") with KOP Limited ("**KOP**") in relation to the Scorpio East Acquisition. In consideration of acquiring the entire equity interest in Scorpio East, the Company had agreed to pay the Cash Consideration as well as assume the liability for repayment of the Existing Loan.

A3. **29 December 2017.** The Company announced that the completion of the Scorpio East Acquisition.

A4. **23 February 2018.** The Company announced that it had entered into a facility agreement (the "**Facility Agreement**") with, among others, Triple Wise Asset Holdings Ltd. ("**Triple Wise**") for a facility of up to US$60 million to be provided by Triple Wise to the Company to, among others, finance the purchase of intellectual property rights and mobile themed equipment for projects undertaken or to be undertaken by the Group. Under the terms of the Facility Agreement, (i) Lucrum 1, as the then controlling shareholder of the Company, is required to remain as the beneficial owner of not less than 51% of the issued share capital of the Company and (ii) Lucrum 1 is required to enter into a security deed under which (*inter alia*) a first ranking charge over certain of Lucrum 1's Shares, expected to cover approximately 124.8 million Shares constituting about 51% of the Company's issued share capital, that are placed in a designated securities account will be granted in favor of Triple Wise.

A5. **27 February 2018.** The Company announced that it had received a notice from Massive Right that the non-legally binding memorandum of understanding between Mutual Power and Massive Right had been terminated with mutual consent.

A6. **2 May 2018.** The Company announced that it had entered into an exclusive worldwide touring exhibition license agreement with Lionsgate for the rights to exploit the exhibition titled "The Hunger Games: The Exhibition".

Based on the above, we note that over the last one (1) year period prior and up to the Last Full Trading Day, the closing prices of the Shares had consistently traded below the Offer Price of S$1.300 per Share. Furthermore, we note that the Offer Price is at a premium of approximately 2.4% to the highest ever closing price over the last one (1) year prior and up to the Last Full Trading Day of S$1.270 per Share on the Last Full Trading Day.

The Offer Price represents a premium of approximately 3.2% over the last transacted price of S$1.260 (the "**Last Transacted Price**") on the Last Full Trading Day prior to the Offer Announcement Date. We note that for the last one (1) year period prior and up to the Last Full Trading Day, the Share price had never closed at or above the Last Transacted Price.

We set out below the daily closing prices and daily trading volumes of the Shares for the period after the Offer Announcement Date up to the Latest Practicable Date.

Daily closing price and daily trading volume of the Shares from the Offer Announcement Date up to the Latest Practicable Date

Source: *Thomson Reuters Eikon and Company announcements on the SGXNet.*

Earnings announcements:

E4. **13 November 2018.** The Company announced its unaudited consolidated financial statements for the nine-month interim financial period ending 30 September 2018, in which the Group's revenue and net profit after tax had increased by approximately 28.7% and 205.5% to S$85.5 million and S$13.7 million as compared to S$66.4 million and S$4.5 million respectively during the nine-month interim financial period ended 30 September 2017, mainly due to the higher revenue contribution from and higher GPM generated by the IPE business segment.

Significant announcements:

A7. **29 October 2018.** At 8.21 p.m. (Singapore time), the Company requested for lifting of the trading halt on its Shares which it had previously requested for on 25 October 2018 at 8.01 a.m. (Singapore time) prior to the Offer Announcement Date.

A8. **30 October 2018.** The Company announced that it had entered into an amendment agreement, pursuant to which the Facility Agreement shall be amended and restated (the "**Amended and Restated Facility Agreement**"), pursuant to which (i) West Knighton, as the controlling shareholder of the Company pursuant to the Acquisition, is required to remain as the beneficial owner of not less than 51% of the issued share capital of the Company; (ii) Mr. Ko has provided a deed of personal guarantee and indemnity to Triple Wise which contains conditions making reference to the interest of West Knighton and himself in the Company; (iii) West Knighton has provided a deed of corporate guarantee and indemnity to Triple Wise which contains conditions making reference to the interest of West Knighton in the Company and (iv) West Knighton has entered into a security deed under which (*inter alia*) a first ranking charge over certain of its Shares, expected to cover approximately 124.8 million Shares constituting about 51% of the Company's issued share capital, that are placed in a designated securities account will be granted in favor of Triple Wise.

A9. **30 October 2018.** The Company announced, among others the appointment of the independent financial adviser in respect of the Offer.

A10. **14 November 2018.** The Company announced the despatch of the Offer Document, together with the Form of Acceptance and Authorisation for Offer Shares and/or the Form of Acceptance and Transfer for Offer Shares to Shareholders.

A11. **19 November 2018.** The Offeror announced that it owned, controlled or had agreed to acquire approximately 78.99% of the total number of issued shares in the Company, as at 5.00 p.m. (Singapore time).

Based on the above, we note that the Last Transacted Price was S$1.260. On 30 October 2018 (being the next full market day after the Offer Announcement Date and the lifting of the trading halt), the price of the Shares rose to close at S$1.290 and since then the closing prices of the Shares have traded narrowly between S$1.290 and S$1.310 up to the Latest Practicable Date.

We have also set out below the premium / (discount) implied by the Offer Price over the historical volume weighted average price ("**VWAP**") and historical trading volume of the Shares from 24 October 2017 (being the one (1) year period up to and including the Last Full Trading Day) to the Latest Practicable Date.

Premium / (discount) implied by the Offer Price to VWAP (1)

	VWAP(1) (S$)	Premium / (discount) of Offer Price over price (%)	Highest traded price (S$)	Lowest traded price (S$)	Average daily trading volume ('000) ("ADTV") (2)	ADTV as a percentage of free float (2) (3) (%)
Periods up to and including the Last Full Trading Day						
1-year	1.093	18.9	1.270	0.895	1,007	1.33
6-month	1.124	15.7	1.270	0.895	1,042	1.37
3-month	1.162	11.9	1.270	0.995	1,577	2.08
1-month	1.216	6.9	1.270	1.120	1,980	2.61
Last Full Trading Day	1.249	4.1	1.270(4)	1.220(4)	4,186	5.51
Periods after the Offer Announcement Date up to the Latest Practicable Date						
Between the Offer Announcement Date and the Latest Practicable Date	1.295	0.4	1.310	1.290	1,645	2.17
Last transacted price on the Latest Practicable Date	1.300	0.0	1.310(5)	1.300(5)	174	0.23

Source: *Thomson Reuters Eikon*

Notes:

(1) The VWAP has been weighted based on the average traded prices and traded volumes of the Shares for the relevant trading days for each of the above periods.

(2) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.

(3) Free float refers to approximately 76.0 million Shares or 31.05% of the issued share capital of the Company held by the public (as defined in the SGX-ST Listing Manual) as at 22 March 2018 as extracted from the Company's annual report for FY2017.

(4) On 24 October 2018 (being the Last Full Trading Day), the highest intra-day traded price was S$1.270 and lowest intra-day traded price was S$1.220.

(5) On 19 November 2018 (being the Latest Practicable Date), the highest intra-day traded price was S$1.310 and lowest intra-day traded price was S$1.300.

Based on the above, we note the following:

(i) The Offer Price of S$1.300 per Share is above the range of traded prices of the Shares over the one (1) year period up to and including the Last Full Trading Day, which is between a low of S$0.895 per Share and a high of S$1.270 per Share;

(ii) The Offer Price represents a premium of approximately 18.9%, 15.7%, 11.9% and 6.9% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares respectively;

(iii) Between the Offer Announcement Date and the Latest Practicable Date, the Offer Price represents a premium of approximately 0.4% to the VWAP of the Shares of approximately S$1.295. The Offer Price is equal to the last transacted price of S$1.300 on the Latest Practicable Date;

(iv) During the one (1) year period up to but excluding the Last Full Trading Day, the Shares have traded thinly at an ADTV of between approximately 1.0 million Shares to 2.0 million Shares, representing 1.3% and 2.6% of the Company's free float (the "**Trading Volume Range**"). While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions in the Shares, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to transact larger quantum of Shares;

(v) On the Last Full Trading Day, the Shares traded actively at an ADTV of approximately 4.2 million Shares, representing 5.5% of the Company's free float; and

(vi) Between the Offer Announcement Date and the Latest Practicable Date, the Shares traded at an ADTV of approximately 1.6 million Shares, representing 2.2% of the Company's free float, which is within the Trading Volume Range.

Based on the above observations, it would appear that the market price of the Shares have been supported by the Offer subsequent to the Offer Announcement Date. Shareholders should note that there is no assurance that the market prices of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer, and that the past trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

We wish to highlight that the market valuation of shares of a company traded on a securities exchange may be affected by, *inter alia*, the corporate activities of the Company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

7.4 Share price performance relative to market indices

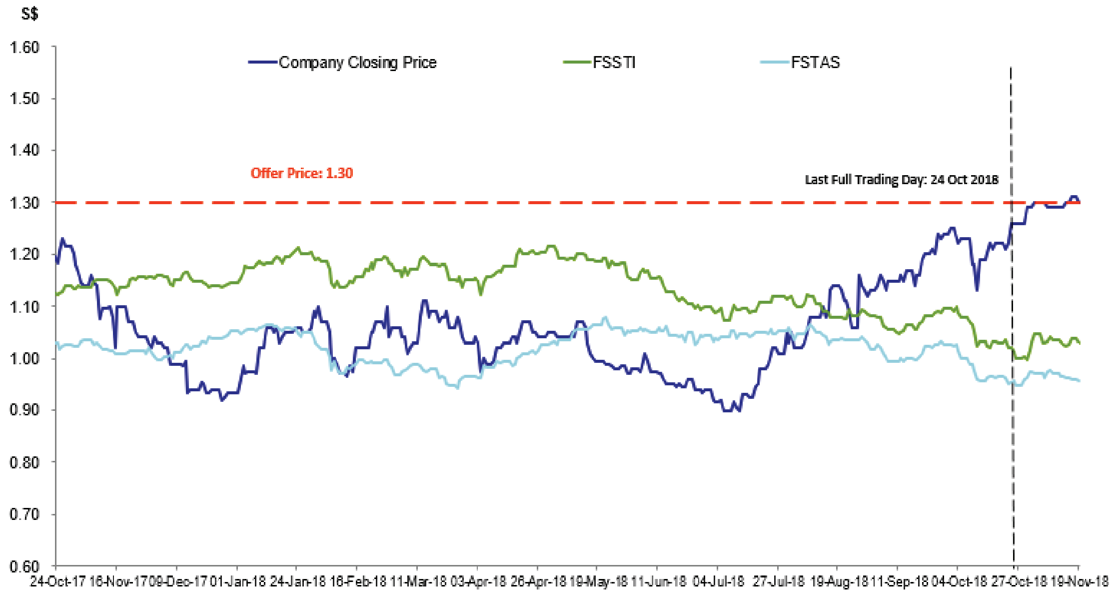
To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against the following indices:

(i) The FTSE Straits Times Index (the "**FSSTI**"), which is a market capitalisation weighted index based on stocks of the top 30 representative companies by market capitalization that are listed on the Mainboard of the SGX-ST; and

(ii) The FTSE Strait Times All Share Index (the "**FSTAS**"), which is a market capitalization weighted index comprising of all companies within the top 98% by full market capitalization of the Mainboard of the SGX-ST (i.e. large cap, midcap and small cap indices combined).

The market price performance of the Shares relative to the rebased FSSTI and rebased FSTAS for the period from 24 October 2017 (being the one (1) year period up to and including the Last Full Trading Day) up to and including the Latest Practicable Date, is illustrated below:

Share price performance against market indices (rebased)



Source: *Thomson Reuters Eikon*

We have also set out in the table below the movements in the last transacted prices of the Shares, the rebased FSSTI and the rebased FSTAS between the Last Full Trading Day and the Latest Practicable Date:

	As at the Last Full Trading Day (S$)	As at the Latest Practicable Date (S$)	Percentage change (%)
Shares	1.260	1.300	3.2
Rebased FSSTI	1.020	1.031	1.1
Rebased FSTAS	0.953	0.958	0.5

Source: *Thomson Reuters Eikon*

Based on the above, we note the following:

i) During the one (1) year period up to and including the Last Full Trading Day, the Shares had generally under-performed the rebased FSSTI, save for the periods between 24 October 2017 to 6 November 2017, and between 13 August 2018 up to and including the Last Full Trading Day where the Shares had out-performed or performed in tandem with the rebased FSSTI;

ii) During the one (1) year period up to and including the Last Full Trading Day, the Shares had generally out-performed the rebased FSTAS, save for the periods between 6 December 2017 to 17 January 2018, and between 15 May 2018 to 7 August 2018 where the Shares had under-performed or performed in tandem with the rebased FSTAS; and

iii) Between the Last Full Trading Day and the Latest Practicable Date, the Shares generally out-performed the rebased FSSTI and the rebased FSTAS, having increased by approximately 3.2% as compared to the increase of approximately 1.1% in the rebased FSSTI and the increase of approximately 0.5% in the rebased FSTAS over the same period.

Based on the above observations, it would further appear that the market price of the Shares may have been supported by the Offer subsequent to the Offer Announcement Date in comparison with the market indices. However, Shareholders should note that there is no assurance that the market prices of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

7.5 Valuation ratios of selected companies listed on the SGX-ST, the SGX-Catalist or other stock exchanges in Asia which are broadly comparable to the Group

For the purpose of our evaluation on the financial terms of the Offer, while the Group is shifting towards its new IP and creative and design led business, we note that the IPE business segment is still delivered through the set-up and operation of exhibition sets. Accordingly we have made reference to the valuation ratios of selected companies listed on various stock exchanges in Asia such as the SGX-ST, SGX-Catalist, the Stock Exchange of Hong Kong ("**SEHK**"), Tokyo Stock Exchange ("**TSE**") or the Stock Exchange of Thailand ("**SET**"), that are primarily engaged in the exhibitions and/or event organization / management business, which the Company considers to be broadly comparable to the Group ("**Comparable Companies**"), to get an indication of the current market expectations with regard to the perceived valuation of the Group.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there is no company listed on the SGX-ST, SGX-Catalist or other stock exchanges in Asia, which we may consider to be identical to the Group in terms of, *inter alia*, geographical markets, composition of business activities, scale of the business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/ industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies merely serve to provide an illustrative perceived market valuation of the Group as at the Latest Practicable Date.

A brief description of the Comparable Companies is as follows:

Comparable companies	Stock exchange	Business description	Financial year ended
Kingsmen Creatives Ltd. ("**Kingsmen**")	SGX	Kingsmen is a Singapore-based company engaged in investment holding and providing corporate marketing and other related services. The Company operates through five (5) business segments: Exhibitions and Museums, which is engaged in the production of exhibition displays for trade shows and promotional events, interiors and displays for museums and visitor centers, as well as production of thematic and scenic displays for theme parks; Retail and Corporate Interiors, which is engaged in providing interior fitting-out services to commercial and retail properties; Research and Design, which provides design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centers, corporate offices, showrooms, trade shows, events, promotional functions and festivals; Alternative Marketing, which is engaged in event management, branding consultancy services and custom publishing, and Corporate and Others, which provides corporate services.	31 December 2017

Comparable companies	Stock exchange	Business description	Financial year ended
UnUsUal Ltd. ("**UnUsUal**")	SGX-Catalist	UnUsUaL is a Singapore-based concert organization company, which is engaged in the business of production and promotion service provider for events and concerts. The Company provides services, such as technical services, creative input, as well as organizes and promotes events and concerts. The Company also provides sound and lighting equipment rental services.	31 March 2018
Dowway Holdings Ltd ("**Dowway**")	SEHK	Dowway is an integrated exhibition and event management services provider. The Company is mainly engaged in the design, planning, co-ordination and management of exhibitions and events. The Company mainly provides comprehensive exhibition and event management services for auto companies. The Company also provides services for various promotional, commercial and private events, such as awards, film promotion activities and press conferences.	31 December 2017
Mega Expo Holdings Ltd ("**Mega Expo**")	SEHK	Mega Expo is an investment holding company principally engaged in the organization and management of exhibitions and trade shows related businesses. The company also operates contract services and provides entertainment equipment solutions including, among others, interactive light and sound art installation projects for companies in the cultural and entertainment industries.	30 June 2018
Pico Far East Holdings Limited ("**Pico Far East**")	SEHK	Pico Far East is a Hong Kong-based investment holding company principally engaged in the provision of exhibition and event marketing services. The Company mainly operates through four (4) segments. Exhibition and Event Marketing Services segment is engaged in the provision of exhibition and event marketing services. Its services include the planning of exhibitions, campaign design and the production of video content, among others. Brand Signage and Visual Identity segment is engaged in the provision of visual identity solutions for car brands, catering brands and financial brands, among others. Museum, Themed Environment, Interior and Retail segment is mainly engaged in the design and decoration of showrooms and shops, among others. Conference and Show Management segment is engaged in the management of conferences and shows.	31 October 2017

Comparable companies	Stock exchange	Business description	Financial year ended
ARIP Public Company Limited ("**ARIP**")	SET	ARIP is a Thailand-based company engaged in the management of events mainly related to electronics and information technology ("**IT**"). The company also provides a full range of digital services from marketing strategies to execution via all types of online media platform, IT-related publications, and the placement of advertisements. The company also creates, sells and distributes advertising spaces and services on traditional media, digital media and online media in the fields of business, management and IT.	31 December 2017
CMO Public Company Limited ("**CMO**")	SET	CMO is engaged in the business of event management business, experiential multimedia marketing and event support services. The group provides creative event management and operational services for four (4) major activities comprising corporate marketing and events, museums and exhibitions, national and public events as well as other MICE (as defined below) events. Among others, the group also provides (i) video, multimedia and interactive media production and software installations; (ii) support services in relation to tourist attractions; (iii) operation of a creative digitally interactive kids theme park; (iv) event and concert organising services; and (v) event equipment rental, installation and technician services as well as production consulting services for events/performances.	31 December 2017
Pico (Thailand) Public Company Limited ("**Pico Thailand**")	SET	Pico Thailand is a Thailand-based company engaged in the provision of marketing communication services. The Company's main activities include Meetings, Incentives, Conventions and Exhibitions ("**MICE**"). The Company organizes international meetings and exhibitions; event marketing, including product promotion through marketing tools; knowledge communication, providing services to public and private sectors in the form of visitor centers, learning centers, museums and digital content, and other services.	31 December 2017
TOW Co., Ltd ("**TOW**")	TSE	TOW is a Japan-based company mainly engaged in the planning, production, management, presentation and promotion of events. Among others, the company is focused on interactive promotion and experiential design production by using digital technology.	31 October 2017

Source: *Thomson Reuters Eikon, respective Comparable Companies' websites and annual reports*

In our evaluation, we have considered the following widely used valuation measures:

Valuation ratios	General description
Price-earnings ("**P/E**") ratio	P/E ratio or earnings multiple is the ratio of a company's market capitalisation divided by the historical consolidated full-year or last twelve-months net profit attributable to shareholders on a per share basis (as the case may be). The P/E ratio is an earnings-based valuation methodology and is calculated based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. The P/E ratio illustrates the ratio of the market capitalisation of a company in relation to the historical consolidated full-year or last twelve-month net profit attributable to its shareholders (as the case may be). As such, it is affected by the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.
Price-to-net asset value ("**P/NAV**") ratio	NAV refers to consolidated net asset value, which is the total assets of a company less total liabilities. P/NAV refers to the ratio of a company's share price divided by NAV per share. The P/NAV ratio represents an asset-based relative valuation which takes into consideration the book value or NAV backing of a company. The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its assets and repayment of its liabilities and obligations, with the balance being available for distribution to its shareholders. It is an asset-based valuation methodology and this approach is meaningful to the extent that it measures the value of each share that is attached to the net assets of the company.
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation ("**EV/EBITDA**") ratio	EV refers to enterprise value which is the sum of a company's market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents. EBITDA refers to the historical consolidated earnings before interest, taxes, depreciation and amortisation of a company. The EV/EBITDA ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cash flow performance. The EV/EBITDA multiple is an earnings-based valuation methodology. The difference between EV/EBITDA and the P/E ratio (described above) is that it does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges.

The valuation ratios of the Comparable Companies based on their respective last traded share prices as at the Latest Practicable Date are set out below:

Comparable Companies	Market capitalisation (S$'million)	P/E[1] FY2017 (times)	P/E[1] LTM[4] (times)	EV/EBITDA[2] FY2017 (times)	EV/EBITDA[2] LTM[4] (times)	P/NAV[3] (times)
Kingsmen	103.8	10.7	9.6	5.3	4.9	0.87
UnUsUal	411.7	41.1	35.5	33.5	37.3	9.09
Dowway[5][6]	19.6	9.4	5.9	3.8	2.8	1.32
Mega Expo[5]	458.5	96.4[7]	28.9	82.1[8]	40.1	6.64
Pico Far East[5]	621.0	12.3	9.5	6.5	6.3	1.78
ARIP[9]	8.7	98.3[7]	97.3[10]	9.3	10.0	1.04
CMO[9]	14.9	10.0	33.1	3.2	3.9	0.90
Pico Thailand[9]	35.5	22.0	15.7	2.2	5.6	1.84
TOW[11]	239.1	16.2	15.8	9.0	8.8	2.25
Max		**98.3**	**97.3**	**82.1**	**40.1**	**9.09**
Min		**9.4**	**5.9**	**2.2**	**2.8**	**0.87**
Mean		**17.4**	**19.2**	**9.1**	**13.3**	**2.86**
Median		**12.3**	**15.7**	**5.9**	**6.3**	**1.78**
Company (implied by the Offer Price)	**318.1**	**18.3**	**11.9**	**14.2**	**9.8**	**4.50[12]**

Source: *Thomson Reuters Eikon, annual reports and announcements on SGXNET of the Comparable Companies and NCF calculations*

Notes:

(1) P/E ratio is calculated based on the earnings as extracted from the latest available audited full year financial statements or the latest available interim financial statements on a last twelve month basis of the respective Comparable Companies, as the case may be.

(2) EV/EBITDA ratio is calculated based on the latest available audited full year financial statements or latest available interim financial statements on a last twelve month basis of the respective Comparable Companies, as the case may be.

(3) P/NAV ratio is calculated based on the NAV as extracted from the latest available financial statements of the respective Comparable Companies, as the case may be.

(4) LTM means last twelve months.

(5) Dowway, Mega Expo and Pico Far East are listed on SEHK and their functional currency is reported in Hong Kong Dollars ("**HK$**") and Chinese Reminbi ("**RMB**") (in the case of Dowway). As such the exchange rate used, where applicable, is S$1.0 : HK$5.709 and S$1.0 : RMB 5.059 as at the Latest Practicable Date as extracted from Thomson Reuters Eikon.

(6) Excludes one-off listing expenses which were incurred in the financial year ended 31 December 2017 and nine months ended 30 September 2018 in connection with the listing of Dowway on the Growth Enterprise Market of the SEHK on 12 June 2017.

(7) Excluded Mega Expo and ARIP as statistical outliers in the mean and median computations in relation to the FY2017 P/E ratio.

(8) Excluded Mega Expo as statistical outlier in the mean and median computations in relation to the FY2017 EV/EBITDA ratio.

(9) ARIP, CMO and Pico Thailand are listed on SET and the functional currency is reported in Thai Baht ("**THB**"). As such the exchange rate used, where applicable, is S$1.0 : THB23.768 as at the Latest Practicable Date as extracted from Thomson Reuters Eikon.

(10) Excluded ARIP as statistical outlier in the mean and median computations in relation to the LTM P/E ratio.

(11) TOW is listed on TSE and its functional currency is reported in Japanese Yen. As the financial statements for TOW are not available in English, the relevant ratios have been extracted from Thomson Reuters Eikon as of the Latest Practicable Date.

(12) Based on the Group's NAV per Share of S$0.289 as at 30 September 2018.

Based on the above, we observe that:

(a) The FY2017 P/E ratio of the Company of 18.3 times is within the range of the P/E ratios of the Comparable Companies and higher than both the mean and median P/E ratios of 17.4 times and 12.3 times respectively;

(b) The LTM P/E ratio of the Company of 11.9 times is within the range of the P/E ratios of the Comparable Companies but lower than both the mean and median P/E ratios of 19.2 times and 15.7 times respectively;

(c) The P/NAV ratio of the Company of 4.50 times is within the range of the P/NAV ratios of the Comparable Companies and higher than both the mean and median P/NAV ratios of 2.86 times and 1.78 times respectively;

(d) The FY2017 EV/EBITDA ratio of the Company of 14.2 times is within the range of the EV/EBITDA ratios of the Comparable Companies and higher than both the mean and median EV/EBITDA ratios of 9.1 times and 5.9 times respectively; and

(e) The LTM EV/EBITDA ratio of the Company of 9.8 times is within the range of the EV/EBITDA ratios of the Comparable Companies, higher than the median EV/EBITDA ratio of 6.3 times but lower than the mean EV/EBITDA ratio of 13.3 times respectively.

7.6 Selected precedent privatisations and delisting transactions involving companies listed on the SGX-ST or SGX-Catalist

We note that it is the intention of the Offeror, and the purpose of the Offer, to privatise and delist the Company from the Official List of the SGX-ST. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. For the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics implied by the Offer Price *vis-à-vis* those in respect of recent successful privatisations and delistings of companies listed on the SGX-ST or SGX-Catalist.

We set out below the statistics on past privatisation transactions and delisting offers made in respect of companies listed on the SGX-ST or SGX-Catalist and which resulted in a successful privatisation and delisting of the target company (the "**Precedent Privatisations**"). Details on the Precedent Privatisations announced in the two (2) year period prior to the Latest Practicable Date are set out as follow:

Company	Announcement date	Offer price (S$)	Premium / (discount) of / (to) offer price[1] Last transacted price[2] (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price to NTA / NAV (times)[22]
Innovalues Limited[3]	26 Oct 2016	1.010	14.5	19.0	21.6	27.8	3.7[16]
Super Group Ltd.[4]	3 Nov 2016	1.300	44.4	47.4	54.4	54.2	2.7[16]
ARA Asset Management Limited	8 Nov 2016	1.780	26.2	29.6	30.3	31.7	3.1[16]
Advanced Integrated Manufacturing Corp. Ltd	24 Nov 2016	0.210	22.8	20.7	20.7	17.3	0.6[18]
Sunmart Holdings Limited	30 Nov 2016	0.070	(39.1)[15]	(39.1)[15]	(37.5)[15]	(34.0)[15]	0.9[18]
Auric Pacific Group Limited	7 Feb 2017	1.650	13.7	17.7	23.8	35.8	1.2[18]
Global Premium Hotels Limited	23 Feb 2017	0.365	14.1	18.1	21.7	23.3	0.5[18]
CWT Limited[5]	9 Apr 2017	2.330	5.9	6.4	14.8	27.3	1.5[16]
Nobel Design Holdings Ltd	2 May 2017	0.510	8.5	9.4	15.9	18.6	0.7[18]
Changtian Plastic & Chemical Limited	29 May 2017	1.300	45.3	46.6	48.2	49.5	0.4[16]
China Flexible Packaging Holdings Limited	19 Jun 2017	1.250	23.2	24.3	28.2	43.5	0.6[18]
Global Logistics Properties Limited	14 Jul 2017	3.380	64.1	67.4	72.4	76.5	1.1[18]
Fischer Tech Limited[7]	27 Jul 2017	3.020	31.3	46.9	63.6	76.5	1.5[17]
GP Batteries International Limited	10 Aug 2017	1.300	62.5	62.9	62.7	61.1	0.8[18]
Poh Tiong Choon Logistics Limited[8]	20 Sep 2017	1.300	1.6	30.0	43.2	48.7	3.1[16]
Rotary Engineering Limited	02 Oct 2017	0.460	20.1	21.9	25.1	19.3	1.3[18]
Cogent Holdings Limited[9]	03 Nov 2017	1.020	164.9[15]	160.2[15]	167.9[15]	177.6[15]	3.6[16]
Vard Holdings Limited[10]	13 Nov 2017	0.250	8.7	16.2	29.3	35.1	0.9[16]
CWG International Ltd	28 Dec 2017	0.195	27.5	29.5	29.2	30.8	0.4[18][19]
Tat Hong Holdings Limited[11]	11 Jan 2018	0.550[12]	42.9	47.5	49.1	40.3	0.7[16]
Lee Metal Group Ltd[13]	21 Feb 2018	0.420	9.1	14.1	21.4	26.5	1.0[18]
Weiye Holdings Limited[14]	13 Mar 2018	0.650	31.3	41.0	44.1	44.4	0.3[18]
Wheelock (Singapore) Properties Limited	19 Jul 2018	2.100	22.7	29.0	22.7	17.8	0.8[18]
		High	164.9	160.2	167.9	177.6	3.7
		Low	(39.1)	(39.1)	(37.5)	(34.0)	0.3
		Mean	25.7	30.7	35.4	38.4	1.4
		Median	22.8	29.0	29.2	35.1	0.9
Company (implied by the Offer Price)	**29 Oct 2018**[20]	**1.300**	**4.1**	**6.9**	**11.9**	**15.7**	**4.5**[21]

Source: *Thomson Reuters Eikon, announcements on the SGXNET and the respective target companies' shareholders' circular in relation to the Precedent Privatisations.*

Notes:

(1) Market premia / (discounts) calculated relative to the closing price of the respective target companies prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcement dates;

(2) Closing share price on the last trading market day prior to the announcement date;

(3) VWAP were computed based on prices prior to 7 April 2016 when Innovalues Limited first announced that it had appointed a financial adviser to conduct a review of the strategic options available with a view of enhancing and unlocking shareholder value;

(4) VWAP were computed based on prices prior to the second SGX query date, being 31 October 2016, when Super Group Ltd. experienced unusual price movements;

(5) VWAP were computed based on prices up to 3 August 2015 when it was announced that the controlling shareholder of CWT Limited was considering a strategic review;

(6) VWAP were computed based on prices prior to 1 December 2016 when it was announced that the Global Logistics Properties Limited was undertaking a strategic review;

(7) VWAP were computed based on prices prior to 5 April 2017 when a holding announcement was made relating to a non-binding expression of interest from a third party relating to a possible transaction involving the shares of Fischer Tech Limited;

(8) VWAP were computed based on prices prior to 23 September 2016 when Poh Tiong Choon Logistics Limited announced that substantial shareholders of the company will be seeking a strategic review relating to their shares;

(9) VWAP were computed based on prices prior to 28 January 2016 when the Wall Street Journal published an article titled "Cogent Holdings' Owners Seek Buyer for Logistics Firm". Cogent Holdings Limited responded on that day that they had from time to time, received indications of interest relating to the group and that the board was evaluating the viability of such indications of interest;

(10) VWAP were computed based on prices up to 13 November 2016 when Vard Holdings Limited first announced the previous takeover offer at S$0.24 per share;

(11) VWAP prices were computed based on prices prior to 21 September 2017 when Tat Hong Holdings Limited first announced that it had been approached by certain parties in connection with a potential transaction;

(12) Based on the revised offer announcement on 26 April 2018;

(13) VWAP computed based on prices prior to 11 November 2017 when Lee Metal Group announce that certain shareholders have received an unsolicited approach in connection with a potential transaction;

(14) The intention of Weiye Holdings Limited was to remain listed on SEHK at the close of the offer, Shareholders who did not accept the offer in Singapore will be able to continue trading on the SEHK, subsequent to the close of the offer and delisting of Weiye Holdings Limited from the SGX-ST;

(15) Excluded as statistical outliers in the computation of mean and media in relation to the premium / (discount) of offer price over / (to) (i) the last transacted price prior to announcement and (ii) the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the respective announcement dates;

(16) Based on the NTA / NAV per share (as the case may be), as published in the respective circulars of the target companies;

(17) Based on the adjusted NTA per share as published in the circular of the target company;

(18) Based on the revalued NTA / NAV per share (as the case may be), as published in the respective circulars of the target companies;

(19) Based on the lower calculated figure of the revalued NTA / NAV per share (as the case may be), as published in the circular of the target company;

(20) The VWAPs of the Company have been weighted based on the average traded prices and traded volumes of the Shares during the relevant trading days for each of the respective periods prior to the Announcement; and

(21) Based on the Group's NAV per Share of S$0.289 as at 30 September 2018.

(22) Figures are rounded to the nearest one (1) decimal place.

Based on the above analysis, we note the following:

(a) Save in the case of Sunmart Holdings Limited ("**Sunmart**"), the offer prices of all the other Precedent Privatisations were at a premium over the last transacted market price prior to announcement and the relevant VWAPs for the 1-month, 3-month and 6-month period prior to the respective announcements;

(b) The premium of approximately 4.1% implied by the Offer Price over the last transacted price of the Shares on the Last Trading Day is within the range but lower than the corresponding mean and median premia of 25.7% and 22.8% respectively. Had Sunmart been excluded, the premium implied by the Offer Price over the last transacted price of the Shares on the Last Trading Day would still have been within the range of the corresponding premia of the Precedent Privatisations;

(c) The premium of approximately 6.9% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range but lower than the corresponding mean and median premia of 30.7% and 29.0% respectively. Had Sunmart been excluded, the premium implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day would still have been within the range of the corresponding premia of the Precedent Privatisations;

(d) The premium of approximately 11.9% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is within the range but lower than the corresponding mean and median premia of 35.4% and 29.2% respectively. Had Sunmart been excluded, the premium implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day would have been below the range of the corresponding premia of the Precedent Privatisations;

(e) The premium of approximately 15.7% implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Trading Day is within the range but lower than the corresponding mean and median premia of 38.4% and 35.1% respectively. Had Sunmart been excluded, the premium implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Trading Day would have been below the range of the corresponding premia of the Precedent Privatisations; and

(f) The P/NAV ratio of the Company of 4.5 times as implied by the Offer Price is above the range of the corresponding premia.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatizing a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Precedent Privatisation has to be judged on its own merits (or otherwise).

The list of Precedent Privatisations indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisations over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisations. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to compulsory acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisations and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisations. Therefore, any comparison of the Offer with the Precedent Privatisations is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

7.7 Analysts' estimates and target prices for the Company

We have reviewed and extracted the relevant recommendations and target prices from the respective analyst reports that provide research coverage on the Company.

Analyst	Price target date	Recommendation	Target price (S$)	Premium/ (discount) of Offer Price over target price
CGS-CIMB Research Pte. Ltd. ("**CGS-CIMB**")	15 May 2018	Hold	1.16	12.1
KGI Securities (SG) Pte Ltd	16 Aug 2018	Buy	1.51	(13.9)
UOB Kay Hian Pte Ltd	9 Jan 2018	Buy	1.55	(16.1)
DBS Bank Ltd. ("**DBS**")	14 Aug 2018	Buy	1.57	(17.2)
Mean			**1.45**	**(8.8)**

Source: *Publicly available information and analyst target prices as extracted from Thomson Reuters Eikon, as well as various research reports of the analysts.*

Based on the above analysts' research estimates, we note that:

(i) The Offer Price represents a discount of approximately 8.8% to the average Share price target of S$1.45 estimated by the four (4) analyst reports prior to the Offer Announcement Date; and

(ii) Between the Offer Announcement Date and the Latest Practicable Date, we note that two (2) of the analysts, namely CGS-CIMB and DBS, had issued flash notes dated 30 October 2018 ("**Update Notes**") recommending Shareholders to accept the Offer. We note the following extracts from the Update Notes:

CGS-CIMB Update Note

"*We think the offer price is fair as it is above our TP of S$1.16 (based on 11x FY19F P/E, a 30% discount to the global industry average) and at a premium of approximately 6.8%, 11.9%, 15.7% and 19.2% over the volume-weighted average price (VWAP) of the shares for the 1-month, 3-month, 6-month, and 12-month periods, respectively, up to and including the last trading date.*"

"*This offer is also higher than the S$0.90/shr that Lucrum 1 Investment Limited previously paid for Star Media's 52.5% stake in 2017.*"

"*We believe minority shareholders should take up the offer given that i) there is less earnings visibility on its pipeline of travelling sets from FY19F onwards, and ii) concerns on high net gearing (1.5x as of end-Jun 18) and receivables (S$54.2m as of end-Jun 18) remain.*"

<u>DBS Update Note</u>

"*Accept offer - offer price above average valuation; volatility in market.*"

"*In addition, given the higher volatility in the market now, it is also more prudent for investors to accept the offer price of S$1.30.*"

We wish to highlight that the above analyst research reports are not exhaustive and the estimated price targets of the Shares in these reports represent the individual views of the respective analysts (and not NCF) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of the Company, prevailing at the date of the publication of the respective reports. The opinion of the analysts may change over time due to, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such, the estimated price targets in these analyst reports may not be an accurate prediction of future market prices of the Shares.

7.8 Past substantial acquisitions of investments involving the Shares of the Company

We have identified one (1) previous substantial transaction in respect of the Shares of the Company and have reviewed publicly available information on the aforesaid precedent transaction as summarized below:

(i) Acquisition of a controlling equity stake in the Company

Lucrum 1 had, on 12 May 2017, entered into a conditional SPA with Laviani Pte. Ltd. ("**Laviani**"), pursuant to which the Laviani had conditionally agreed to sell and Lucrum 1 had conditionally agreed to purchase an aggregate of 128,458,590 Shares (the "**2017 Sale Shares**"), representing approximately 52.51% of the total issued Shares of the Company as at the then latest practicable date (the "**2017 Acquisition**"). The consideration for the 2017 Sale Shares was approximately S$115.6 million (the "**2017 Consideration**") which is equivalent to S$0.900 per Sale Share (the "**2017 Offer Price**"). Immediately upon completion of the 2017 Acquisition on 17 July 2017, Lucrum 1 and parties acting in concert with it owned a total of 168,458,590 Shares, representing approximately 68.86% of the total issued Shares in the capital of the Company at that time. In accordance with Section 139 of the SFA and Rule 14 of the Code, DBS Bank Ltd. ("**DBS**") had on behalf of Lucrum 1, made a mandatory unconditional cash offer (the "**2017 Offer**") to acquire all the remaining Shares of the Company not already held by Lucrum 1 and its concert parties.

We note that the independent financial adviser appointed by the Company to advise the directors who were then considered independent in respect of the 2017 Offer, RHT Capital Pte. Ltd. ("**RHT Capital**"), after having considered the various factors as set out in their opinion letter dated 10 August 2017, had advised that, *inter alia*, "*we are of the opinion that, on balance, the financial terms of the 2017 Offer were not fair and not reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders reject the 2017 Offer.*". On 29 August 2017, DBS announced, for and on behalf of Lucrum 1, that Lucrum 1 had received valid acceptances representing approximately 0.10% of the then total number of issued Shares of the Company and therefore held in aggregate approximately 68.95% of the then total number of issued Shares of the Company as at the closing date of the 2017 Offer on 29 August 2017.

While we note that Offer Price is at a premium of approximately 44.4% to the 2017 Offer Price, the Independent Directors should note that certain circumstances and terms relating to the 2017 Offer in respect of the Company are unique and might not be identical to the Offer and is largely dependent on the market sentiments prevailing at the time of the 2017 Offer. Consequently, the Independent Directors should note that the above summary is merely for illustrative purposes and serves as a general guide only.

7.9 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend record of the Shares for the past five (5) financial years prior to the Offer Announcement Date:

Dividend declared (S$)	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Total one-tier tax exempt dividend per Share	–	0.01	–	–	–
1-year average Share price(1)	0.228	0.208	0.239	0.758	0.970
Dividend yield (%)	**–**	**4.81(2)**	**–**	**–**	**–**

Source: *Thomson Reuters Eikon and the Company's filings*

Notes:

(1) Based on average daily closing price of the Shares save for FY2013 which is based on average monthly closing price of the Shares.

(2) First and final one-tier tax exempt dividend declared in respect of FY2014 and paid out during FY2015.

Based on the above, we note that over the last five (5) financial years, the Company only declared a dividend in respect of FY2014 which represented a dividend yield of approximately 4.81%. In respect of FY2016 and FY2017, we note that the Directors were of the view that no final dividend be declared for these two (2) financial years as the Company had to conserve its cash for its business operations, expansion plans and working capital. We further note that the retained earnings of the Group stood at approximately S$22.6 million as at 30 September 2018 based on the 9M2018 Results.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. There is no assurance that the Company will continue to pay dividends in future and/or maintain that level of dividend paid in past periods.

The Directors have also confirmed that the Company does not have a formal dividend policy and that the form, frequency and amount of dividends on the Shares that the Directors may recommend or declare in respect of any particular financial year or period are subject to factors including, but not limited to, the Group's profit growth, cash position, projected capital requirements for business growth and other factors that the Directors may deem appropriate.

Therefore, Shareholders who accept the Offer may choose to re-invest the proceeds from the Offer in alternative equity investments that adopt dividend policies or have a historical track record of paying out dividends and achieve a better dividend income.

Shareholders should also note that an investment in alternative securities provides a different risk-return profile as compared to an investment in the Shares. Furthermore, it should also be noted that any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed should be taken into account. In addition, no views are being expressed with regard to the future dividend policy of the Company and the Company does not have a fixed or formal dividend policy. As such, the quantum of dividends (if any) paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Company, its working capital and capital expenditure needs as well as other considerations.

8. OTHER RELAVANT CONSIDERATIONS

8.1 Potential acquisition of additional IP

The Group had recently acquired its fourth IP, The Hunger Games IP, from Lionsgate in May 2018. We note that, based on the 9M2018 Results, the Group has only recognized expenses in its profit and loss statement in relation to the takeover of exhibition sets for The Hunger Games IP, as well as CIP and borrowings in relation to the commencement of construction work for the exhibition set in MGM Las Vegas, United States of America, which is expected to open only in the first half of 2019.

We also note that it was first reported in the Group's unaudited consolidated financial statements announcement for the six-month interim financial period ended 30 June 2018 that the Group was in discussions for a fifth IP and that it was expecting to conclude its negotiations in the next few months. Based on the 9M2018 Results, we note that the Group is still in discussions and would be expecting to conclude negotiations in 2018. As at the Latest Practicable Date, the Directors and Management have confirmed that there are no material developments to the discussions which would warrant a disclosure to Shareholders and that it would be preliminary at this stage to ascribe any value to the proposed addition of the fifth IP.

8.2 Likelihood of competing offers

As at the Latest Practicable Date, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it; and (b) valid acceptances of the Offer, amount to an aggregate of approximately 193.2 million shares, representing approximately 78.99% of the total number of issued Shares. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Offer Shares from any third party. As the Offer has become unconditional in all respects, the likelihood of a competing offer is remote.

8.3 Offeror's intention for the Group

The Offeror is making the Offer with a view to delist and privatise the Company. The Offeror is of the view that the delisting and privatisation of the Company will provide the Offeror and the Company with greater control and management flexibility in the implementation of strategic initiatives and/or operational changes of the Group, as well as dispense with compliance costs associated with the maintenance of its listed status.

The Offeror presently has no intention to (a) introduce any major changes to the business of the Company, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the normal course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company.

8.4 Listing status of the Company and suspension risk

Under Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time as it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 Shareholders who are members of the public. Under Rule 1303(1) of the Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

In the event that trading of Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Company and to delist the Company from the SGX-ST (including by way of a voluntary delisting from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual), should the option be available to the Offeror.

8.5 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances of the Offer and/or acquires such number of Offer Shares from the date of the despatch of the Offer Document otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury shares and other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.

In such event, the Offeror intends to exercise its right to compulsorily acquire all the Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from the SGX-ST.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of Shares. **Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice.**

8.6 Implications of delisting or suspension for Shareholders

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take any steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of Shares (excluding treasury shares) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Shareholders who do not accept the Offer should note the following implications or consequences which may arise as a result of any suspension in, and/or delisting of the Shares:

(i) Shares of unlisted companies are generally valued at a discount to the shares of comparable listed companies as a result of lack of marketability;

(ii) It is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares as there is no arrangement for such Shareholders to exit their investments in the Shares. If the Company is delisted, even if such Shareholders were subsequently able to sell their Shares, they may receive a lower price than that of the Offer Price;

(iii) Given the time taken for the Offeror to exercise its right to compulsorily acquire the remaining Shares or the time taken for Dissenting Shareholders to exercise any rights they may have to compel the Offeror to acquire their Shares under Section 215(3) of the Companies Act, the settlement date on compulsory acquisition is likely to be later than the settlement date had the Offer been accepted; and

(iv) As an unlisted company, the Company will no longer be obliged to comply with the listing requirements of the SGX-ST, in particular the continuing corporate disclosure requirements under Chapter 7 of the Listing Manual and Appendices 7.1 to 7.4 to the Listing Manual. Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded by the Listing Manual. Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution and the interests of Shareholders who do not accept the Offer will be protected to the extent provided for by the Companies Act which includes, *inter alia*, the entitlement to be sent a copy of the profit and loss accounts and balance sheet at least 14 days before each annual general meeting, at which the accounts will be presented.

9. OPINION

In arriving at our opinion on the financial terms of the Offer, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

Factors in favor of the Offer Price:

(a) Notwithstanding that the Group's financial performance has recorded significant improvement across the Period Under Review, we note that the Group's profit after tax performance has decreased significantly in the most recent 3Q2018 mainly due to (i) higher cost of sales which resulted in a lower aggregate GPM, (ii) higher operating expenses mainly in relation to the construction and opening of new exhibition sets as well as other expansion plans of the Group's operations both in Singapore and overseas and (iii) higher finance costs in relation to the increased borrowings and loans taken up by the Group to finance its business expansion;

(b) The Offer Price of S$1.300 per Share represents a premium of approximately 283.5% and 349.8% over the audited and unaudited NAV per Share of the Company of S$0.339 and S$0.289 as at 31 December 2017 and 30 September 2018 respectively. We note that the Leasehold Asset and the property, plant and equipment as well as intangible assets in relation to the JPE Acquisition were acquired recently in FY2017, and that the Directors and Management have confirmed, among others, that there are no material differences between the realizable values of these assets and their respective book values as at 30 September 2018 which would have a material impact on the NAV;

(c) The Offer Price represents a premium of approximately 18.9%, 15.7%, 11.9%, 6.9% and 3.2% over the 1-year, 6-month, 3-month and 1-month VWAP of the Shares and the last transacted price on the Last Full Trading Day of the Shares respectively;

(d) The Shares have never traded at or above the Offer Price over the last one (1) year period prior and up to and including the Last Full Trading Day, and the Offer Price is also at a premium of 2.4% to the highest ever closing price of the Shares over the one (1) year period up to and including the Last Full Trading Day of S$1.270 per Share on the Last Full Trading Day;

(e) Between the Offer Announcement Date and the Latest Practicable Date, the Offer Price represents a premium of approximately 0.4% to the VWAP of the Shares of approximately S$1.295. The Offer Price is equal to the last transacted price of S$1.300 on the Latest Practicable Date;

(f) During the one (1) year period up to but excluding the Last Full Trading Day, the Shares have traded thinly at an ADTV of between approximately 1.0 million Shares to 2.0 million Shares, representing 1.3% and 2.6% of the Company's free float. While there appears to be a ready market for the Shares as indicated by the regular frequency of transactions in the Shares, the absolute trading volume of the Shares is nevertheless very thin which renders the Shares illiquid for investors who wish to transact larger quantum of Shares;

(g) As compared to the relative performance of the market indices and having considered the historical trading performance of the Shares for the one (1) year period prior to the Offer Announcement Date as well as the period after the Offer Announcement Date up to the Latest Practicable Date, it would appear that the market price of the Shares may have been supported by the Offer subsequent to the Offer Announcement Date. As such, there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer;

(h) In comparison with the Comparable Companies:

(i) The FY2017 P/E ratio of the Company of 18.3 times is within the range of the P/E ratios of the Comparable Companies and higher than both the mean and median P/E ratios of 17.4 times and 12.3 times respectively;

(ii) The P/NAV ratio of the Company of 4.50 times is within the range of the P/NAV ratios of the Comparable Companies and significantly higher than both the mean and median P/NAV ratios of 2.86 times and 1.78 times respectively;

(iii) The FY2017 EV/EBITDA ratio of the Company of 14.2 times is within the range of the EV/EBITDA ratios of the Comparable Companies and higher than both the mean and median EV/EBITDA ratios of 9.1 times and 5.9 times respectively; and

(iv) The LTM EV/EBITDA ratio of the Company of 9.8 times is within the range of the EV/EBITDA ratios of the Comparable Companies, higher than the median EV/EBITDA ratio of 6.3 times but lower than the mean EV/EBITDA ratio of 13.3 times respectively;

(i) In comparison with the Precedent Privatisations, the P/NAV ratio of the Company of 4.5 times as implied by the Offer Price is above the range of the corresponding premia;

(j) Between the Offer Announcement Date and the Latest Practicable Date, we note that two (2) of the analysts, namely CGS-CIMB and DBS, had issued the Update Notes recommending Shareholders to accept the Offer. Please refer to section 7.7 of this Letter for the relevant extracts of the Update Notes;

(k) Over the last five (5) financial years, the Company only declared a dividend in respect of FY2014 which represented a dividend yield of approximately 4.81%. In respect of FY2016 and FY2017, we note that the Directors were of the view that no final dividend be declared for these two (2) financial years as the Company had to conserve its cash for its business operations, expansion plans and working capital. The Directors have also confirmed that the Company does not have a formal dividend policy, which suggests that Shareholders who accept the Offer may potentially achieve a better dividend income if they re-invest the proceeds from the Offer in alternative equity investments that adopt dividend policies or have a historical track record of paying out dividends;

Factors against of the Offer Price:

(l) In comparison with the Comparable Companies, the LTM P/E ratio of the Company of 11.9 times is within the range of the P/E ratios of the Comparable Companies but lower than both the mean and median P/E ratios of 19.2 times and 15.7 times respectively;

(m) In comparison with the Precedent Privatisations:

(i) The premium of approximately 4.1% implied by the Offer Price over the last transacted price of the Shares on the Last Trading Day is within the range but lower than the corresponding mean and median premia of 25.7% and 22.8% respectively;

(ii) The premium of approximately 6.9% implied by the Offer Price over the 1-month VWAP of the Shares up to and including the Last Trading Day is within the range but lower than the corresponding mean and median premia of 30.7% and 29.0% respectively;

(iii) Excluding Sunmart, the premium of approximately 11.9% implied by the Offer Price over the 3-month VWAP of the Shares up to and including the Last Trading Day is below the range of the corresponding premia of the Precedent Privatisations;

(iv) Excluding Sunmart, the premium of approximately 15.7% implied by the Offer Price over the 6-month VWAP of the Shares up to and including the Last Trading Day is below the range of the corresponding premia of the Precedent Privatisations;

(n) The Offer Price represents a discount of approximately 8.8% to the average Share price target of S$1.45 estimated by the four (4) analyst reports prior to the Offer Announcement Date;

Other factors:

(o) As at the Latest Practicable Date, the total number of (i) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it; and (ii) valid acceptances of the Offer, represent approximately 78.99% of the total number of issued Shares and the Company has confirmed that there is no alternative or competing offer available to the Shareholders. As the Offeror and parties acting in concert with it have majority control of the Company and the Offer is unconditional in all respects, the likelihood of a competing offer would be remote;

(p) The intention of the Offeror to exercise any rights of compulsory acquisition in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date);

(q) In the event of a Suspension due to the Free Float Requirement not being met, the Offeror had stated in the Offer Document that it intends to delist the Company and does not intend to take any step for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted; and

(r) The Offeror presently has no intention to (i) introduce any major changes to the business of the Company, (ii) re-deploy the fixed assets of the Group, or (iii) discontinue the employment of the employees of the Group, other than in the normal course of business.

Having considered the aforesaid points including the various factors set out in this Letter and summarised in this section, we are of the opinion that, on balance, the financial terms of the Offer are fair and reasonable. Accordingly, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price on the open market, taking into account all the brokerage commissions or transactions costs in connection with open market transactions.

Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of NCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,
For and on behalf of
Novus Corporate Finance Pte. Ltd.

Pong Chen Yih	Melvin Teo
Chief Operating Officer	Senior Manager

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Tan Aik Ti, Ron	c/o 25 Tai Seng Avenue #06-01, Cityneon Building Singapore 534104	Executive Chairman and Group Chief Executive Officer
Hooi Hing Lee	c/o 25 Tai Seng Avenue #06-01, Cityneon Building Singapore 534104	Lead Independent Non-executive Director
Poon Lai Yin Michael	c/o 25 Tai Seng Avenue #06-01, Cityneon Building Singapore 534104	Independent Non-executive Director
Kwok Chi Shing	c/o 25 Tai Seng Avenue #06-01, Cityneon Building Singapore 534104	Independent Non-executive Director
Duan Mengying	c/o 25 Tai Seng Avenue #06-01, Cityneon Building Singapore 534104	Non-executive Director

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 28 June 1999 and its shares have been quoted and traded on the SGX-ST since 7 December 2005, first on SGX Sesdaq, before transferring to the Main Board of the SGX-ST on 22 January 2008.

The Group is principally engaged in the provision of quality customer and brand experiences in the fields of Thematic Attractions, Interior Architecture, Events & Exhibitions and IP Experiences.

The Group is involved in the following business segments:

(a) Thematic Attractions – comprising architectural facades, scenic fabrication, sculptures, scaled models, wall reliefs and murals, replicas, show sets and props, artistic painting, landscaping to theme park and attractions, expositions and museums and galleries;

(b) Interior Architecture – comprising conceptualising, designing and interior fitting-out services to commercial properties, healthcare, hospitality services industry, show rooms and retail outlets;

(c) Events & Exhibitions – providing assistance in creation, development, organisation, hosting and managing of events, and the design, fabrication, installation and project management of customized exhibition booths and pavilions; and

(d) IP Experiences – delivering engaging and interactive experiences for the global markets. The Group's in-house creative team produces innovative and captivating contents for audiences for all ages and distributes into global territories. The intellectual property currently being created and marketed by this segment include the globally renowned AVENGERS brand under Marvel Characters B.V., the TRANSFORMERS brand under Hasbro International, Inc. the Jurassic World franchise under Universal Studios Licensing, LLC, and The Hunger Games under Lionsgate.

3. SHARE CAPITAL

3.1 Issued Shares

The Company only has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date, the issued and paid-up share capital of the Company comprises S$51,927,353.10 consisting of 244,656,195 Shares.

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2017, such date being the end of the previous financial year of the Company. The Shares carry equal ranking rights to dividends, voting at general meetings and return of capital. As at the Latest Practicable Date, the Company has no treasury shares.

The Shares are quoted and listed on the Mainboard of the SGX-ST.

3.2 Convertible Securities

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company.

3.3 Rights of Shareholders in respect of capital, dividends and voting rights

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting rights have been reproduced in Appendix C to this Circular.

4. DISCLOSURE OF INTERESTS AND DEALINGS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries have any direct or indirect interests in the Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries have dealt in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, based on the information available to the Company and save as disclosed below, none of the Directors has any direct or deemed interest in any of the Offeror Securities.

	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
Name	**No. of Offeror Securities**	**%**	**No. of Offeror Securities**	**%[1]**
Director				
Ron Tan[2]	–	–	20	20

Notes:

(1) The percentage shareholding is based on 100 shares in the share capital of the Offeror.

(2) Ron Tan is deemed interested in the shares of the Offeror held by Thunderlane Ventures through his 100% shareholding in Thunderlane Ventures.

4.4 **Dealings in Offeror Securities by Directors**

Save as disclosed in Section 6 of this Circular, none of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 **Interests of Directors in Company Securities**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in the Company Securities.

	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
Name	**No. of Shares**	**%**	**No. of Shares**	**%[1]**
Director				
Ron Tan[2]	–	–	193,244,869[3]	78.99

Notes:

(1) The percentage shareholding is based on 244,656,195 Shares in the capital of the Company as at the Latest Practicable Date.

(2) As Ron Tan is the sole shareholder of Thunderlane Ventures, which in turn owns 20% of the Offeror, Ron Tan is deemed to be interested in the 193,244,869 Shares held by the Offeror by virtue of Section 7 of the Companies Act.

(3) Based on the Offeror's announcement dated 19 November 2018 released on SGXNET, the Offeror: (a) owned, controlled or had agreed to acquire, on or before the Offer Announcement, 168,692,268 Shares representing approximately 68.95% of the total Shares; (b) has received valid acceptances of the Offer amounting to 18,612,101 Shares, representing approximately 7.61% of the total Shares; and (c) had, other than pursuant to valid acceptances of the Offer, acquired an aggregate of 5,940,500 Shares, representing approximately 2.43% of the total Shares. Accordingly, as at 5.00 p.m. (Singapore time) on 19 November 2018, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, amount to an aggregate of 193,244,869 Shares, representing approximately 78.99% of the total number of issued Shares.

4.6 **Dealings in Company Securities by Directors**

Save as disclosed in Section 1.1 of this Circular and Section 4.5 of this Appendix B in relation to dealings in Shares by companies which Ron Tan has interests in, none of the Directors has dealt in the Company Securities during the period commencing six (6) months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.7 **Interests of the IFA in Company Securities**

As at the Latest Practicable Date none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

4.8 **Dealings in Company Securities by the IFA**

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Company Securities during the period commencing six (6) months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.9 **Directors' intentions in respect of the Offer**

Save as disclosed in Section 4.3 of this Appendix B in relation to the Shares held by Ron Tan, as at the Latest Practicable Date, this is not applicable as none of the Directors have any other direct or deemed interests in the Shares.

5. ARRANGEMENTS WITH DIRECTORS

5.1 Directors' service contracts

As at the Latest Practicable Date:

(a) under the terms of Ron Tan's service agreement with VHE and the Company dated 30 September 2015, Ron Tan is entitled to a basic annual salary of US$360,000 (subject to an increment of 8% per annum on a compounded basis for three years from 30 September 2015) and an annual discretionary performance bonus, the entitlement to and amount of which shall be determined by the remuneration committee of the Company and the board of directors of VHE, at their discretion. Either VHE or Ron Tan may terminate the service agreement with three months' notice in writing (or salary in lieu of notice), however VHE shall pay to Ron Tan his pro-rated basic salary in respect of the remaining period of his service agreement should VHE terminate his service agreement without cause;

(b) Ron Tan's service agreement was subsequently varied by a supplemental agreement between Ron Tan, VHE and the Company dated 1 January 2017, with the following material variations:

(i) Ron Tan's service agreement shall commence on 1 January 2017 and continue for a period of three years;

(ii) Ron Tan shall be entitled to a monthly salary of US$50,000 (or its S$ equivalent) which, for the initial term of 3 years commencing from 1 January 2017, shall be subject to an increment of 8% per annum on a compounded basis with effect from 1 October 2017;

(iii) where the PAT is equal to or more than S$7,000,000 but is less than S$10,000,000, a performance bonus of 5% of the PAT;

(iv) where the PAT is equal to or more than S$10,000,000 but is less than S$15,000,000, a performance bonus of 7.5% of the PAT; and

(v) where the PAT is equal to or more than S$15,000,000, a performance bonus of 10% of the PAT; and

(c) save as disclosed above, there are no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date. In addition, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date, save as disclosed in this Circular:

(a) there are no payments or other benefits to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(b) save for the Shareholders' Agreement, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer.

Section 3.3 of the Offer Document on page 11 therein states, *inter alia*:

> *"Pursuant to the terms of the Shareholders' Agreement:*
>
> *(a) **Funding of the Acquisition and the Offer.** The Offeror Shareholders shall provide shareholders' loans to the Offeror in proportion to their percentage shareholding in the Offeror for, among others, payment of (i) the consideration in respect of the Acquisition and the Offer, and (ii) fees and expenses incurred in connection with the foregoing. Save for S$80,000,000 in aggregate of the shareholders' loans which bear interest at the rate of 10% per annum, the shareholders' loans are interest-free.*
>
> *(b) **Board of Directors of the Offeror.** The maximum number of directors of the Offeror shall be three (3). East Lavington shall have the right to appoint two (2) directors and Thunderlane Ventures shall have the right to appoint one (1) director. Each Offeror Shareholder may remove a director appointed by it.*
>
> *(c) **Board of Directors of the Company.** Subject to the terms of the Shareholders' Agreement, the Offeror Shareholders agree to procure Ron Tan to continue to be the Executive Chairman and Group Chief Executive Officer of the Company, and for so long as the Company is listed on the SGX-ST, East Lavington shall be entitled to nominate two (2) persons and the Offeror Shareholders jointly shall be entitled to nominate such additional number of persons as they deem fit or as may be required pursuant to the Listing Manual, to be considered by the Nominating Committee of the Company for appointment as Directors.*
>
> *(d) **Reserved Matters.** The Offeror Shareholders have agreed on a list of reserved matters which shall require the approval of all Offeror Shareholders."*

and

(c) save for the SPA and the Shareholders' Agreement, there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

6. MATERIAL CONTRACTS

6.1 Disclosure under the Code

Save as disclosed in publicly available information on the Company and in this Circular, neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons[1] (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

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[1] As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:

(a) a director, chief executive officer, or substantial shareholder of the Company;

(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;

(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or

(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

6.2 **Summary of material contracts**

The details of the material contracts entered into by the Group with interested persons are as follows:

(a) Loan agreement between the Company and Star Media

Star Media was a substantial shareholder of the Company as it had a deemed interest in the Shares held by Laviani Pte. Ltd. representing approximately 52.51% of the total Shares. The Shares held by Laviani Pte. Ltd. were subsequently sold to Lucrum 1 pursuant to a conditional sale and purchase agreement as announced by the Company on 12 May 2017, and accordingly Star Media is no longer a substantial shareholder of the Company and/or an interested person of the Company for the purposes of the Code.

The Company entered into a loan agreement with Star Media on 1 June 2009 for the extension of a loan by Star Media for up to S$10,000,000 for a term of one year from the date of disbursement of funds, with interest accruing at a rate of 5% per annum and payable quarterly in arrears. The loan agreement was subsequently varied by supplemental agreements dated 31 March 2010, 21 February 2011, 9 February 2012, 25 February 2013, 18 February 2014, 16 February 2015, 16 February 2016 and 16 February 2017. The material terms of the loan agreement as modified by the aforementioned supplemental agreements are as follows:

(i) the Company has until 31 December 2017 to repay the total principal amount drawn down of S$3,500,000 together with all interest accrued thereon. The Company will not be entitled to request for further disbursements from Star Media; and

(ii) interest shall accrue at the rate of 3.8% per annum, payable quarterly in arrears.

As disclosed in:

(A) the announcement released by the Company on SGXNET dated 27 February 2018 in connection with the unaudited full year financial statement and dividend for FY2017; and

(B) the annual report of the Company for FY2017,

the Company has fully repaid the total principal amount drawn down of S$3,500,000 together with all interest accrued thereon. Accordingly, as at the Latest Practicable Date, the terms of this loan agreement is no longer in force.

(b) Loan agreement between the Company and Lucrum 1

Lucrum 1 was a substantial shareholder of the Company as it had a direct interest in 168,692,268 Shares representing approximately 68.95% of the total Shares. The Shares held by Lucrum 1 were subsequently transferred to the Offeror pursuant to the Acquisition as disclosed in Section 1.1 of this Circular, and accordingly Lucrum 1 is no longer a substantial shareholder of the Company and/or an interested person of the Company for the purposes of the Code.

The Company entered into a loan agreement with Lucrum 1 on 8 September 2017 for an extension of a loan by Lucrum 1 for up to US$8,000,000 for a term of 3 months from the drawdown date, with interest accruing at a rate of 8% per annum payable at the end of the 3-month term.

The loan agreement was subsequently varied by an addendum to the loan agreement dated 30 November 2017 whereby the Company has until 11 September 2019 to repay the total principal amount drawn down of US$8,000,000 together with all interest accrued thereon.

(c) Facility agreement between the Company and Triple Wise Asset Holdings Ltd.

The Company announced on 23 February 2018 that it had entered into a loan agreement with amongst others, Triple Wise Asset Holdings Ltd. (the "**Original Lender**") for a facility of up to US$60,000,000 (the "**Original Facility**") to be provided by the Original Lender to the Company to, among others, finance the purchase of intellectual property rights and mobile themed equipment for projects undertaken or to be undertaken by the Company and its subsidiaries.

The Company had on 29 October 2018, entered into an amendment agreement pursuant to which the Original Facility shall be amended and restated (the "**Amended and Restated Facility Agreement**") with effect from the date on which the conditions precedents of the Amended and Restated Facility Agreement are satisfied. As at the Latest Practicable Date, the Company has drawn down US$30,000,000 under the Amended and Restated Facility Agreement.

The material terms of the Amended and Restated Facility Agreement are as follows:

(i) any amounts drawn down shall be repaid on the date falling 24 months from the date of the first drawdown;

(ii) interest shall accrue at a rate of 8.5% per annum for the first year, and 9% per annum thereafter, payable every 6 months in arrears;

(iii) any amounts drawn down may be voluntarily prepaid after the date falling 12 months from the date of such drawdown together with accrued interest on the amount prepaid without premium or penalty, and any amounts prepaid shall not be less than US$500,000;

(iv) the Offeror is the controlling shareholder of the Company and is required to remain as the beneficial owner of not less than 51% of the issued share capital of the Company; and

(v) the Offeror is required to enter into a security deed under which, *inter alia*, a first ranking charge over 124,774,660 Shares held by the Offeror that are placed in a designated securities account will be granted in favour of the Original Lender.

In addition in connection with the Amended and Restated Facility Agreement:

(A) Ko Chun Shun Johnson has, on 29 October 2018, provided a deed of personal guarantee and indemnity to the Original Lender, pursuant to which Ko Chun Shun Johnson has provided a representation and warranty that (i) he will directly and/or indirectly beneficially own no less than 51% of the issued share capital of the Company, and that (ii) the Offeror will directly and beneficially own no less than 68.95% of the issued share capital of the Company (and remain the single largest shareholder of the Company); and

(B) the Offeror has, on 29 October 2018, provided a deed of corporate guarantee and indemnity to the Original Lender pursuant to which the Offeror has provided a representation and warranty that it will directly and beneficially own no less than 68.95% of the issued share capital of the Company (and remain the single largest shareholder of the Company).

The breach by the Offeror and/or Ko Chun Shun Johnson of any of the foregoing requirements is an event of default under the Amended and Restated Facility Agreement, in which event, in respect of the Amended and Restated Facility Agreement, the Company may, *inter alia*, be obliged to repay all loans (together with accrued interests) drawn down under the Amended and Restated Facility Agreement.

7. FINANCIAL INFORMATION

7.1 Consolidated statement of comprehensive income

Set out below is certain financial information extracted from the annual reports of the Company for FY2015, FY2016 and FY2017, and from the 9M2018 Results. The financial information for FY2015, FY2016 and FY2017 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2015, FY2016 and FY2017, and the financial information for 9M2018 should be read in conjunction with the 9M2018 Results and the accompanying notes as set out in the financial statements.

	Unaudited 9M2018 S$'000	**Restated 9M2017 S$'000**	**Audited FY2017 S$'000**	**Audited FY2016 S$'000**	**Audited FY2015 S$'000**
Revenue	85,460	66,381	116,735	96,752	96,488
Exceptional items	–	–	–	–	–
Net profit before tax	10,640	5,240	20,160	7,329	794
Net profit after tax	13,729	4,494	17,376	6,610	833
Non-controlling interests	(5)	(15)	(17)	(71)	(38)
Net earnings per share					
- Basic (S$ cents)	5.60	1.80	7.11	2.83	0.70
- Diluted (S$ cents)	5.60	1.80	7.11	2.83	0.70

The following is a summary of the dividend per Share declared in respect of each of FY2015, FY2016 and FY2017. This information was extracted from the annual reports of the Company for FY2015, FY2016 and FY2017.

	Final exempt one-tier dividend per Share (S$)	**Interim exempt one-tier per Share (S$)**
In respect of FY2017	–	–
In respect of FY2016	–	–
In respect of FY2015	–	–

7.2 Consolidated statement of financial position

The audited consolidated statement of financial position of the Group for FY2017 is set out below. The summary set out below should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2017.

	Audited FY2017 S$'000	**Restated FY2017 S$'000**
ASSETS		
Non-current assets		
Property, plant and equipment	80,176	80,176
Other intangible assets	31,298	31,298
Goodwill	12,513	12,513
Investment in associates	72	72
Current assets		
Inventories	682	682
Contract assets	23,640	23,640
Trade and other receivables	75,885	63,172
Cash and cash equivalents	17,931	17,931
Total assets	**242,197**	**229,484**

	Audited FY2017 S$'000	Restated FY2017 S$'000
LIABILITIES		
Non-current liabilities		
Finance lease obligations	464	464
Deferred tax liabilities	10,521	10,521
Borrowings and loan	23,000	23,000
Loan from immediate holding company	10,705	10,705
Current liabilities		
Contract liabilities	359	359
Trade and other payables	44,647	58,282
Borrowings and loan	66,523	66,523
Finance lease obligations	122	122
Income tax payables	2,687	2,687
Total liabilities	**159,028**	**172,663**
Total equity	83,169	56,821
Less: Non-controlling interest	(296)	(296)
Equity attributable to owners of the Company	**82,873**	**56,525**

Copies of the annual reports of the Company for FY2015, FY2016 and FY2017 are available for inspection at the Company's registered office at 25 Tai Seng Avenue, #06-01, Cityneon Building, Singapore 534104 during normal business hours from the date of this Circular up to the Closing Date.

7.3 **Material changes in financial position**

Save as disclosed in any information on the Group which is publicly available (including without limitation, the announcements released by the Group on SGXNET), there have been no material changes to the financial position of the Group since 31 December 2017, being the date of the last audited accounts of the Group laid before the Shareholders in general meeting.

7.4 **Significant accounting policies**

The significant accounting policies of the Group are disclosed in note 2 to the audited consolidated financial statements of the Group for FY2017 as set out in the annual report of the Company for FY2017 on pages 88 to 91 therein, and are reproduced in Appendix D of this Circular.

7.5 **Changes in accounting policies**

As set out in the annual report of the Company for FY2017 on pages 88 to 91 therein and reproduced in Appendix D of this Circular, the Group has adopted Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and all new and revised standards effectively for current periods beginning on or after 1 January 2018.

The impact of the adoption of the new SFRS(I) accounting framework on the Group's financial statements, in particular SFRS(I) 1 – "First-time Adoption of Singapore Financial Reporting Standards (International) and SFRS(I) 15 – "Revenue from Contracts with Customers", are extracted from the 9M2018 Results on page 8 therein, and are as follows:

"SFRS(I) 1 – First-time Adoption of Singapore Financial Reporting Standards (International)

On transition to SFRS(I), the Group restated comparative period financial statements to retrospectively apply SFRF(I) where applicable, except where SFRS(I) 1 specifically prohibited such retrospective applications and where optional exemption from retrospective applications were elected. The Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, has reclassified S$645,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

SFRS(I) 15 – Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 using the full retrospective approach and applied all practical expedients available. Under the application for SFRS(I) 15, the opening retained earnings of the Group as at 1 January 2018 has decreased by S$26.8m, the translation reserve has increased by S$0.5m, trade and other payables increased by S$13.6m and trade and other receivables decreased by S$12.7m."

The impact of the adoption of SFRS(I) on the Group's consolidated statement of comprehensive income and consolidated statement of financial position is set out in Sections 7.1 and 7.2 of this Appendix B above.

8. MATERIAL LITIGATION

As at the Latest Practicable Date:

(a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially affect the financial position of the Group taken as a whole; and

(b) the Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the financial position of the Group taken as a whole.

9. COSTS AND EXPENSES

All costs and expenses incurred by the Company in respect of the Offer will be borne by the Company.

APPENDIX C: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution, the relevant provisions of which are set out below:

Please see the definitions in the Constitution for terms used in the reproduced extracts below.

1. The rights of Shareholders in respect of capital

SHARES

8. (1) Subject to the Act, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 52, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:-

(i) the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time;

(ii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;

(iii) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable;

(iv) no shares shall be issued at a discount, except in accordance with the Act; and

(v) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Article 52(1) with such adaptations as are necessary shall apply.

(2) Notwithstanding Article 52, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

(a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including without limitation, the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

provided that:

(a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 50 per cent. (50%) or such other limit as may be prescribed by the Exchange of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 20 per cent. (20%) (or such other limit as may be prescribed by the Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the Exchange) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a), the percentage of issued share capital shall be based on the issued share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for:

(i) new shares arising upon the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that the Ordinary Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

(c) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these presents; and

(d) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

9. (1) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

10. (1) If at any time the share capital is divided into different classes, the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis *apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll.*

Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.

(2) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the Meeting, shall be as valid and effectual as a special resolution carried at the Meeting.

11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

12. The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent, or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per cent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other. The Company may also on any issue pay such brokerage as may be lawful.

13. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

14. Except as required by law, no person other than the Depository shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained herein in this Article relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Act or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

15. (1) The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, administrators or trustees of the estate of a deceased Member.

(2) If two or more persons are registered as joint holders of any share any one of such person may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.

(3) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

16. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.

17. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

18. The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or by one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates and the amounts paid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.

19. (1) Shares must be allotted and certificates despatched within 10 Market Days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within 10 Market Days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S$2 (or such other sum as may be approved by the Exchange from time to time). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

(2) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Article 40, 44, 48 and 49, mutatis mutandis.

20. (1) Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S$2 (or such other *sum as may be approved by the Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

(2) When any shares under the powers in these Articles herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

TRANSFER OF SHARES

21. Subject to these Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange.

22. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

23. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

24. (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act.

(2) The Directors may decline to register any instrument of registration transfer unless:

(i) such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require, is paid to the Company in respect thereof;

(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iii) the instrument of transfer is in respect of only one class of shares.

25. (1) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

(2) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all

share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall be conclusively presumed in the favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. PROVIDED that:-

(i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and

(iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

26. The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.

27. (1) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

(2) Neither the Company nor its Directors nor any of its Officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other Officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

TRANSMISSION OF SHARES

28. (1) In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.

(2) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

29. (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

(2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within 60 days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

30. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.

31. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.

CALL ON SHARES

32. The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

33. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

34. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

35. Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

36. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.

37. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in General Meeting ten per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

FORFEITURE AND LIEN

38. If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.

39. The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.

40. If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.

41. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

42. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

43. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

44. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

45. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.

46. No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).

47. The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

48. The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.

49. A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under Seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

ALTERATION OF CAPITAL

50. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation of new shares of such amount as may be deemed expedient.

51. Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

52. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

(2) Notwithstanding Article 52(1) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

53. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

54. (1) The Company may by Ordinary Resolution:-

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) cancel any shares which, at the date of the passing of the Resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;

(iii) subdivide its shares or any of them into shares of a smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iv) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. All shares purchased by the Company shall be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

55. The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon the cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles, the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

STOCK

56. The Company may by Ordinary Resolution convert any or all its paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares of any denomination.

57. The holders of stock may transfer the same or any part thereof in the same manner and subject to these Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine, provided that such units shall not be greater than the nominal amount of the shares from which the stock arose.

58. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such aliquot part of the stock which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

59. All provisions of these Articles applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expression herein shall include "stock" or "stockholder".

2. The rights of Shareholders in respect of voting

GENERAL MEETINGS

60. (1) Subject to the provisions of the Act and Article 149, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

(2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

61. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

62. (1) Subject to the provisions of the Act (including those regarding the calling of General Meetings at short notice), any General Meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice at least and any other general meeting by fourteen days' notice at least (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given). Every notice calling a General Meeting shall specify the place and the day and the *hour of the meeting and be given in a manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions of these Articles entitled to receive such notices of General Meetings from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Notice of all General Meetings shall be given by advertisement in the daily press and in writing to the Exchange and to such other stock exchanges on which the Company is listed.*

(2) The accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.

63. (1) Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

(2) In the case of an Annual General Meeting, the notice shall also specify the Meeting as such.

(3) In the case of any General Meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

64. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors' remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

65. No business shall be transacted at any General Meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two Members present in person shall form a quorum. For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

66. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved.

67. Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an Ordinary Resolution of the Company passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members.

68. The Chairman of the Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every General Meeting. If there is no such Chairman or Deputy Chairman or if at any Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, some Member present to be Chairman.

69. The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a meeting is adjourned for fourteen days or more, notice of the adjourned Meeting shall be given as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

70. At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-

(i) by the Chairman of the meeting; or

(ii) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(iii) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or

(iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares in the Company conferring a right to vote at the Meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for, a poll may be withdrawn.

71. If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

72. If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.

73. Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.

74. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.*

75. *The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.*

76. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents Provided Always That notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any General Meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not earlier than 48 hours before that General Meeting (the "cut-off time") as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.*

77. *Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.*

78. *If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.*

79. *Subject to the provisions of these Articles, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.*

80. *No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.*

81. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

82. (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting.

(2) If the Member is a Depositor, the Company shall be entitled:-

(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time as certified by the Depository to the Company; and

(ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(3) Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation by its representative.

(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, or in the case of a Depositor, standing to the credit of that Depositor's Securities Account, such proxy may not exercise any of the votes or rights of the shares not registered to the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.

83. A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any General Meeting.

84. Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the General Meeting in question.

85. The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates. An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointor. Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

86. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

87. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.

3. The rights of Shareholders in respect of dividends

DIVIDENDS AND RESERVES

129. The Directors may, with the sanction of the Company, by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.

130. Subject to the rights of holders of shares with special rights as to dividend (if any), all dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.

131. Notwithstanding Article 130, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

132. If the Company issues shares at a premium, whether for cash or otherwise, the Directors shall transfer a sum equal to the aggregate amount or value of the premiums to an account called the "Share Premium Account" and any amount for the time being standing to the credit of such account shall not be applied in the payment of any cash dividend.

133. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

134. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.

135. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

136. The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

137. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

138. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

139. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

140. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

RESERVES

141. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

CAPITALISATION OF PROFITS AND RESERVES

142. The Company may, upon the recommendation of the Directors, by Ordinary Resolution resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts (including share premium account and any capital redemption reserve funds) or any sum standing to the credit of the profit and loss account or otherwise available for distribution; provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the Members holding shares in the Company in the proportions in which such sum would have been divisible among them had the same been applied or have been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, such shares or debentures to be allotted and distributed and credited as fully paid up to and among such Members in the proportion aforesaid or partly in one way and partly in the other, Provided that a share premium account and a capital redemption reserve fund may only be applied hereunder in the paying up of unissued shares to be issued to Members as fully paid shares. Where any difficulty arises in respect of any such distribution the Directors may settle the same as they think expedient and in particular they may fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any Members on the footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for the persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors. When deemed requisite a proper contract for the allotment and acceptance of any shares to be distributed as aforesaid shall be delivered to the Registrar of Companies for registration in accordance with the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to share in the appropriation and distribution and such appointment shall be effective.

142A. The Directors shall have the power to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full at par unissued shares on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

143. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby, all allotments and issues of fully paid shares or debentures (if any), and generally shall do all acts and things required to give effect thereto and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

		Group		Company	
	Note	2017	2016	2017	2016
		$	$	$	$
Assets					
Non-current					
Property, plant and equipment	4	80,176,052	43,437,102	–	–
Goodwill	5	12,513,033	2,934,535	–	–
Other intangible assets	6	31,298,391	6,954,859	–	–
Subsidiaries	7	–	–	52,447,002	34,512,554
Associate	8	72,429	259,946	–	–
Prepayments	9	–	495,989	–	–
		124,059,905	54,082,431	52,447,002	34,512,554
Current					
Inventories	10	681,866	731,339	–	–
Amounts due from contract customers	11	23,640,469	12,715,033	–	–
Trade and other receivables	12	65,981,902	24,028,471	278,403	176,559
Deposits		2,816,208	729,157	553	4,530
Prepayments	9	7,086,432	3,957,952	67,061	3,746
Amounts owing by subsidiaries	13	–	–	79,689,131	29,301,611
Cash and cash equivalents	14	17,930,475	23,779,019	211,462	2,179,985
		118,137,352	65,940,971	80,246,610	31,666,431
Total assets		242,197,257	120,023,402	132,693,612	66,178,985
Equity and liabilities					
Equity					
Share capital	15	50,376,302	50,376,302	50,376,302	50,376,302
Reserves	16	32,496,716	18,920,237	2,265,598	1,004,632
Equity attributable to owners of the parent		82,873,018	69,296,539	52,641,900	51,380,934
Non-controlling interests		295,668	312,590	–	–
Total equity		83,168,686	69,609,129	52,641,900	51,380,934
Liabilities					
Non-current					
Finance lease obligations	18	463,591	37,388	–	–
Borrowings	19	23,000,000	–	–	–
Loan from immediate holding company	20	10,704,800	–	10,704,800	–
Deferred tax liabilities	21	10,521,447	809,168	–	–
		44,689,838	846,556	10,704,800	–
Current					
Amounts due to contract customers	11	358,746	1,280,842	–	–
Finance lease obligations	18	122,222	24,225	–	–
Borrowings	19	66,522,953	24,717,329	57,067,586	5,490,000
Loan from former ultimate holding company	22	–	3,500,000	–	3,500,000
Amounts owing to former ultimate holding company	23	–	2,135	–	–
Amounts owing to subsidiaries	13	–	–	9,761,668	5,381,717
Trade and other payables	24	44,647,809	19,606,636	2,517,658	426,334
Income tax payables		2,687,003	436,550	–	–
		114,338,733	49,567,717	69,346,912	14,798,051
Total liabilities		159,028,571	50,414,273	80,051,712	14,798,051
Total equity and liabilities		242,197,257	120,023,402	132,693,612	66,178,985

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

	Note	Group 2017 $	Group 2016 $
Revenue	25	116,735,062	96,751,611
Cost of sales		(52,894,336)	(61,969,263)
Gross profit		63,840,726	34,782,348
Other items of income			
Other operating income	26	575,760	1,728,411
Interest income		137,590	62,620
Other items of expenses			
Marketing and distribution costs		(2,273,296)	(2,103,058)
Administrative and other operating expenses		(39,831,773)	(26,383,871)
Finance costs	27	(2,101,639)	(641,290)
Share of results of associate, net of tax		(187,517)	(115,838)
Profit before income tax	28	20,159,851	7,329,322
Income tax expense	29	(2,783,367)	(719,760)
Profit for the year		17,376,484	6,609,562
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax amounting to $Nil (2016: $Nil)		(3,918,764)	914,513
Realisation of foreign currency translation reserve upon striking off a subsidiary		101,837	22,260
Total comprehensive income for the year, net of tax		13,559,557	7,546,335
Profit attributable to:			
Owners of the parent		17,393,183	6,680,888
Non-controlling interests		(16,699)	(71,326)
		17,376,484	6,609,562
Total comprehensive income attributable to:			
Owners of the parent		13,576,479	7,617,407
Non-controlling interests		(16,922)	(71,072)
		13,559,557	7,546,335
Earnings per share (cents)			
Basic	30	7.11	2.83
Diluted	30	7.11	2.83

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

	Note	Total equity $	Equity attributable to owners of the parent $	Share capital $	Retained earnings $	Statutory reserve $	Premium paid on acquisition of non-controlling interests $.	Share option reserve $	Currency translation reserve $	Non-controlling interests $
Group										
Balance at 1 January 2017		69,609,129	69,296,539	50,376,302	19,423,476	148,608	(10,000)	3,448	(645,295)	312,590
Profit for the year		17,376,484	17,393,183	–	17,393,183	–	–	–	–	(16,699)
Other comprehensive income:										
Transferred to statutory reserve		–	–	–	(13,432)	13,432	–	–	–	–
Exchange differences on translating foreign operations, net of tax		(3,918,764)	(3,918,541)	–	–	–	–	–	(3,918,541)	(223)
Realisation of foreign currency translation reserve upon striking off a subsidiary		101,837	101,837	–	–	–	–	–	101,837	–
Total comprehensive income for the year		13,559,557	13,576,479	–	17,379,751	13,432	–	–	(3,816,704)	(16,922)
Balance at 31 December 2017		83,168,686	82,873,018	50,376,302	36,803,227	162,040	(10,000)	3,448	(4,461,999)	295,668
Balance at 1 January 2016		50,018,126	49,566,594	38,006,064	12,741,636	148,608	(10,000)	262,100	(1,581,814)	451,532
Profit for the year		6,609,562	6,680,888	–	6,680,888	–	–	–	–	(71,326)
Other comprehensive income:										
Exchange differences on translating foreign operations, net of tax		914,513	914,259	–	–	–	–	–	914,259	254
Realisation of foreign currency translation reserve upon striking off a subsidiary		22,260	22,260	–	–	–	–	–	22,260	–
Total comprehensive income for the year		7,546,335	7,617,407	–	6,680,888	–	–	–	936,519	(71,072)
Issue of new shares	15	10,608,442	10,608,442	10,608,442	–	–	–	–	–	–
Share options exercised	15	1,504,096	1,504,096	1,761,796	–	–	–	(257,700)	–	–
Transfer of share option reserve		–	–	–	952	–	–	(952)	–	–
Total contributions by and distributions to owners		12,112,538	12,112,538	12,370,238	952	–	–	(258,652)	–	–
Dividends paid to non-controlling interests		(70,000)	–	–	–	–	–	–	–	(70,000)
Capital contribution by non-controlling interests		2,130	–	–	–	–	–	–	–	2,130
Total transactions with non-controlling shareholders		(67,870)	–	–	–	–	–	–	–	(67,870)
Balance at 31 December 2016		69,609,129	69,296,539	50,376,302	19,423,476	148,608	(10,000)	3,448	(645,295)	312,590

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Group	
	2017	2016
	$	$
Operating activities		
Profit before income tax	20,159,851	7,329,322
Adjustments for:		
Depreciation of property, plant and equipment	6,216,119	3,555,156
Property, plant and equipment written off	14,203	5,616
Amortisation expense	1,620,675	886,881
Loss/(Gain) on disposal of property, plant and equipment	162,619	(11,102)
Interest income	(137,590)	(62,620)
Interest expense	2,101,639	641,290
Allowance for impairment loss on trade receivables	1,950,581	243,973
Allowance for impairment loss on advances to suppliers	72,000	–
Share of results of associate, net of tax	187,517	115,838
Unrealised exchange loss/(gain)	283,530	(554,245)
Operating cash flows before working capital changes	32,631,144	12,150,109
Inventories	49,473	(540,790)
Amounts due from contract customers, net	(11,967,129)	(5,556,554)
Trade and other receivables, prepayments and deposits	(46,704,372)	594,524
Trade and other payables	14,266,005	(1,648,639)
Net cash (used in)/ generated from operations	(11,724,879)	4,998,650
Interest paid	(865,528)	(641,290)
Income taxes paid	(957,584)	(424,784)
Net cash (used in)/generated from operating activities	(13,547,991)	3,932,576
Investing activities		
Purchase of property, plant and equipment	(13,919,972)	(29,612,167)
Proceeds from disposal of property, plant and equipment	8,868	213,734
Purchase of intangible assets	–	(969,800)
Acquisition of leasehold land and building, net of cash acquired	(2,580,540)	–
Acquisition of subsidiary, net of cash acquired	(25,839,340)	–
Payment of contingent consideration	–	(2,016,403)
Increase in long-term fixed deposits	–	(22,452)
Interest received	137,590	62,620
Net cash used in investing activities	(42,193,394)	(32,344,468)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

		Group 2017 $	Group 2016 $
Financing activities			
Proceeds on issuance of share		–	11,000,000
Share issue expenses		–	(391,558)
Proceeds from exercise of share option		–	1,504,096
Proceeds from bank borrowings	A	34,404,687	33,163,279
Repayments of bank borrowings	A	(31,830,628)	(17,317,057)
Repayments of finance lease obligations	A	(72,406)	(180,912)
Repayments of loan from former ultimate holding company	A	(3,500,000)	–
Loan from immediate holding company	A	10,827,200	–
Loan from an institution	A	40,602,000	–
Dividends paid to non-controlling interests		–	(70,000)
Capital contribution by non-controlling interests of subsidiary		–	2,130
Decrease in long-term fixed deposits		1,152,350	–
Net cash generated from financing activities		51,583,203	27,709,978
Net change in cash and cash equivalents		(4,158,182)	(701,914)
Exchange differences on re-translation of cash and cash equivalents		(1,022,182)	161,816
Cash and cash equivalents at beginning of year		22,610,839	23,150,937
Cash and cash equivalents at end of year (Note 14)		17,430,475	22,610,839

Note A: Reconciliation of liabilities arising from financing activities

	2016 $	Cash flows $	Non-cash changes: Acquisition of subsidiary (Note 4) $	Non-cash changes: Additions of property, plant and equipment under finance leases $	Non-cash changes: Foreign exchange differences $	2017 $
Borrowings	24,717,269	2,574,059	23,000,000	–	(911,375)	49,379,953
Loan from an institution	–	40,602,000	–	–	(459,000)	40,143,000
Finance lease obligations	61,613	(72,406)	–	580,252	16,354	585,813
Loan from former ultimate holding company	3,500,000	(3,500,000)	–	–	–	–
Loan from immediate holding company	–	10,827,200	–	–	(122,400)	10,704,800
	28,278,882	50,430,853	23,000,000	580,252	(1,476,421)	100,813,566

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Cityneon Holdings Limited (the "Company") is a public limited company and domiciled in Singapore. The principal place of business and registered office is at 84 Genting Lane #06-01, Cityneon Design Centre, Singapore 349584. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The Company's immediate and ultimate holding companies are Lucrum 1 Investment Limited and Massive Right Investments Limited respectively, both incorporated in British Virgin Islands. In the previous financial year, the Company's ultimate holding company was Star Media Group Berhad, a company incorporated in Malaysia and listed on the Bursa Malaysia Securities Berhad.

The statement of financial position of Cityneon Holdings Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on the date of the Directors' Statement.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years, except as detailed below.

FRS 7 (Amendments) *Disclosure Initiative*

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group adopted these amendments on 1 January 2017 and the additional disclosures have been included in the consolidated statement of cash flows.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 7 (Amendments) *Disclosure Initiative* (Continued)

Full IFRS convergence

Singapore-incorporated companies listed on SGX-ST are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The new framework is referred to as 'Singapore Financial Reporting Standards (International) ("SFRS(I)")'. The Group will adopt the new framework on 1 January 2018 and will apply the equivalent to SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) to the transition. This will involve restating the comparatives for the financial year ended 31 December 2017 and the opening statements of financial position as at 1 January 2017 in accordance with the new framework.

The Group has completed its assessment of the impact of transition and anticipates that the adoption of the new framework on 1 January 2018 (including the application of all the mandatory exceptions) will not have a material impact on the financial statements of the Group for the financial year ending 31 December 2018, other than the impact from the adoption of SFRS(I) 9 and SFRS(I) 15 which is expected to be similar to the impact of FRS 109 and FRS 115 as disclosed below. The Group is currently finalising the transitional adjustments that are required or elected under SFRS(I) 1.

FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 28 (Amendments)	: Long-term Interests in Associates and Joint Ventures	1 January 2019
FRS 102 (Amendments)	: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 109	: Financial Instruments	1 January 2018
FRS 109 (Amendments)	: Prepayment Features with Negative Compensation	1 January 2019
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	: Leases	1 January 2019
INT FRS 122	: Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123	: Uncertainty over Income Tax Treatments	1 January 2019
Improvements to FRSs (March 2018)		
- FRS 12 (Amendments)	: Income Taxes	1 January 2019
- FRS 23 (Amendments)	: Borrowing Costs	1 January 2019

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods, will not have a material impact on the financial statements of the Group and the Company in the period of initial adoption, except as disclosed below.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

The Group has completed its assessment of the classification and measurement of its financial assets, and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost and fair value through profit or loss upon adoption of the standard.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables due from third parties and related parties, the Group will initially provide for 12 months expected losses under the three-stage model.

The Group and the Company are currently finalising the policies and procedures in determining how to estimate expected credit losses and the sources of forward-looking data, and evaluating the tax implications arising from the above change in impairment model.

2. **Significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments* (Continued)

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year.

FRS 109 also requires additional financial statements disclosures which the Group will include in its financial statements in the financial year when FRS 109 is adopted.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has assessed the potential impact on accounting for contract revenue. On initial adoption of this standard, the Group has assessed that there will be no significant impact on the timing and profile of revenue recognition of the Group as disclosed in Note 2.14 to the financial statements. The Group is currently finalising the transition adjustments in respect of revenue derived from the intellectual property experiences operating segment.

The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with full retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statements of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented office premise, exhibitions venue, staff accommodation, office equipment and other operating facilities on the statements of financial position by recognising them as "right-of-use" assets and their corresponding lease liabilities for the present value of future lease payments unless they are qualify for the short-term lease of low-value asset exemptions.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 116 *Leases* (Continued)

The Group is still in the process of gathering data on its discount rate and expected lease terms for the respective operating leases in order to quantify the impact upon transition to the new standard.

The Group plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries and associate are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2. Significant accounting policies (Continued)

2.4 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Other intangible assets - Licences

Licences are stated at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 6 to 9.25 years, which is the shorter of their estimated useful lives and periods of contractual rights.

2.5 Property, plant and equipment

Property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

Other than construction-in-progress, depreciation is calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives as follows:

Leasehold land and building	20 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 years
Machinery	5 years
Exhibitions services assets	5 to 10 years
Licensed interactive exhibition assets	3 to 10 years

Construction-in-progress ("CIP") represents property, plant and equipment under construction and is stated at cost less impairment and is not depreciated. Cost comprises all direct costs and relevant professional fees. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use. No depreciation is charged on CIP as they are not ready for their intended use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Significant accounting policies (Continued)

2.6 Impairment of non-financial assets excluding goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first-in-first-out" method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.9 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. Significant accounting policies (Continued)

2.9 Construction contracts (Continued)

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the consolidated statements of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

Progress billings not yet paid by customers and retentions are included within "Trade and other receivables". Advances and deposits received are included within "Trade and other payables".

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

The Group classifies its financial assets as loans and receivables.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding advances to suppliers and goods and services tax ("GST") and value-added tax ("VAT") receivables), deposits, amounts owing by subsidiaries, amounts due from contract customers and cash and cash equivalents.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. Significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classified ordinary shares as equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group and the Company has designated contingent consideration arising from business combination as financial liabilities at FVTPL upon initial recognition.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the consolidated statement of comprehensive income does not include any interest charged on these financial liabilities.

2. Significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing borrowings, loan from immediate holding company and loan from former ultimate holding company are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks and fixed deposits net of long term fixed deposits.

2. Significant accounting policies (Continued)

2.12 Leases

When the Group is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

When the Group is the lessor

Operating leases

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. Significant accounting policies (Continued)

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Contracts revenue

Revenue from a contract to provide services is recognised as follows when the associated cost can be measured reliably and it is probable that the consideration will be received.

- Revenue on long-term projects is recognised by reference to the percentage-of-completion method, measured by reference to surveys of work performed or by reference to costs incurred to date against the total estimated costs for each contract.

- Revenue on short-term projects is recognised on the completion method.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Development fee

Development fee is recognised upon services performed in accordance with the terms and conditions of the agreement, when the amount of revenue can be measured reliably and when significant risks and rewards of the transactions have been transferred to the customer and it is probable that the economic benefits associated with the transaction will flow to the entity.

Licencing fee

The Group acquires intellectual property experiences and grant such rights to third party promoters. Revenue from such licencing arrangements is recognised when an assignment is granted to the promoter which permits the promoter to begin its immediate use, to exploit without restriction and when the Group has no remaining obligations to perform.

Rendering of services

- Production fee

  Production fee from the production of exhibit is recognised in the period in which the relevant services are rendered in accordance to the contractual terms. Production fee charged to customer includes the installation and removal of the exhibit at the exhibition venue.

- Admissions fee

  Admissions fee from the exhibition held is recognised upon the sales of admission ticket for the exhibition venue.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalty arrangements that are based on sales and other measures are recognised by reference to the underlying arrangement.

2. Significant accounting policies (Continued)

2.14 Revenue recognition (Continued)

Rental income

The Group's policy for recognition of revenue from operating leases is described in Note 2.12.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.15 Employee benefits

Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is credited to retained earnings upon expiry of the share options. When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in share option reserve is transferred to share capital if new shares are issued, or to treasury shares account if the options are satisfied by the reissuance of treasury shares.

Provision for employees' leaving indemnities

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector of 2012, based on length of service and final remuneration. Provision for this unfunded commitment which represents a benefit has been made by calculating the notional liability had all employees left at the reporting date.

2. Significant accounting policies (Continued)

2.16 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.18 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

2. Significant accounting policies (Continued)

2.18 Taxes (Continued)

Deferred tax (Continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.20 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2. Significant accounting policies (Continued)

2.20 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

On disposal of a foreign operation, the accumulated currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive Directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Revenue recognition of licencing fee

The Group has recognised licencing fee amounting to $37,833,972 (2016: $9,565,987) from exhibition agreements signed between the Group and the exhibition promoters, in relation to the Group's intellectual property experiences segment. As the terms and conditions for each exhibition agreement vary, a considerable amount of judgement is required in determining the point of revenue recognition. Management has performed detailed assessment, including the terms and conditions, the remaining obligations to perform and other pertinent factors in each of the exhibition agreements signed between the Group and exhibition promoters, to determine the appropriate point of revenue recognition.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

The Group and the Company follow the guidance of FRS 36 in determining when an investment in subsidiary is impaired. This determination requires significant judgement. The management's assessment is based on the estimation of the value-in-use of the cash-generating units by forecasting the expected future cash flows for a period of up to 5 years including terminal value, where appropriate, using a suitable discount rate in order to calculate the net present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 December 2017 was $52,447,002 (2016: $34,512,554).

Allowance for impairment of trade and other receivables

The provision policy for allowance for impairment loss of trade and other receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables on a case-by-case basis. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables including the amounts owing by subsidiaries as at 31 December 2017 were $65,981,902 (2016: $24,028,471) and $79,967,534 (2016: $29,478,170) respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Construction contracts

Revenue on long-term projects is recognised by reference to the percentage-of-completion method, measured by reference to surveys of work performed or by reference to costs incurred to date against the total estimated costs for each contract. Depending on the nature of the contract, the stage of completion is measured by reference as follows:

- the proportion of contract costs incurred for work performed to date against the total estimated costs for each contract; or
- the value of work performed as certified by the architects acknowledged by customers or external quantity surveyors.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, management's evaluation is based on past experience and knowledge of the work specialists. The carrying amounts of the Group's amounts due from contract customers and amounts due to contract customers as at 31 December 2017 were $23,640,469 (2016: $12,715,033) and $358,746 (2016: $1,280,842) respectively.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2017 was $80,176,052 (2016: $43,437,102).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group's current tax payable as at 31 December 2017 was $2,687,003 (2016: $436,550). The carrying amount of the Group's deferred tax liabilities as at 31 December 2017 was $10,521,447 (2016: $809,168).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of the Group's goodwill as at 31 December 2017 was $12,513,033 (2016: $2,934,535).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Amortisation and impairment of other intangible assets

Intangible assets are amortised on a straight-line method over the estimated useful life of 6 to 9.25 years. Changes in the expected level of benefits to be derived from the other intangible asset could impact the economic useful life and the residual value of the other intangible asset and therefore, future amortisation charges may be revised.

At the end of each financial year, other intangible assets are assessed for indicators of impairment. This requires an estimation of the value-in-use of the other intangible assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's other intangible assets as at 31 December 2017 was $31,298,391 (2016: $6,954,859).

Estimated fair value of contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is estimated by considering possible scenarios of forecast sales contracts and other performance criteria, the amount to be paid under each scenario, and the probability of each scenario, which is then discounted to a net present value. Actual outcomes could vary from these estimates as new facts emerge and each scenario develops. The carrying amount of the Group's contingent consideration at fair value through profit or loss as at 31 December 2017 was $6,690,500 (2016: $Nil).

Accounting for business combination

In September 2017, the Group completed the acquisition of 100% equity interest in JP Exhibition LLC for a purchase consideration of $34 million, with contingent consideration arrangements. Management engaged an external valuation specialist to assist in the purchase price allocation. Significant judgement and estimation are required in the determination of the fair values of the contingent consideration, identified assets acquired and liabilities assumed. Details of the contingent consideration, the assets acquired and liabilities assumed at the acquisition date are disclosed in Note 7 to the financial statements.

4. Property, plant and equipment

	Leasehold land and building $	Office equipment, furniture and fittings $	Motor vehicles $	Machinery $	Exhibition services assets $	Licensed interactive exhibition assets $	Construction in progress $	Total $
Group								
2017								
Cost								
At 1 January 2017	–	9,309,825	847,450	173,423	9,281,392	34,799,214	2,476,592	56,887,896
Exchange difference on translation	–	(491,648)	(30,653)	(2,418)	(160,349)	(3,116,043)	(137,267)	(3,938,378)
Acquired on acquisition of subsidiary (Note 7)	–	–	–	–	–	6,150,439	–	6,150,439
Additions	25,518,185	3,143,387	646,540	47,222	122,602	7,431,060	3,448,154	40,357,150
Transfer	–	83,111	–	–	–	5,421,035	(5,504,146)	–
Disposals/write-offs	–	(79,211)	(71,100)	–	(427,880)	(9,875)	–	(588,066)
At 31 December 2017	25,518,185	11,965,464	1,392,237	218,227	8,815,765	50,675,830	283,333	98,869,041
Accumulated depreciation								
At 1 January 2017	–	4,470,407	563,771	102,797	5,654,787	2,659,032	–	13,450,794
Exchange difference on translation	–	(123,436)	(19,476)	(227)	(101,950)	(326,459)	–	(571,548)
Depreciation	–	782,836	182,232	24,493	651,503	4,575,055	–	6,216,119
Disposals/write-offs	–	(79,211)	(71,100)	–	(251,899)	(166)	–	(402,376)
At 31 December 2017	–	5,050,596	655,427	127,063	5,952,441	6,907,462	–	18,692,989
Carrying amount								
At 31 December 2017	25,518,185	6,914,868	736,810	91,164	2,863,324	43,768,368	283,333	80,176,052

4. **Property, plant and equipment** (Continued)

	Office equipment, furniture and fittings $	Motor vehicles $	Machinery $	Exhibition services assets $	Licensed interactive exhibition assets $	Construction in progress $	Total $
Group							
2016							
Cost							
At 1 January 2016	4,272,138	1,225,542	93,750	5,918,275	10,522,031	4,008,689	26,040,425
Exchange difference on translation	258,859	8,189	1,681	55,899	1,439,656	(3,506)	1,760,778
Additions	4,507,121	43,859	77,992	2,058,905	20,587,091	2,337,199	29,612,167
Transfer	326,935	–	–	1,288,419	2,250,436	(3,865,790)	–
Disposals/write-offs	(55,228)	(430,140)	–	(40,106)	–	–	(525,474)
At 31 December 2016	9,309,825	847,450	173,423	9,281,392	34,799,214	2,476,592	56,887,896
Accumulated depreciation							
At 1 January 2016	4,018,470	611,857	93,750	4,999,426	284,709	–	10,008,212
Exchange difference on translation	38,445	6,310	88	30,229	129,580	–	204,652
Depreciation	468,455	173,377	8,959	659,622	2,244,743	–	3,555,156
Disposals/write-offs	(54,963)	(227,773)	–	(34,490)	–	–	(317,226)
At 31 December 2016	4,470,407	563,771	102,797	5,654,787	2,659,032	–	13,450,794
Carrying amount							
At 31 December 2016	4,839,418	283,679	70,626	3,626,605	32,140,182	2,476,592	43,437,102

4. Property, plant and equipment (Continued)

	Office equipment, furniture and fittings
	$
Company	
2017	
Cost	
At 1 January 2017 and 31 December 2017	263,671
Accumulated depreciation	
At 1 January 2017 and 31 December 2017	263,671
Carrying amount	
At 31 December 2017	–
2016	
Cost	
At 1 January 2016	300,229
Disposals	(36,558)
At 31 December 2016	263,671
Accumulated depreciation	
At 1 January 2016	300,229
Disposals	(36,558)
At 31 December 2016	263,671
Carrying amount	
At 31 December 2016	–

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $40,357,150 (2016: $29,612,167). Property, plant and equipment of $25,856,926 were purchased via the acquisition of Scorpio East Properties Pte. Ltd., and $13,919,972 (2016: $29,612,167) via cash payments.

The carrying amounts of property, plant and equipment of the Group acquired under finance lease agreements are as follows:

	2017	2016
	$	$
Motor vehicles	852,081	88,719

The carrying amounts of motor vehicles of the Group registered in the name of a Director and held in trust are as follows:

	2017	2016
	$	$
Motor vehicles	549,559	–

4. Property, plant and equipment (Continued)

The Group's leasehold land and building with carrying amount of $25,518,185 were pledged as security for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

Particulars of the leasehold land and building held by the Group are as follows:

Location	Description	Tenure
25 Tai Seng Avenue, Singapore 534104	7-storey light industrial building with ancillary office	30 years from 25 December 2007

On 29 December 2017, the Company completed the acquisition of Scorpio East Properties Pte. Ltd. ("SEP") from KOP Limited through direct acquisition of the leasehold land and building and acquisition of the entire equity interest in SEP for a total cash consideration of $2,875,000.

The acquisition of SEP has been accounted for as acquisition of assets and liabilities as it does not meet the definition of a business combination. Details of the acquisition are as follows:

	Direct acquisition of leasehold land and building	Acquisition of subsidiary	Total
	$	$	$
Leasehold land and building	25,518,185	–	25,518,185
Property, plant and equipment	–	338,741	338,741
Trade and other receivables and prepayments	–	39,752	39,752
Cash and bank balances	–	794,460	794,460
Borrowings	–	(23,000,000)	(23,000,000)
Trade and other payables	–	(816,138)	(816,138)
Total consideration, satisfied by cash	25,518,185	(22,643,185)	2,875,000
Net cash outflow arising on acquisition			
Cash consideration paid	(25,518,185)	22,643,185	(2,875,000)
Cash and bank balances acquired	–	794,460	794,460
Less: Long-term fixed deposit	–	(500,000)	(500,000)
	(25,518,185)	23,937,645	(2,580,540)

5. Goodwill

	Group	
	2017	2016
	$	$
Cost		
Balance at beginning of financial year	3,170,872	3,170,872
Acquisition of subsidiary (Note 7)	9,578,498	–
Balance at end of financial year	12,749,370	3,170,872
Impairment loss		
Balance at beginning and end of financial year	(236,337)	(236,337)
Carrying amount		
Balance at end of financial year	12,513,033	2,934,535

5. **Goodwill** (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following CGUs:

	Group	
	2017	**2016**
	$	**$**
Exhibitions	50,146	50,146
Interior architecture	47,160	47,160
Intellectual property experiences – Marvel	2,837,229	2,837,229
Intellectual property experiences – Jurassic	9,578,498	–
	12,513,033	2,934,535

The Group tests the CGUs for impairment annually, or more frequently when there is an indication that goodwill may be impaired.

The recoverable amounts of the CGUs are determined based on a value-in-use calculation using the cash flow projections based on financial budgets approved by management. The Group had used cash flow projections of five years for both the exhibitions and interior architecture CGUs. For the intellectual property experiences – Marvel CGU, the Group used cash flow projections over the remaining licence term of seven years. For the intellectual property experiences – Jurassic CGU, the Group used cash flow projections of thirteen years, which consist of the existing remaining licence term of six years and the option to extend the licence term by seven years.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGUs. The annual growth rates used are based on management's experience and best estimates from the forecasted growth rates of the industry relevant to the CGUs.

The pre-tax discount rate applied to the cash flow projections and the forecasted revenue growth rates used for the seven years and thirteen years cash flow projections of the intellectual property experiences – Marvel CGU and intellectual property experiences – Jurassic CGU respectively are as follows:

	Intellectual property experiences - Marvel	**Intellectual property experiences – Jurassic**
2017		
Revenue growth rate (%)	1.1	1.4
Pre-tax discount rate (%)	5.9	7.8
2016		
Revenue growth rate (%)	21.0	–
Pre-tax discount rate (%)	7.7	–

5. Goodwill (Continued)

Sensitivity analysis

With regard to the assessment of value-in-use of the goodwill, the management believes that no reasonably possible change in any of the key assumptions applied would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Intellectual property experiences – Marvel

The impairment assessment carried out at the end of the financial year indicated that the recoverable amount exceeded its carrying amount by approximately $2,171,000 (2016: $8,643,000). Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting period had been 3 percent point less favourable than management's estimates at the end of the financial year, there would be a need to reduce the recoverable amount of goodwill by approximately $1,527,000 (2016: $3,818,000). Management performed a simulation of discount rates of up to 7.3% (2016: 15.0%) before recoverable amount of the CGU would equal to the carrying amount.

Intellectual property experiences - Jurassic

The impairment assessment carried out at the end of the financial year indicated that the recoverable amount exceeded its carrying amount by approximately $13,053,000. Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting period had been 3 percent point less favourable than management's estimates at the end of the financial year, there would be a need to reduce the recoverable amount of goodwill by approximately $1,444,000. Management performed a simulation of discount rates of up to 14.0% before recoverable amount of the CGU would equal to the carrying amount.

6. Other intangible assets

	Group	
	2017	**2016**
	$	**$**
Licences		
Cost		
Balance at beginning of financial year	8,036,186	7,025,226
Exchange difference on translation	(66,721)	41,160
Additions	–	969,800
Acquisition of subsidiary (Note 7)	26,022,240	–
Balance at end of financial year	33,991,705	8,036,186
Accumulated amortisation		
Balance at beginning of financial year	1,081,327	189,871
Exchange difference on translation	(8,688)	4,575
Amortisation during the year	1,620,675	886,881
Balance at end of financial year	2,693,314	1,081,327
Carrying amount		
Balance at end of financial year	31,298,391	6,954,859

6. Other intangible assets (Continued)

The Group's other intangible assets pertain to the licences to produce and distribute Hasbro's Transformers Autobots Alliance, Marvel's Avengers S.T.A.T.I.O.N. and Jurassic World related exhibitions. The licences are amortised over the estimated useful life of 6 to 9.25 years (2016: 6 to 9.25 years) and have a remaining amortisation period of 4 to 7 years (2016: 5 to 8 years).

During the financial year, amortisation expense of $1,620,675 (2016: $886,881) has been recognised under "administrative and other operating expenses" line item in profit or loss.

7. Subsidiaries

Investments in subsidiaries are as follows:

	Company	
	2017	**2016**
	$	**$**
Unquoted equity shares, at cost	52,695,830	34,528,909
Employee's share options investment, at cost	636,409	636,409
Allowance for impairment loss	(885,237)	(652,764)
	52,447,002	34,512,554

Movements in allowance for impairment loss of investments in subsidiaries are as follows:

	Company	
	2017	**2016**
	$	**$**
Balance at beginning of financial year	652,764	1,037,793
Impairment loss during the financial year	339,452	–
Write off of impairment loss during the financial year	(106,979)	(385,029)
Balance at end of financial year	885,237	652,764

As at the end of the financial year, the Company carried out a review of the recoverable amount of its investments in subsidiaries, as a result of indicators of impairment on investments in subsidiaries based on the existing performance of certain subsidiaries during the financial year. The estimates of the recoverable amount are determined based on value-in-use calculations. The discount rates used in measuring value-in-use were 5.9% (2016: 7.7%). Based on the review, full impairment of $339,452 (2016 $Nil) was made in respect of two subsidiaries during the current financial year.

7. **Subsidiaries** (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Cityneon Creations Pte Ltd[1]	Singapore	Provision of design and build services for custom built exhibition pavilions and road shows	100	100	–	–
Cityneon Events Pte. Ltd.[1]	Singapore	Provision of management, projects, logistics and ownership service for events and festivals	100	100	–	–
Comprise Electrical (S) Pte Ltd[1]	Singapore	Provision of electrical services for exhibitions and event management industries	100	100	–	–
Cityneon Exhibition Services Pte Ltd[1]	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	100	100	–	–
Cityneon Contracts Sdn. Bhd. [3]	Malaysia	Provision of exhibitions and event management services, including rental of reusable modules and furnishings, road shows and custom-built pavilions	100	100	–	–
Dayspring Entertainment Pte. Ltd.[1]	Singapore	Provision of event organising, management and event marketing services	100	100	–	–
Themewerks Pte. Ltd.[1]	Singapore	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	100	100	–	–
Cityneon (Middle East) W.L.L.[2]	Kingdom of Bahrain	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows	100	100	–	–
Cityneon Ventures Pte. Ltd.[1]	Singapore	Provision of fabrication, installation and removal of exhibitions setup	100	100	–	–

7. **Subsidiaries** (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Cityneon Management Services Pte. Ltd.(1)	Singapore	Provision of management, human resource and general office administration services	100	100	–	–
Victory Hill Exhibitions Pte. Ltd.(1)	Singapore	Exhibition producer and intellectual property	100	100	–	–
Cityneon Exhibition Services (Vietnam) Co., Ltd(5)	Socialist Republic of Vietnam	Provision of interior and exterior decoration for offices, commercial buildings, shop, museums and theme parks	100	100	–	–
Cityneon Vietnam Company Limited(5)	Socialist Republic of Vietnam	Provision of project management services (other than for construction) and to engage in the installation, assembly, building completion and finishing works	100	100	–	–
Victory Hill Exhibition (Shanghai) Pte Ltd (11)	People's Republic of China	Provision of interior fit-out services, exhibition and event services, sports management services and conceptualisation design and build	100	100	–	–
Cityneon Myanmar Company Limited(11)	Republic of the Union of Myanmar	Provision of interior fit-out services, exhibition and event services	100	100	–	–
Bahrain Cityneon Co. W.L.L.(6)	Kingdom of Bahrain	Interior designs for offices and homes, and third grade décor contracts	100	100	–	–
Interbuild Construction Company Sdn Bhd(7)	Brunei Darussalam	Provision of general, civil engineering and building contractors	90	90	10	10
Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture(9)	India	Provision of interior designing	90	90	10	10
Cityneon Creations India Private Limited(9)	India	Provision of interior designing	90	90	10	10
Cityneon Hong Kong Company Limited(11)	Hong Kong	Provision of interior designing	100	100	–	–

7. **Subsidiaries** (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Artscapes Themewerks Pte. Ltd.[1]	Singapore	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	65	65	35	35
C.N. Overseas Services W.L.L.[6]	Kingdom of Bahrain	Provision of contracting, designing and executing exhibition decoration and structure; renting services for international exhibitions fixtures, import, export and sales of décor materials	100	100	–	–
E-Graphics Displays Pte Ltd[1]	Singapore	Designer and production of environmental graphic materials including banners, posters, bill-boards and general signages for event and exhibition venues	60	60	40	40
Shanghai Cityneon Exhibition Services Co., Ltd.[4]	People's Republic of China	Designer and provider of services for trade fairs, exhibitions and displays	100	100	–	–
Station-LV, LLC[8]	United States of America	Provision of leasing space, planning and construction of an exhibition facility	100	100	–	–
Victory Hill Entertainment Group, LLC[8]	United States of America	Provision of worldwide administrative function, supporting the activities of affiliates	100	100	–	–
Victory Hill Exhibitions (UK) Limited[11]	United Kingdom	Exhibition producer and intellectual property	100	100	–	–
VHE (HK) Limited[11]	Hong Kong	Provision of worldwide administrative function, supporting the activities of affiliates	100	100	–	–
Cityneon Korea Company Co., Ltd[11]	Republic of Korea	Design and build for buildings, consultancy works and interior fit-out, events and exhibitions services	100	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

7. Subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
JP Exhibition LLC[(8)]	United States of America	Developing, financing and presenting an exhibition based upon the Jurassic Park motion picture franchise and featuring animatronic dinosaurs	100	–	–	–
Scorpio East Properties Pte. Ltd.[(10)]	Singapore	Real estate activities	100	–	–	–

(1) Audited by BDO LLP, Singapore

(2) Audited by KPMG Fakhro, Kingdom of Bahrain

(3) Audited by A.D.Chun & Co., Malaysia

(4) Audited by SBA Stone Forest CPA Co., Ltd, People's Republic of China

(5) Audited by BDO Audit Services Company Limited – Ho Chi Minh City office, a member firm of BDO International

(6) Audited by Mazars Chartered Accountants, Kingdom of Bahrain

(7) Audited by Lee & Raman Certified Public Accountants, Brunei Darussalam

(8) Audited by Moore Stephens Lovelace, P.A., United States of America

(9) Audited by Prakash K Prakash Chartered Accountants, Republic of India

(10) Audited by Deloitte & Touche LLP, Singapore for statutory purposes and audited by BDO LLP, Singapore for consolidation purposes

(11) Not considered a significant subsidiary under Rule 718 of the SGX-ST Listing Manual

The Audit Committee and the Board of Directors are of the opinion that Rule 712, Rule 715 and Rule 716 of the SGX-ST Listing Manual have been complied with.

Non-controlling interests

The non-controlling interests arising from Interbuild Construction Company Sdn Bhd, Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture, Cityneon Creations India Private Limited, Artscapes Themewerks Pte. Ltd. and E-Graphic Displays Pte Ltd are considered to be insignificant to the Group's financial statements.

7. Subsidiaries (Continued)

Additional investment in subsidiaries

On 20 February 2017, the Company increased the paid-up capital of its wholly-owned subsidiary, Cityneon Vietnam Company Limited ("CVC"), from United States Dollars ("USD") USD380,000 (approximately $521,405) to USD900,000 (approximately $1,251,693) by capitalisation of amount due from CVC of USD520,000 (approximately $730,288).

On 21 February 2017, the Company increased the paid-up capital of its wholly-owned subsidiary, Cityneon Hong Kong Company Limited by Hong Kong Dollar ("HKD") HKD100,000 (approximately $18,470), from HKD $Nil to HKD100,000 (approximately $18,470).

On 31 March 2017, the Company increased the paid-up capital of its wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. ("VHE") from USD69,970 (approximately $100,000) to USD9,830,022 (approximately $14,244,269) by the capitalisation of amounts due from VHE of USD9,760,052 (approximately $14,144,269).

In the previous financial year, the Company increased the paid-up capital of its subsidiary, Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture by Indian Rupee ("INR") INR500,000 (approximately $10,649), from $Nil to $10,649 and non-controlling interests contributed $2,130 towards the share capital of this subsidiary.

Incorporation of subsidiaries

On 18 October 2017, the Company incorporated a wholly-owned subsidiary, Cityneon Korea Company Co., Ltd, a company incorporated in the Republic of Korea with an issued and paid-up capital of South Korean Won ("KWR") KWR600,000,000 (approximately $728,543).

On 4 October 2016, the Company incorporated a wholly-owned subsidiary, Cityneon Hong Kong Company Limited, a company incorporated in Hong Kong with $Nil paid-up capital.

On 21 April 2016, the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd., incorporated a wholly-owned subsidiary, VHE (HK) Limited, a company incorporated in Hong Kong with an issued and paid-up capital of Hong Kong Dollar ("HKD") HKD100 (approximately $18).

Strike off of subsidiaries

A wholly-owned subsidiary, PT Wonderful World Marketing Services Indonesia ("PT Wonderful World") was struck off during the financial year. The Company had made an impairment loss of $106,979 relating to investment in PT Wonderful World in the previous financial years. The related impairment loss has been written off during the financial year.

A wholly-owned subsidiary, Cityneon Shelter Events (Shenzhen) Pte. Ltd. ("Shenzhen") was struck off in the previous financial year. The Company had made an impairment loss of $385,029 relating to investment in Shenzhen in the previous financial years. The related impairment loss had been written off in the financial year ended 31 December 2016.

Acquisition of subsidiaries

<u>JP Exhibition LLC</u>

On 30 August 2017, the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. ("VHE") entered into a sale and purchase agreement with Imagine Exhibitions Pte. Ltd., Iconic JP LLC, MagicSpace Entertainment, Inc., Kilburn Media, Arts and Exhibitions International and Encore B SAS (collectively, the "Sellers") to acquire 100% equity interest in JP Exhibition LLC ("JPE"). The acquisition was completed on 5 September 2017 and JPE became a wholly-owned subsidiary of the Group. This acquisition enabled the Group to leverage on the highly popular and well-known Jurassic Park film franchise for its future events and exhibitions. This acquisition is in line with the Group's plans to pursue its growth strategy and expand its international footprint in its partnership with international studios globally.

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

JP Exhibition LLC (Continued)

As part of the sale and purchase agreement, a contingent consideration agreement had been agreed. Additional cash payment of $6,690,500 (US$5,000,000) shall be payable to the Sellers in the event JPE achieves an audited profit of $6,690,500 (US$5,000,000). The audited profit shall include revenue from the Philadelphia and Chicago engagements of the exhibition and the end date for the Chicago engagement of the exhibition shall be 7 January 2018.

As at the acquisition date, the fair value of the contingent consideration was estimated at $6,800,000.

The fair values of the identifiable assets and liabilities of JPE as at the date of acquisition were:

	Fair value recognised on date of acquisition
	$
Intangible assets	26,022,240
Property, plant and equipment	6,150,439
Trade and other receivables and prepayments	2,772,727
Cash and cash equivalents	1,360,660
	36,306,066
Trade and other payables	1,641,044
Deferred tax liabilities	10,243,520
	11,884,564
Net identifiable assets at fair value	24,421,502
Total consideration	(34,000,000)
Goodwill arising from the acquisition	(9,578,498)

The fair values of trade and other receivables and prepayments approximate the gross contractual amounts as no amounts are expected to be uncollectable.

	$
Consideration for acquisition of 100% equity interest in JPE	
- Cash paid	27,200,000
- Contingent consideration recognised as at acquisition date	6,800,000
Total consideration	34,000,000

From the date of acquisition to 31 December 2017, JPE had contributed $9,501,065 (US$7,000,490) of revenue and $8,929,847 (US$6,579,610) of profit, net of tax of the Group. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax in the financial year ended 31 December 2017 would have been $16,521,080 (US$12,172,915) and $8,915,564 (US$6,569,086) respectively.

Goodwill of $9,578,498 arising from the acquisition is attributable to the intellectual property experiences business and the expected synergies from combining the operations of the Group and those of JPE.

7. **Subsidiaries** (Continued)

Acquisition of subsidiaries (Continued)

JP Exhibition LLC (Continued)

None of the goodwill is expected to be deductible for tax purposes.

Transaction costs related to the acquisition of $535,237 had been recognised under "administrative and other operating expenses" line item in the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2017.

The effects of acquisition on the cash flows were as follows:

	$
Net cash outflow arising on acquisition	
Cash consideration paid	(27,200,000)
Cash and cash equivalents acquired	1,360,660
	(25,839,340)

Victory Hill Exhibitions Pte. Ltd.

On 1 April 2015, the Company entered into a sale and purchase agreement with Philadelphia Investment Ltd (the "Seller") to acquire 100% equity interest in Victory Hill Exhibitions Pte. Ltd. ("VHE"). The acquisition was completed on 30 September 2015 and VHE became a subsidiary of the Group. This acquisition enabled the Group to leverage on the highly popular and well-known comic characters for its future events and exhibitions. This acquisition was expected to diversify the Group's revenue stream and enhance performance in the foreseeable future.

As part of the sales and purchase agreement, a contingent consideration arrangement had been agreed. In the event (i) VHE's profit after tax for the 12-month period ended 30 June 2016 as set out in the audited accounts for the same period ("2015/2016 PAT") was equal to or greater than $2,800,000 ("Year 1 Profit Guarantee") and (ii) provided that the Guarantor (a director of the Seller) was in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2016, the Seller shall be entitled to the following from the Company:

(a) the sum of $2,000,000 ("deferred payment") in cash; and

(b) a sum in cash, equivalent to 30% of the amount by which the 2015/2016 PAT exceeds the Year 1 Profit Guarantee ("incentive payment").

Should the 2015/2016 PAT be less than the Year 1 Profit Guarantee, the Seller shall pay the Company the shortfall payment in cash, being the difference between the 2015/2016 PAT and the Year 1 Profit Guarantee.

For the avoidance of doubt, the Seller shall not be entitled to the deferred payment and the incentive payment if the 2015/2016 PAT is less than the Year 1 Profit Guarantee and if the Guarantor was not in compliance, in any material respect, with the terms of his Management Agreement from 30 September 2015 to 30 June 2016.

The terms of the sales and purchase agreement further provides for the following:

(c) where (i) VHE's profit after tax for the 12-month period ending 30 June 2017 as set out in the audited accounts for the same period ("2016/2017 PAT") is equal to or greater than $4,500,000 ("Year 2 Profit Target") and (ii) the Guarantor is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2017, the Seller shall be entitled to the sum in cash equivalent to 30% of the amount by which the 2016/2017 PAT exceeds the Year 2 Profit Target from the Company, no later than 31 July 2017; and

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

<u>**Victory Hill Exhibitions Pte. Ltd**</u> (Continued)

(d) where (i) VHE's profit after tax for the 12-month period ending 30 June 2018 as set out in the audited management accounts for the same period ("2017/2018 PAT") is equal to or greater than $5,500,000 ("Year 3 Profit Target") and (ii) the Guarantor is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2018, the Seller shall be entitled to the sum in cash equivalent to 30% of the amount by which the 2017/2018 PAT exceeds the Year 3 Profit Target from the Company, no later than 31 July 2018.

The fair value of the contingent consideration as at the acquisition date was estimated at $2,016,403. As at 31 December 2017, the fair value of the contingent consideration was $Nil (2016: $Nil) and $768,597 (2016: $624,798) was recognised in profit or loss (Note 24).

8. Associate

	Group	
	2017	**2016**
	$	**$**
Unquoted equity shares, at cost	360,000	360,000
Share of post-acquisition results	(287,571)	(100,054)
	72,429	259,946

The details of the associate are as follows:

Name of associate	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group 2017 %	2016 %
Held by Cityneon Events Pte. Ltd.				
Poh Wah Event Scaffolding Pte. Ltd.	Singapore	Event organisers	30	30

Poh Wah is a strategic partnership for the Group, acting as organisers of events or concert.

The financial year-end of Poh Wah is 31 March each year.

Summarised financial information (immaterial associate)

	Group	
	2017	**2016**
	$	**$**
Loss for the year, representing total comprehensive income	(625,058)	(386,128)

9. Prepayments

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Non-current				
Prepaid lease	–	495,989	–	–
Current				
Prepaid lease	478,989	517,939	–	–
Prepaid royalties	6,148,495	3,010,816	–	–
Others	458,948	429,197	67,061	3,746
	7,086,432	3,957,952	67,061	3,746
	7,086,432	4,453,941	67,061	3,746

Prepaid royalties pertain to payments made for the use of rights and licences in future exhibitions.

10. Inventories

	Group	
	2017	2016
	$	$
Consumables	184,003	177,629
Merchandises	497,863	553,710
	681,866	731,339

11. Amounts due from/(to) contract customers

	Group	
	2017	2016
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	132,736,956	97,769,449
Less: Progress billings	(109,455,233)	(86,335,258)
	23,281,723	11,434,191
Comprising:		
Amounts due from contract customers	23,640,469	12,715,033
Amounts due to contract customers	(358,746)	(1,280,842)
	23,281,723	11,434,191

As at 31 December 2017, the retention monies held by customers for contract work amounted to $188,904 (2016: $1,381,197). Advance received from customers for contract work amounted to $4,966,539 (2016: $498,373) and they are included as part of advances and deposits received from customers in Note 24.

12. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	45,717,337	18,872,230	16,897	6,633
Allowance for impairment loss on trade receivables	(2,664,716)	(788,221)	–	–
	43,052,621	18,084,009	16,897	6,633
Unbilled trade receivables	14,564,329	818,312	–	–
Other receivables	6,421,247	3,488,309	261,506	154,782
Advances to suppliers	2,015,705	1,637,841	–	15,144
Allowance for impairment loss on advances to suppliers	(72,000)	–	–	–
	1,943,705	1,637,841	–	15,144
Total trade and other receivables	65,981,902	24,028,471	278,403	176,559
Add:				
Deposits	2,816,208	729,157	553	4,530
Amounts due from contract customers (Note 11)	23,640,469	12,715,033	–	–
Amounts owing by subsidiaries (Note 13)	–	–	79,689,131	29,301,611
Cash and cash equivalents (Note 14)	17,930,475	23,779,019	211,462	2,179,985
Less:				
Advances to suppliers	(1,943,705)	(1,637,841)	–	(15,144)
GST and VAT receivables	(1,387,449)	(433,381)	(16,897)	(6,633)
Total loans and receivables	107,037,900	59,180,458	80,162,652	31,640,908

Trade receivables are non-interest bearing and generally on 30 to 90 days (2016: 30 to 90 days) credit terms.

Other receivables consist mainly of payment on behalf of a sub-contractor for projects in Middle East and payment on behalf of a promoter in United States of America.

Unbilled trade receivables mainly relate to revenue earned from the intellectual property experiences operating segment, which will be billed in accordance with the billing milestones stated in the exhibition agreements.

Movements in allowance for impairment loss on trade receivables are as follows:

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	788,221	531,444
Allowance made during the financial year	1,950,581	243,973
Bad debt written off against allowance	(4,595)	–
Exchange difference on translation	(69,491)	12,804
Balance at end of financial year	2,664,716	788,221

Allowance for impairment loss on trade receivables of $1,950,581 (2016: $243,973) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables.

12. **Trade and other receivables** (Continued)

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Movements in allowance for impairment loss on advances to suppliers are as follows:

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	–	–
Allowance made during the financial year	72,000	–
Balance at end of financial year	72,000	–

Allowance for impairment loss on advances to suppliers of $72,000 (2016: $Nil) was recognised in profit or loss subsequent to a debt recovery assessment performed on advances to suppliers.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore Dollar	4,376,949	5,268,515	278,403	176,559
United States Dollar	43,709,063	6,620,585	–	–
Brunei Dollar	7,526,075	372,035	–	–
Bahraini Dinar	4,095,983	4,383,312	–	–
Ringgit Malaysia	2,895,381	2,832,052	–	–
Vietnamese Dong	1,969,515	1,648,027	–	–
India Rupee	1,318,137	1,298,038	–	–
Chinese Renminbi	55,982	1,117,807	–	–
Omani Rial	34,817	482,961	–	–
Euro	–	4,640	–	–
Others	–	499	–	–
	65,981,902	24,028,471	278,403	176,559

13. **Amounts owing by/(to) subsidiaries**

	Company	
	2017	2016
	$	$
Amounts owing by subsidiaries		
- non-trade	80,370,783	29,983,263
Less: Allowance for impairment loss on amounts owing by subsidiaries	(681,652)	(681,652)
	79,689,131	29,301,611
Amounts owing to subsidiaries		
- non-trade	(9,761,668)	(5,381,717)

The non-trade amounts owing by/(to) subsidiaries represent advances made/received and are unsecured, interest-free and repayable on demand.

13. Amounts owing by/(to) subsidiaries (Continued)

Amounts owing by/(to) subsidiaries are denominated in the following currencies:

	Company	
	2017	2016
	$	$
Amounts owing by subsidiaries		
- Singapore Dollar	22,457,193	25,570,966
- United States Dollar	57,231,938	3,730,645
	79,689,131	29,301,611
Amounts owing to subsidiaries		
- Singapore Dollar	(9,527,500)	(5,188,317)
- United States Dollar	(234,168)	–
- Indonesian Rupiah	–	(193,400)
	(9,761,668)	(5,381,717)

14. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Fixed deposits with banks	500,000	1,385,464	–	–
Cash and bank balances	17,430,475	22,393,555	211,462	2,179,985
Cash and cash equivalents as per statements of financial position	17,930,475	23,779,019	211,462	2,179,985
Less: Long-term fixed deposits	(500,000)	(1,168,180)		
Cash and cash equivalents as per consolidated statement of cash flows	17,430,475	22,610,839		

Short term fixed deposits as at 31 December 2016 had maturity period 7 days and bore effective interest rate of 1.35 % per annum.

Long-term fixed deposits have maturity period of 365 days (2016: 365 days) and bear effective interest rate of 1.05% (2016: 1.05%) per annum.

Included in the Group's cash and cash equivalents is an amount of $363,908 (2016: $6,951,203) held by subsidiaries in the People's Republic of China ("PRC") which are subject to foreign currency exchange restrictions. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange for foreign currencies through banks that are authorised to conduct foreign exchange business.

14. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore Dollar	2,934,130	3,482,137	191,366	1,418,096
United States Dollar	3,601,214	4,121,128	20,096	754,479
Qatari Rial	3,268,288	2,663,457	–	–
Omani Rial	2,568,165	147,835	–	–
Vietnamese Dong	1,964,672	6,655	–	–
Bahraini Dinar	1,397,787	6,434,648	–	–
Korean Won	780,000	–	–	–
India Rupee	778,607	27,481	–	–
Chinese Renminbi	363,957	6,509,666	–	–
Ringgit Malaysia	133,727	181,727	–	–
Brunei Dollar	58,872	41,960	–	–
Euro	42,933	133,909	–	7,410
Others	38,123	28,416	–	–
	17,930,475	23,779,019	211,462	2,179,985

15. Share capital

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$	$
Issued and fully-paid				
At beginning of financial year	244,656,195	220,818,795	50,376,302	38,006,064
Share placement	–	20,000,000	–	11,000,000
Share options exercised	–	3,837,400	–	1,504,096
Transfer of share option reserve to share capital on exercise of options	–	–	–	257,700
Share issue expenses	–	–	–	(391,558)
	–	23,837,400	–	12,370,238
At end of financial year	244,656,195	244,656,195	50,376,302	50,376,302

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

On 20 May 2016, the Company issued 20,000,000 ordinary shares at $0.55 each for a total consideration of $11,000,000. Share issue expenses relating to the share issue amounted to $391,558. The newly issued shares rank pari passu in all respects with previously issued shares.

The Company has an employee share option scheme (the "Scheme") under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

Share options granted under the Scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are disclosed in Note 17 to the financial statements.

16. Reserves

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Retained earnings	36,803,227	19,423,476	2,089,240	828,274
Statutory reserve	162,040	148,608	–	–
Premium paid on acquisition of non-controlling interests	(10,000)	(10,000)	–	–
Share option reserve	3,448	3,448	176,358	176,358
Currency translation reserve	(4,461,999)	(645,295)	–	–
	32,496,716	18,920,237	2,265,598	1,004,632

Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2017	2016
	$	$
Balance at beginning of financial year	828,274	118,269
Total comprehensive income for the financial year	1,260,966	710,005
Balance at end of financial year	2,089,240	828,274

Statutory reserve

The Bahrain Commercial Companies Law 2001 ("Law") required that 10% of net profit for the year be appropriated to a statutory reserve. Appropriation may cease when the reserve reaches 50% of the paid-up capital. The statutory reserve is not normally distributable except in the circumstances as stipulated in the Law.

Premium paid on acquisition of non-controlling interests

Premium paid on acquisition of non-controlling interests represents the effects of changes in interest in subsidiaries when there is no change in control.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Currency translation reserve

The currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group's presentation currency.

Movements in the reserves for the Group are shown in the consolidated statement of changes in equity.

17. Share-based compensation

Share options

The Company has a share option scheme for all employees of the Group under the Cityneon Employee Share Option Scheme (the "Scheme"). The Scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years. If the options remain unexercised after a period of 7 years (or 5 years for options granted to non-executive Directors) from the date of grant, the options expire.

Details of the share options outstanding during the year are as follows:

	Group and Company	
	Number of share options 2017	Number of share options 2016
Outstanding at beginning of year	29,000	3,874,400
Exercised during the year	–	(3,837,400)
Lapsed during the year	(29,000)	(8,000)
Outstanding at end of year	–	29,000

Employees

	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Lapsed/ forfeited/ expired during the financial year	Balance at end of financial year	Remaining life	Exercise price $	Fair value at grant date $
At 31 December 2017								
2010 Options	29,000	–	–	(29,000)	–	–	–	–
Exercisable as at 31 December 2017					–		–	
At 31 December 2016								
2010 Options	929,000	–	(892,000)	(8,000)	29,000	5 months	0.312	0.12
Exercisable as at 31 December 2016					29,000		0.312	

The options granted to employees in 2010 had an initial vesting period of 2 years with an exercise period to expire in 7 years from the date of grant.

17. Share-based compensation (Continued)

Share options (Continued)

Former Directors and non-executive Directors

	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Lapsed/ forfeited/ expired during the financial year	Balance at end of financial year	Remaining life	Exercise price $	Fair value at grant date $
At 31 December 2016								
2007 Options	1,000,000	–	(1,000,000)	–	–	–	0.46	0.13
2008 Options	945,400	–	(945,400)	–	–	–	0.48	0.12
2010 Options	1,000,000	–	(1,000,000)	–	–	–	0.312	0.12
	2,945,400	–	(2,945,400)	–	–			
Exercisable as at 31 December 2016					–		–	

In 2009, the shareholders approved and ratified the 2007 and 2008 Options granted to Directors and non-executive Directors. The options were deemed granted from the date shareholders' approval was obtained. The options had initial vesting period of 2 years with exercise period to expire at the end of 7 years (or 5 years for the options granted to non-executive Directors) from the date shareholders' approval was obtained.

In 2010, the Company granted the 2010 Options to Directors and non-executive Directors with an initial vesting period of 2 years and with an exercise period to expire at 7 years (or 5 years for the options granted to non-executive Directors) from the date of grant.

The weighted average share price at the time of exercise was $Nil (2016: $0.57) per share.

18. Finance lease obligations

	Group 2017 $	Group 2016 $
Minimum lease payments payable:		
Due not later than one year	149,829	26,443
Due later than one year and not later than five years	508,611	39,918
	658,440	66,361
Finance charges allocated to future periods	(72,627)	(4,748)
Present value of minimum lease payments	585,813	61,613
Present value of minimum lease payments		
Current		
Due not later than one year	122,222	24,225
Non-current		
Due later than one year and not later than five years	463,591	37,388
	585,813	61,613

The effective interest rates of finance lease arrangements are 4.52% to 5.64% (2016: 3.81% to 4.68%) per annum.

18. Finance lease obligations (Continued)

The lease terms are 5 years (2016: 5 years).

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

Finance lease obligations are denominated in the following currencies:

	Group	
	2017	**2016**
	$	**$**
Singapore Dollar	547,776	11,777
Ringgit Malaysia	38,037	49,836
	585,813	61,613

19. Borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Current				
Loan from an institute	40,143,000	–	40,143,000	–
Bank borrowings	26,379,953	24,717,329	16,924,586	5,490,000
- Revolving loan	18,775,765	23,434,155	14,100,715	5,490,000
- Invoice financing	7,604,188	393,174	2,823,871	–
- Term loan	–	890,000	–	–
	66,522,953	24,717,329	57,067,586	5,490,000
Non-current				
Bank borrowings				
- Term loan	23,000,000	–	–	–
	89,522,953	24,717,329	57,067,586	5,490,000

The Group's loan from an institute is unsecured, bearing interest of 7.5% per annum and repayable by August 2018.

The Group's and the Company's current bank borrowing bear effective interest from 1.39% to 5.88% (2016: 1.93% to 5.92%) per annum, repayable by April 2018 (2016: April 2017) and are supported by corporate guarantee from the Company and certain subsidiaries.

The Group's non-current bank borrowings bear effective interest of 2.89% per annum, repayable by July 2019, and are secured by legal mortgage of the leasehold land and building, corporate guarantee from the Company and fixed deposit of a subsidiary.

The carrying amounts of the Group's and the Company's borrowings approximate their fair values at the end of the financial year.

19. Borrowings (Continued)

Borrowings are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore Dollar	45,040,431	9,583,174	14,532,525	5,490,000
United States Dollar	42,535,061	14,493,000	42,535,061	–
Brunei Dollar	1,303,148	–	–	–
Ringgit Malaysia	575,050	641,155	–	–
Euro	69,263	–	–	–
	89,522,953	24,717,329	57,067,586	5,490,000

20. Loan from immediate holding company

Loan from immediate holding company is unsecured, bearing interest of 8.0% per annum, repayable by September 2019 and denominated in United States Dollar.

21. Deferred tax liabilities

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	809,168	936,516
Arising from acquisition of subsidiaries (Note 7)	10,243,520	–
Credited to profit or loss	(527,248)	(127,348)
Exchange difference on translation	(3,993)	–
Balance at end of financial year	10,521,447	809,168

	Group	
	2017	2016
	$	$
Property, plant and equipment	(115,390)	17,000
Fair value adjustments*	10,639,561	794,168
Provisions	(2,724)	(2,000)
	10,521,447	809,168

* The fair value was recognised on acquisition of subsidiaries which owned these assets.

As at 31 December 2017, unremitted earnings of certain subsidiaries in the United States of America and Republic of China amounted to $18,295,841 (2016: $1,584,662) for which deferred tax liabilities on the withholding tax and other taxation that would be payable on these unremitted earnings have not been recognised as the Group is in a position to control the dividend policies of these subsidiaries and it is probable that these earnings will not be distributed in the foreseeable future.

22. Loan from former ultimate holding company

Loan from former ultimate holding company was unsecured with interest of 3.8% (2016: 3.8%) per annum and denominated in Singapore Dollar.

The loan was fully repaid during the current financial year.

23. Amounts owing to former ultimate holding company

The trade amounts owing to former ultimate holding company were unsecured, non-interest bearing and generally on 60 days credit terms and denominated in Ringgit Malaysia.

The amounts were fully repaid during the current financial year.

24. Trade and other payables

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Trade payables	10,717,686	8,715,933	–	–
Deferred revenue	681,050	869,580	–	–
Accruals	18,157,078	4,163,137	1,506,387	316,060
Advances and deposits received from customers	5,202,527	4,011,700	–	–
Amounts owing to Directors of subsidiaries	285,831	118,942	–	–
Provision for unutilised leave	414,951	523,063	–	–
Contingent consideration at FVTPL (Note 7)	6,690,500	–	–	–
Provision for reinstatement cost	41,590	41,590	–	–
Other payables	2,456,596	1,162,691	1,011,271	110,274
Total trade and other payables	44,647,809	19,606,636	2,517,658	426,334
Add:				
Finance lease obligations (Note 18)	585,813	61,613	–	–
Borrowings (Note 19)	89,522,953	24,717,329	57,067,586	5,490,000
Loan from immediate holding company (Note 20)	10,704,800	–	10,704,800	–
Loan from former ultimate holding company (Note 22)	–	3,500,000	–	3,500,000
Amounts owing to former ultimate holding company (Note 23)	–	2,135	–	–
Amounts owing to subsidiaries (Note 13)	–	–	9,761,668	5,381,717
Less:				
Advances and deposits received from customers	(5,202,527)	(4,011,700)	–	–
Deferred revenue	(681,050)	(869,580)	–	–
Contingent consideration at FVTPL	(6,690,500)	–	–	–
GST and VAT payables	(313,451)	(162,878)	–	–
Provision for unutilised leave	(414,951)	(523,063)	–	–
Provision for reinstatement cost	(41,590)	(41,590)	–	–
Total financial liabilities carried at amortised cost	132,117,306	42,278,902	80,051,712	14,798,051

Trade payables are generally repayable within 30 to 90 days (2016: 30 to 90 days).

Amounts owing to Directors of subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

24. Trade and other payables (Continued)

Contingent consideration at FVTPL

Movements in contingent consideration at FVTPL are as follows:

	Group and Company	
	2017	**2016**
	$	**$**
Balance at beginning of financial year	–	2,016,403
Acquisition of subsidiary (Note 7)	6,800,000	–
Charged to profit or loss (Note 28)	768,597	624,798
Payment during the year	(768,597)	(2,641,201)
Exchange difference on translation	(109,500)	–
Balance at end of financial year	6,690,500	–

Contingent consideration relates to the portion of the purchase consideration identified at acquisition date in respect of the acquisition of Victory Hill Exhibitions Pte. Ltd. in 2015 and the acquisition of JP Exhibition LLC in the current financial year, which is a contingent obligation to deliver cash at a future date.

Subsequently, at each financial year end, the contingent consideration is remeasured at fair value with any adjustments through profit or loss.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Singapore Dollar	8,939,963	5,378,176	1,266,326	419,417
United States Dollar	15,746,803	3,916,032	1,236,111	–
Vietnamese Dong	9,599,580	1,908,121	–	–
Brunei Dollar	5,363,739	69,112	–	–
Bahraini Dinar	3,676,357	2,552,372	15,221	3,607
Ringgit Malaysia	902,340	597,385	–	–
Indian Rupee	228,902	2,213,557	–	–
Euro	94,032	335,252	–	–
Chinese Renminbi	48,256	2,551,302	–	–
British Pound	30,557	30,160	–	–
Saudi Riyal	–	22,213	–	–
Others	17,280	32,954	–	3,310
	44,647,809	19,606,636	2,517,658	426,334

25. Revenue

	Group	
	2017	2016
	$	$
Contract revenue	66,000,448	79,091,647
Development fee	–	2,071,050
Licencing fee	37,833,972	9,565,987
Rendering of services	7,148,848	4,100,344
Royalties	3,521,761	1,143,523
Sale of goods	2,230,033	779,060
	116,735,062	96,751,611

26. Other operating income

	Group	
	2017	2016
	$	$
Trade payable written back	43,670	172,388
Foreign exchange gain, net	–	441,735
Gain on disposal of property, plant and equipment	–	11,102
Government grants		
- Global Company Partnership grants	20,328	432,750
- Productivity and Innovation Credit grants	–	113,465
- Professional Conversion Programmes	227,456	–
- Wage Credit Scheme grants	60,399	171,335
- others	71,432	123,521
Rental income	75,723	81,571
Miscellaneous income	76,752	180,544
	575,760	1,728,411

27. Finance costs

	Group	
	2017	2016
	$	$
Bank loans interest	754,943	568,197
Loan interest charged by immediate holding company	266,532	-
Loan interest charged by former ultimate holding company	78,807	65,072
Loan interest charged by an institute	987,223	-
Finance lease interest	14,134	8,021
	2,101,639	641,290

28. Profit before income tax

In addition to the charges and credit disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group 2017 $	Group 2016 $
Cost of sales		
Cost of inventories recognised as expenses	819,474	328,336
Depreciation of property, plant and equipment	331,439	395,961
Royalties expenses	1,414,171	873,580
Employee benefits expenses		
- salaries, bonuses and other short-term benefits	4,501,787	5,245,709
- contributions to defined contribution plan	241,031	136,091

The balance of cost of sales mainly comprises project costs, which include subcontractors' cost, graphic design cost and other direct cost.

	Group 2017 $	Group 2016 $
Administrative and other operating expenses		
Audit fees paid to auditors:		
- Auditors of the Company	185,034	165,000
- Other auditors	121,789	64,249
Non-audit fees paid to auditors:		
- Auditors of the Company	35,578	44,500
- Other auditors	–	–
Allowance for impairment loss on trade receivables	1,950,581	243,973
Allowance for impairment loss on advance to suppliers	72,000	–
Amortisation expense	1,620,675	886,881
Depreciation of property, plant and equipment	5,884,680	3,159,195
Foreign exchange loss, net	479,655	–
Incentive payment in respect of contingent consideration	768,597	624,798
Operating lease expenses	6,256,168	3,353,379
Loss on disposal of property, plant and equipment	162,619	–
Property, plant and equipment written off	13,633	5,616
Employee benefits expenses		
- salaries, bonuses and other benefits	17,662,237	13,896,695
- contributions to defined contribution plans	803,911	1,059,020

Employee benefits expenses include the amounts shown as key management personnel's remuneration in Note 34 to the financial statements.

29. Income tax expense

	Group	
	2017	2016
	$	$
Current income tax		
- current financial year	1,837,248	361,149
- under/(over) provision in prior financial years	11,785	(177,867)
	1,849,033	183,282
Deferred tax		
- current financial year	(895,218)	(124,089)
- under/(over) provision in prior financial years	367,970	(3,259)
	(527,248)	(127,348)
Withholding tax	1,461,582	663,826
Total income tax expense	2,783,367	719,760

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

Reconciliation of effective income tax rate

	Group	
	2017	2016
	$	$
Profit before income tax	20,159,851	7,329,322
Income tax calculated at statutory tax rate of 17% (2016: 17%)	3,427,175	1,245,985
Different tax rates in other countries	(301,243)	26,491
Enhanced Productivity and Innovation Credit	(891,623)	(304,852)
Enhanced tax deductions from foreign tax authority	(1,314,607)	–
Income not subject to tax	(2,782)	(675,911)
Expenses not deductible for income tax purposes	50,574	395,669
Corporate income tax rebate	(17,059)	(50,591)
Singapore statutory stepped income exemption	(33,717)	(88,168)
Utilisation of deferred tax assets not recognised	(114,998)	(485,000)
Deferred tax assets not recognised	416,146	173,000
Withholding tax	1,461,582	663,826
Under/(over) provision of current income tax in prior years	11,785	(177,867)
Under/(over) provision of deferred tax in prior years	367,970	(3,259)
Others	(275,836)	437
	2,783,367	719,760

29. Income tax expense (Continued)

Unrecognised deferred tax assets

Deferred tax assets not recognised in respect of the following temporary differences:

	Group	
	2017	**2016**
	$	**$**
Unabsorbed capital allowances	196,000	170,000
Unutilised tax losses	823,000	466,000
Provisions	4,000	86,000
	1,023,000	722,000

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $1,152,000 (2016: $1,003,000) and $4,843,000 (2016: $2,740,000) respectively, which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate.

Deferred tax assets relating to certain subsidiaries have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.18 to the financial statements.

Included in unutilised tax losses are the following tax losses of Cityneon Vietnam Company Limited which are available for offset against future taxable income for a period of 5 years from the year incurred:

Year incurred	**Year of expiry**	**2017**	**2016**
		$	**$**
2012	2017	–	155,191
2013	2018	10,217	10,922
2014	2019	442,948	473,496
2015	2020	525,161	561,379
2016	2021	688,534	750,095
		1,666,860	1,951,083

30. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares in issue of 244,656,195 (2016: 235,955,439) during the financial year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the parent by the number of ordinary shares during the financial year plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

30. Earnings per share (Continued)

The calculation for earnings per share of the Group is based on the following data:

	2017 $	2016 $
Profit for the year attributable to owners of the parent	17,393,183	6,680,888
Weighted average number of ordinary shares for basic earnings per share computation	244,656,195	235,955,439
Weighted average number of ordinary shares for diluted earnings per share computation	244,656,195	235,981,498
Basic earnings per share (cents)	7.11	2.83
Diluted earnings per share (cents)	7.11	2.83

31. Operating lease commitments

As lessees

Future minimum rental payable under non-cancellable operating leases (excluding contingent rentals) at the end of the reporting period are as follows:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Not later than one year	5,859,355	6,362,724	–	515,923
Later than one year and not later than five years	21,487,378	22,424,521	–	–
More than five years	17,558,020	24,130,785	–	–
	44,904,753	52,918,030	–	515,923

The Group had lease commitments in respect of office premise, exhibitions venue, staff accommodation, office equipment and other operating facilities. Leases are negotiated for an average tenure of one to ten years (2016: one to ten years) and provide for contingent rentals based on number of exhibition ticket sold.

As lessors

The Group has entered into commercial property leases on its leasehold land and building. These non-cancellable leases have remaining lease terms of between 1 and 2 years.

31. Operating lease commitments (Continued)

As lessors (Continued)

As at the end of the financial year, future minimum rentals receivable under non-cancellable operation leases at the end of the financial year are as follows:

	Group	
	2017	**2016**
	$	**$**
Not later than one year	497,009	–
Later than one year and not later than five years	213,426	–
More than five years	–	–
	710,435	–

32. Capital commitments

As at the end of the financial year, commitments in respect of capital expenditure are as follows:

	Group	
	2017	**2016**
	$	**$**
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment	866,456	991,433

33. Contingent liabilities

The Group has given tender bonds and performance guarantees through banks and financial institute to its landlord for office rental deposit amounting to $162,000 (2016: $797,000) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $23,003,000 (2016: $15,532,000) respectively. Certain tender bonds and performance guarantees are secured by cash collaterals amounting to $168,000 (2016: $41,000). In the opinion of the management, no losses are expected to arise pertaining to the aforesaid tender bonds and performance guarantees.

The Company has given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 December 2017, the total banking facilities granted to certain subsidiaries amounted to approximately $13,500,000 (2016: $28,122,000) and the amount utilised by certain subsidiaries amounted to approximately $7,028,000 (2016: $17,605,000). The earliest period that the guarantee could be called is within 1 year (2016: 1 year) from the end of the reporting period. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

34. Significant related party transactions

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2017	2016
	$	$
With immediate holding company		
- interest expense	266,532	–
- loan from	10,704,800	–
With related party		
- payment of contingent consideration (Note 24)	768,597	2,641,201

Related party transaction is with Philadelphia Investment Ltd, of which Mr Tan Aik Ti, Ron, Director of the Company, has beneficial interests.

Compensation of key management personnel

The remuneration of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Directors' fees	245,614	295,931	229,649	281,776
Short-term benefits	5,594,392	3,522,549	1,000	15,000
Contributions to defined contribution plan	96,048	76,906	–	–
Salary in lieu of notice	–	178,000	–	–
	5,936,054	4,073,386	230,649	296,776
Analysed into:				
Directors of the Company	2,976,828	1,484,549	230,649	296,776
Directors of subsidiaries	1,467,311	1,365,298	–	–
Other key management personnel	1,491,915	1,223,539	–	–
	5,936,054	4,073,386	230,649	296,776

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

35. Segment information

For management purposes, the Group is organised into business units based on the nature of services the Group operates in and has five (2016: five) reportable operating segments as follows:

Thematic attractions

Operations in thematic attractions comprise architectural facades, scenic fabrication, sculptures, scaled models, wall reliefs and murals, replicas, show sets and props, artistic painting, landscaping to theme park and attractions, expositions, museums and galleries.

Interior architecture

Operations in the interior architecture comprise conceptualise, design and interior fitting-out services to commercial properties, healthcare, hospitality services industry, show rooms and retail outlets.

Exhibitions

Operations in the exhibitions comprise design, fabrication, installation and project management of customised exhibition booths and pavilions, rental of re-usable exhibition booths, pavilion modules, furniture and furnishings and the provision of ancillary services in electrical services and environmental graphics, owners and exhibitors.

Events

Operations in the events either assist in creating, developing, organising, hosting and managing events as a supporting service in collaboration with customers or on a turnkey basis where they undertake full responsibility of every aspect of the events from conceptualising the theme to execution and rolling-out.

Intellectual property experiences

The Intellectual property experiences ("IP") segment focuses on delivering engaging and interactive experiences for the global markets. The in-house creative team produces innovative and captivating contents for audiences of all ages and distributes into global territories. The IP currently being created and marketed by this segment include the globally renowned AVENGERS brand under Marvel Characters B.V., TRANSFORMERS brand under Hasbro International, Inc. and Jurassic World franchise under Universal Studios Licensing, LLC.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate headquarter assets, liabilities and expenses which are not directly attributable to a particular reportable segment.

Segment assets consist primarily of property, plant and equipment, inventories, amounts due from contract customers, trade and other receivables, deposits and prepayments and cash and cash equivalents. Segment liabilities comprise primarily of amounts due to contract customers, bank borrowings and trade and other payables.

Segment additions to non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

35. Segment information (Continued)

	Thematic attractions $	Interior architecture $	Exhibitions $	Events $	Intellectual property experiences $	Elimination $	Consolidated $
2017							
Revenue							
Revenue from external customers	13,233,555	18,572,514	28,629,738	5,564,641	50,734,614	–	116,735,062
Inter-segment revenue	67,500	553,428	2,535,815	342,067	1,836,202	(5,335,012)	–
	13,301,055	19,125,942	31,165,553	5,906,708	52,570,816	(5,335,012)	116,735,062
Results							
Segment results	540,935	296,664	2,956,507	(705,076)	27,444,155	–	30,533,185
Unallocated expenses, net							(8,221,768)
Share of results of associate, net of tax							(187,517)
Interest income							137,590
Finance costs							(2,101,639)
Profit before income tax							20,159,851
Income tax expense							(2,783,367)
Profit after income tax but before non-controlling interests							17,376,484
Non-controlling interests							16,699
Profit attributable to owners of the parent							17,393,183
2016							
Revenue							
Revenue from external customers	18,758,977	22,315,751	29,661,798	8,355,121	17,659,964	–	96,751,611
Inter-segment revenue	4,992,914	770,507	3,036,521	–	33,892	(8,833,834)	–
	23,751,891	23,086,258	32,698,319	8,355,121	17,693,856	(8,833,834)	96,751,611
Results							
Segment results	2,051,213	438,630	2,410,686	(35,534)	7,044,315	–	11,909,310
Unallocated expenses, net							(3,885,480)
Share of results of associate, net of tax							(115,838)
Interest income							62,620
Finance costs							(641,290)
Profit before income tax							7,329,322
Income tax expense							(719,760)
Profit after income tax but before non-controlling interests							6,609,562
Non-controlling interests							71,326
Profit attributable to owners of the parent							6,680,888

35. Segment information (Continued)

	2017 $	2016 $
Additions to property, plant and equipment and intangible assets		
Thematic attractions	32,562	65,777
Interior architecture	10,692	373,055
Exhibitions	756,352	1,384,599
Events	25,101	330,796
Intellectual property experiences	18,341,574	27,431,835
Unallocated	53,363,548	995,905
	72,529,829	30,581,967
Depreciation of property, plant and equipment		
Thematic attractions	35,987	16,710
Interior architecture	189,394	199,891
Exhibitions	467,005	512,484
Events	126,807	177,069
Intellectual property experiences	5,294,619	2,649,002
Unallocated	102,307	–
	6,216,119	3,555,156
Non-cash expenses other than depreciation and allowance for impairment loss on receivables - trade and non-trade		
Thematic attractions	146	–
Exhibitions	5,550	5,616
Events	168,209	–
Intellectual property experiences	121,431	127,397
Unallocated	1,502,161	759,484
	1,797,497	892,497
Allowance for impairment loss on receivables - trade and non-trade		
Thematic attractions	2,963	42,414
Interior architecture	272,230	152,447
Exhibitions	78,703	49,112
Events	72,000	–
Intellectual property experiences	1,596,685	–
	2,022,581	243,973
Segment assets		
Thematic attractions	16,344,666	15,132,911
Interior architecture	29,034,678	13,650,835
Exhibitions	18,675,178	25,534,386
Events	1,988,488	3,873,986
Intellectual property experiences	105,323,168	51,640,781
Unallocated	70,831,079	10,190,503
Consolidated total assets	242,197,257	120,023,402

35. Segment information (Continued)

	2017 $	2016 $
Segment liabilities		
Thematic attractions	7,685,537	6,748,805
Interior architecture	19,426,368	7,279,861
Exhibitions	5,599,747	5,634,511
Events	2,245,503	1,601,972
Intellectual property experiences	18,516,392	18,611,006
Unallocated	105,555,024	10,538,118
Consolidated total liabilities	159,028,571	50,414,273

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	2017 $	2016 $
Revenue from external customers		
Singapore	25,712,096	26,314,031
United States of America and other European countries	32,196,767	15,280,366
North East Asia	21,047,601	18,037,060
South East Asia	17,285,969	17,731,595
Middle East countries	17,131,215	9,819,964
Other Asia Pacific countries	3,361,414	9,568,595
	116,735,062	96,751,611
Non-current assets		
Singapore	71,247,795	10,177,927
United States of America	27,239,410	26,834,112
South East Asia	1,509,237	1,725,781
Middle East countries	779,057	1,324,645
Other Asia Pacific countries	52,120	55,569
North East Asia	3,796	6,669
	100,831,415	40,124,703

Non-current assets information presented above consist of property, plant and equipment, goodwill, other intangible assets, investment in associate and prepayments and exclude licensed interactive exhibition travelling sets.

35. Segment information (Continued)

Geographical information (Continued)

Major customers

Revenue of approximately 38% (2016: 22%) is derived from two (2016: two) external customers, which is attributable to the intellectual property experiences and interior architecture segments (2016: thematic attractions and interior architecture segments).

36. Financial risk management

The Group's activities expose it to market risks (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, exposure limit, risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

36.1 Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to bank borrowings. The Group and the Company maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and short term borrowings.

In respect of variable interest-bearing financial liabilities, the following table indicates their effective interest rates at the end of the financial year and the periods in which they reprice or mature, whichever is earlier.

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2017						
Financial liabilities						
Bank borrowings	19	1.39 to 5.88	(46,380)	(26,380)	(23,000)	
2016						
Financial liabilities						
Bank borrowings	19	1.93 to 5.92	(24,717)	(24,717)	–	–
Company						
2017						
Financial liabilities						
Bank borrowings	19	2.35 to 4.70	(16,925)	(16,925)	–	–
2016						
Financial liabilities						
Bank borrowings	19	1.93 to 4.00	(5,490)	(5,490)	–	–

36. Financial risk management (Continued)

36.1 Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for variable interest-bearing financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (2016: 0.5%) change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit or loss	
	2017	**2016**
	$'000	**$'000**
Group		
Interest rate		
- decrease by 0.5% per annum	232	124
- increase by 0.5% per annum	(232)	(124)
Company		
Interest rate		
- decrease by 0.5% per annum	85	27
- increase by 0.5% per annum	(85)	(27)

36.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States Dollar, Omani Rial and Qatari Rial.

During the financial year, the Group and the Company do not engage in hedging activities as the management is of the opinion that the net exposure to the foreign currency risks is not significant. Instead, the Group and the Company manages foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies are disclosed in the respective notes to the financial statements.

36. Financial risk management (Continued)

36.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis

A 10% strengthening of foreign currencies against the functional currencies of the Company and its subsidiaries at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit or loss $'000	Company Profit or loss $'000
31 December 2017		
United States Dollar	516	254
Omani Rial	260	–
Qatari Rial	327	–
31 December 2016		
United States Dollar	940	449
Omani Rial	145	–
Qatari Rial	266	–

A 10% weakening of foreign currencies against the functional currencies of the Company and its subsidiaries would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

36.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient deposits ranging from 30% to 50% (2016: 30% to 50%) of the contract price for majority of the projects contracted, where appropriate, to mitigate credit risk. The credit risk and amount outstanding is monitored on an ongoing basis. The top 5 customers of the Group accounted for more than 75% (2016: 44%) of the total trade receivables amount.

The Company has no concentration of credit risk other than the amounts owing by subsidiaries. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for corporate guarantees of $7,028,000 (2016: $17,605,000) provided to banks for banking facilities utilised by certain subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits, amounts due from contract customers, trade receivables, unbilled trade receivables and amounts owing by subsidiaries.

The credit risk for trade receivables is as follows:

	Group	
	2017 $'000	2016 $'000
By geographical areas		
Singapore	3,394	4,893
Brunei	7,517	–
China	7,147	3,866
Korea	6,691	–
Malaysia	2,672	2,611
Middle East countries	1,797	2,938
Other Asia Pacific countries	2,299	833
United States of America/Europe/Others	11,536	2,943
	43,053	18,084

36. Financial risk management (Continued)

36.3 Credit risk (Continued)

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Cash and cash equivalents are placed with financial institutions with high credit ratings.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due is as follows:

	Gross receivables 2017 $'000	Impairment 2017 $'000	Gross receivables 2016 $'000	Impairment 2016 $'000
Group				
Past due 1 to 90 days	14,566	–	12,207	–
Past due over 90 days	17,409	2,665	4,836	788
	31,975	2,665	17,043	788

36.4 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group's and the Company's liquidity risk is minimal as the Group and the Company maintain sufficient cash and cash equivalents. The Group and the Company are also financed by bank borrowings, loan from an institute and loan from immediate holding company.

In addition, the Group maintains $89.2 (2016: $69.3) million of credit facilities which includes the following:

(i) loan facilities which are supported by corporate guarantee from the Company and certain subsidiaries;

(ii) other credit facilities for issuance of irrevocable letters of credit, performance bonds, retention bonds, tender bonds, shipping guarantee, and import loans; and

(iii) overdraft facility which is unsecured and with floating interest rates per annum.

The Group also monitors its gearing closely. Details of its gearing are set out in Note 37.

36. Financial risk management (Continued)

36.4 Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of financial year based on contractual undiscounted payments:

	2017				2016			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Group								
Financial liabilities								
Non-interest bearing								
Trade and other payables	31,304	–	–	31,304	13,998	–	–	13,998
Contingent consideration at FVTPL	6,691	–	–	6,691	–	–	–	–
Amounts owing to former ultimate holding company	–	–	–	–	2	–	–	2
Fixed-interest bearing								
Loan from immediate holding company	1,119	11,301	–	12,420	–	–	–	–
Loan from former ultimate holding company	–	–	–	–	3,633	–	–	3,633
Loan from an institute	43,112	–	–	43,112	–	–	–	–
Finance lease obligations	150	508	–	658	26	40	–	66
Variable-interest bearing								
Bank borrowings	27,107	23,408	–	50,515	24,893	–	–	24,893
	109,483	35,217	–	144,700	42,552	40	–	42,592
Company								
Financial liabilities								
Non-interest bearing								
Trade and other payables	2,518	–	–	2,518	426	–	–	426
Amounts owing to subsidiaries	9,762	–	–	9,762	5,382	–	–	5,382
Fixed-interest bearing								
Loan from immediate holding company	1,119	11,301	–	12,420	–	–	–	–
Loan from former ultimate holding company	–	–	–	–	3,633	–	–	3,633
Loan from an institute	43,112	–	–	43,112	–	–	–	–
Variable-interest bearing								
Bank borrowings	16,981	–	–	16,981	5,502	–	–	5,502
Financial guarantee contracts	7,028	–	–	7,028	17,605	–	–	17,605
	80,520	11,301	–	91,821	32,548	–	–	32,548

37. Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in Notes 15 and 16 to the financial statements respectively. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2016.

Management monitors capital based on a gearing ratio. The gearing ratio, used to measure the extent of financial leverage of the Group, is derived by dividing interest bearing debts over total assets.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Finance lease obligations	586	62	–	–
Borrowings	89,523	24,717	57,068	5,490
Loan from immediate holding company	10,704	–	10,704	–
Loan from former ultimate holding company	–	3,500	–	3,500
Total interest bearing debts	100,813	28,279	67,772	8,990
Total assets	242,197	120,023	132,694	66,179
Gearing ratio	42%	24%	51%	14%

As disclosed in Note 16 to the financial statements, a subsidiary of the Group is required by the Bahrain Commercial Companies Law 2001 ("Law") to contribute and maintain a statutory reserve. The statutory reserve is not normally distributable except in the circumstances stipulated in the Law.

The Group and the Company are in compliance with the above externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

38. Fair value of financial instruments

The Group categorised fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

The classification of an item into above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfer of items between levels are recognised in the period they occur.

(a) *Fair value of financial instruments that are not carried at fair value*

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value due to their respective short term maturity.

38. Fair value of financial instruments (Continued)

(b) *Fair value of financial instruments that are carried at fair value*

The fair value of contingent consideration, has been determined using discounted cash flow method, falls under Level 3 of the fair value hierarchy. The fair value measurement for the contingent consideration is sensitive to changes in unobservable inputs, i.e. estimated probabilities of meeting contractual earnings target, that may result in a significantly higher or lower fair value measurement. The higher the estimated probabilities, the higher the fair value.

Valuation policies and procedures

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 Fair Value Measurement guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

39. Events subsequent to the reporting date

On 29 January 2018, the Company entered into a facility agreement with RHB Bank Berhad for a term loan amounting to $1,800,000. The term loan is supported by a corporate guarantee provided by a subsidiary.

On 12 February 2018, the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. entered into amortising and bridging loan facility agreements with Resona Merchant Bank Asia amounting to $4,619,000 (US$3,500,000). The banking facilities are supported by corporate guarantee from the Company. As at 28 March 2018, the subsidiary had utilised $1,319,000 (US$1,000,000) of the facility.

On 21 February 2018, the Company entered into a facility agreement with Triple Wise Asset Holdings Ltd. ("Triple Wise") of $79,182,000 (US$60,000,000). Triple Wise is an indirectly wholly-owned subsidiary of China Construction Bank Corporation through its wholly-owned subsidiaries, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited and CCB International Overseas (Cayman) Limited. This facility is secured by certain of Lucrum 1 Investment Limited's ordinary shares in the Company that has been placed into a designated securities account in favour of Triple Wise. As at 28 March 2018, the Company had utilised $40,143,000 (US$30,000,000) of the facility.

40. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements.

During the financial year, the Group changed the classification of its operating lease expenses from cost of sales to administrative and other operating expenses to reflect more appropriately the nature of the transactions to be in line with the Group's business activities.

The changes in classification of cost of sales and administrative and other operating expenses are reflected below:

	Group	
	As previously reported	After reclassification
	$	$
Statement of comprehensive income		
Cost of sales	63,430,009	61,969,263
Other items of expenses		
Administrative and other operating expenses	24,923,125	26,383,871

CITYNEON HOLDINGS LIMITED
(Co Regn.: 199903628E)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

TABLE OF CONTENTS

NO.	DESCRIPTION	PAGE NO.
1(a)	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
1(b)	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
1(c)	CONSOLIDATED STATEMENT OF CASH FLOWS	5
1(d)	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
2	AUDIT OR REVIEW OF RESULT BY AUDITOR	8
3	AUDITORS' REPORT	8
4	BASIS OF PREPARATION	8
5	EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHOD	8
6	EARNINGS PER SHARE	9
7	NET ASSETS VALUE PER SHARE	9
8	REVIEW OF PERFORMANCE	9
9	FORECAST	12
10	FACTORS THAT WILL AFFECT THE GROUP IN THE NEXT OPERATING PERIOD	12
11	DIVIDEND	12
12	INTERESTED PERSON TRANSACTIONS	12
13	CONFIRMATION BY THE BOARD	13
14	CONFIRMATION PURSUANT TO RULE 720(1) OF THE SGX LISTING MANUAL	13
15	DIRECTORS' RESPONSIBILITIES	13
16	SUBSEQUENT EVENTS	13

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 9 MONTHS RESULT

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	Group					
	Third Quarter Ended 30 Sept		Change	9 Months Ended 30 Sept		Change
	2018	2017 Restated		2018	2017 Restated	
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	30,064	17,974	67.3	85,460	66,381	28.7
Cost of sales	(14,201)	(10,875)	30.6	(35,434)	(37,326)	(5.1)
Gross profit	**15,863**	**7,099**	123.5	**50,026**	**29,055**	72.2
Other operating income	205	68	201.5	723	441	63.9
Marketing and distribution expenses	(962)	(877)	9.7	(2,090)	(1,500)	39.3
Administrative and other operating expenses	(3,638)	(2,851)	27.6	(10,467)	(7,960)	31.5
Amortisation and depreciation expenses	(3,387)	(1,628)	108.0	(8,887)	(4,522)	96.5
Staff costs	(4,736)	(3,348)	41.5	(13,346)	(9,212)	44.9
Total operating expenses	(12,723)	(8,704)	46.2	(34,790)	(23,194)	50.0
Finance costs	(2,207)	(495)	345.9	(5,315)	(1,001)	431.0
Share of results of associate, net of tax	-	31	(100.0)	(4)	(61)	(93.4)
Profit/(Loss) before income tax	1,138	(2,001)	156.9	10,640	5,240	103.1
Income tax credit/(expenses)	(364)	99	N.M.	3,089	(746)	N.M.
Profit/(Loss) for the period	774	(1,902)	140.7	13,729	4,494	205.5
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference on translation of foreign operations, net of tax amounting to $Nil (2017: $Nil)	(455)	(560)	(18.8)	498	(2,521)	119.8
Total comprehensive income for the period, net of tax	**319**	**(2,462)**	113.0	**14,227**	**1,973**	621.1
Profit attributable to:						
Owners of the parent	778	(1,877)	141.4	13,734	4,509	204.6
Non-controlling interests	(4)	(25)	(84.0)	(5)	(15)	(66.7)
	774	**(1,902)**	140.7	**13,729**	**4,494**	205.5
Total comprehensive income attributable to:						
Owners of the parent	323	(2,437)	113.3	14,232	1,988	615.9
Non-controlling interests	(4)	(25)	(84.0)	(5)	(15)	(66.7)
	319	(2,462)	113.0	14,227	1,973	621.1
Gross profit margin	52.8%	39.5%	33.7	58.5%	43.8%	33.6
Profit before tax margin	3.8%	(11.1%)	134.2	12.5%	7.9%	58.2
Net profit attributable to owners of the parent as a percentage of revenue	2.6%	(10.4%)	125.0	16.1%	6.8%	136.8

Additional Information:
Profit from operation is determined after charging/(crediting):

Allowance for doubtful debt - trade	-	-	N.M.	23	2	N.M.
Amortisation expense	884	398	122.1	2,694	825	226.5
Depreciation of property, plant and equipment	2,556	1,230	107.8	6,347	3,848	64.9
Loss/(Gain) on disposal of property, plant and equipment	5	(7)	171.4	4	(6)	166.7
Foreign exchange loss, net	336	469	(28.4)	912	863	5.7
Government grants	(21)	(3)	600.0	(47)	(114)	(58.8)
Interest income	(7)	(20)	(65.0)	(29)	(44)	(34.1)
Property, plant and equipment written off	-	-	N.M.	-	8	(100.0)

Note:
N.M. - Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statements of Financial Position

	Note	Group			Company	
		30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017
			Restated	Restated		
		S$'000	S$'000	S$'000	S$'000	S$'000
ASSETS						
Non-Current						
Property, plant and equipment		89,028	80,176	43,437	-	-
Intangible assets		28,704	31,298	6,954	-	-
Goodwill		15,795	12,513	2,935	-	-
Investment in subsidiaries		-	-	-	52,447	52,447
Investment in associate		68	72	260	-	-
Prepayments		-	-	496	-	-
		133,595	124,059	54,082	52,447	52,447
Current						
Inventories		858	682	731	-	-
Contract assets		48,513	23,640	12,715	-	-
Trade and other receivables	A	62,388	63,172	28,717	112,585	80,035
Cash and cash equivalents		11,768	17,931	23,779	652	211
		123,527	105,425	65,942	113,237	80,246
TOTAL ASSETS		257,122	229,484	120,024	165,684	132,693
EQUITY						
Capital and Reserves						
Share capital		50,376	50,376	50,376	50,376	50,376
Reserves		20,381	6,149	11,746	297	2,265
Equity attributable to owners of the parent		70,757	56,525	62,122	50,673	52,641
Non-controlling interests		291	296	313	-	-
TOTAL EQUITY		71,048	56,821	62,435	50,673	52,641
LIABILITIES						
Non-Current						
Finance lease obligations		361	464	37	-	-
Deferred tax liabilities		5,417	10,521	809	-	-
Loan from immediate holding company		-	10,705	-	-	10,705
Borrowings and loan		63,980	23,000	-	40,980	-
		69,758	44,690	846	40,980	10,705
Current						
Contract liabilites		1,867	359	1,282	-	-
Trade and other payables	B	44,346	58,282	26,783	20,051	12,279
Borrowings and loan		67,311	66,523	24,717	53,980	57,068
Loan from ultimate holding company *		-	-	3,500	-	-
Finance lease obligations		112	122	24	-	-
Income tax payable		2,680	2,687	437	-	-
		116,316	127,973	56,743	74,031	69,347
TOTAL LIABILITIES		186,074	172,663	57,589	115,011	80,052
TOTAL EQUITY AND LIABILITIES		257,122	229,484	120,024	165,684	132,693

** As at 29 August 2017, Lucrum 1 Investment Limited, a consortium led by Mr. Tan Aik Ti, Ron, Executive Chairman and Group CEO of Cityneon, has completed the acquisition of 51% shares from Star Media Group Berhad and Star Media Group Berhad ceased to be the ultimate holding company of Cityneon.*

Notes to Statements of Financial Position

A Trade and other receivables

	Group			Company	
	30 Sep 2018	31 Dec 2017 Restated	1 Jan 2017 Restated	30 Sep 2018	31 Dec 2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Trade receivables	23,459	43,053	18,086	20	17
Unbilled trade receivables	19,615	1,852	818	-	-
Other receivables	7,748	8,365	5,126	317	261
Amount owing by subsidiaries	-	-	-	111,960	79,689
Deposits	2,540	2,816	729	-	1
Prepayments	9,026	7,086	3,958	288	67
	62,388	63,172	28,717	112,585	80,035

B Trade and other payables

	Group			Company	
	30 Sep 2018	31 Dec 2017 Restated	1 Jan 2017 Restated	30 Sep 2018	31 Dec 2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Trade payables	6,999	10,718	8,716	-	-
Deferred revenue	1,281	14,316	8,044	-	-
Other payables, accruals and provisions	36,066	33,248	10,023	4,225	2,518
Amount owing to subsidiaries	-	-	-	15,826	9,761
	44,346	58,282	26,783	20,051	12,279

1(b)(ii) Aggregate amount of group's borrowings and debts securities

		Group	
		30 Sep 2018	31 Dec 2017
		S$'000	S$'000
Amount repayable within one year:			
- secured	Note 1	26,443	26,502
- unsecured		40,980	40,143
		67,423	66,645
Amount repayable after one year but within five years:			
- secured	Note 2	64,341	23,464
- unsecured		-	10,705
		64,341	34,169

Details of any collateral

1 The bank loans are secured by leasedhold land and building, fixed deposit and corporate guarantees.
The finance lease obligations of the Group are secured by the rights to the leased motor vehicles and office equipment.

2 A loan amount of approximately SGD40,980,000 (US$30,000,000) is secured by Lucrum 1 Investment Limited's ordinary shares in the Company that has been placed into a designated securities account in favour of the Lender.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Note	Group Third Quarter Ended 30 Sept 2018 S$'000	Group Third Quarter Ended 30 Sept 2017 Restated S$'000	Group 9 Months Ended 30 Sept 2018 S$'000	Group 9 Months Ended 30 Sept 2017 Restated S$'000
Operating Activities					
Profit/(Loss) before income tax		1,138	(2,001)	10,640	5,240
Adjustments for:					
Depreciation of property, plant and equipment		2,503	1,230	6,193	3,697
Depreciation of property, plant and equipment charged to cost of sales		53	-	154	151
Amortisation expense		884	398	2,694	825
Interest income		(7)	(20)	(29)	(44)
Interest expense		2,207	495	5,315	1,001
Property, plant and equipment written off		-	-	-	8
Loss/(Gain) on disposal of property, plant and equipment		5	(7)	4	(6)
Allowance for doubtful debt - trade		-	-	23	2
Unrealised exchange loss		283	323	738	523
Share of results of associate, net of tax		-	(31)	4	61
Operating cash flows before working capital changes		7,066	387	25,736	11,458
Changes in working capital:					
Inventories		(112)	(56)	(174)	(101)
Trade and other receivables		(8,688)	(10,431)	(3,936)	(22,237)
Net contract assets/liabilites		(22,532)	(387)	(23,335)	(925)
Trade and other payables		17,074	2,680	(15,740)	2,279
Cash used in operations		(7,192)	(7,807)	(17,449)	(9,526)
Interest paid		(2,207)	(222)	(2,926)	(728)
Income taxes paid, net		(1,048)	(23)	(2,039)	(930)
Net cash used in operating activities		(10,447)	(8,052)	(22,414)	(11,184)
Investing Activities					
Purchase of property, plant and equipment		(4,289)	(1,468)	(12,577)	(6,862)
Proceeds from disposal of property, plant and equipment		(2)	7	62	7
Acquisition of subsidiaries		-	(25,839)	-	(25,839)
Interest received		7	20	29	44
Net cash used in investing activities		(4,284)	(27,280)	(12,486)	(32,650)
Financing Activities					
Repayment of finance lease obligations		(25)	(19)	(115)	(60)
Proceeds of borrowings from bank and financial institution		18,497	52,272	70,249	60,425
Repayment of borrowings to bank		(5,573)	(20,360)	(30,760)	(25,533)
Term loan received from immediate holding company		-	10,827	-	10,827
Repayment of loan from immediate holding company		-	-	(10,705)	-
Decreased in long-term fixed deposits		-	-	-	1,152
Net cash generated from financing activities		12,899	42,720	28,669	46,811
Net (decrease)/increase in cash and cash equivalents		(1,832)	7,388	(6,231)	2,977
Cash and cash equivalents at beginning of the financial period		13,166	17,505	17,430	22,611
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		(66)	(201)	69	(896)
Cash and cash equivalents at end of the financial period	A	11,268	24,692	11,268	24,692

Notes:

A Cash and cash equivalents comprised of:

	Group 9 Months Ended 30 Sept 2018 S$'000	Group 9 Months Ended 30 Sept 2017 S$'000
Cash and bank balances	11,768	24,692
Less: bank deposit pledged	(500)	-
	11,268	24,692

1(d)(i) A statement (for the issuer and group) showing either (i) all changed in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group (S$'000)	Attributable to owners of the parent								
	Share capital	Retained earnings	Statutory reserve	Share option reserve	Currencies translation reserve	Premium paid on acquisition of non-controlling interests	Total	Non-controlling interests	Total equity
2017									
As at 1 January 2017, as previously reported	**50,376**	**19,423**	**149**	**3**	**(645)**	**(10)**	**69,296**	**313**	**69,609**
Effects of adopting SFRS(I)	**-**	**(7,819)**	**-**	**-**	**645**	**-**	**(7,174)**	**-**	**(7,174)**
As at 1 January 2017 (Restated)	**50,376**	**11,604**	**149**	**3**	**-**	**(10)**	**62,122**	**313**	**62,435**
Profit for the period	-	6,386	-	-	-	-	6,386	10	6,396
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	(1,961)	-	(1,961)	-	(1,961)
Total comprehensive income for the period	-	6,386	-	-	(1,961)	-	4,425	10	4,435
As at 30 June 2017 (Restated)	**50,376**	**17,990**	**149**	**3**	**(1,961)**	**(10)**	**66,547**	**323**	**66,870**
Profit for the period	-	(1,877)	-	-	-	-	(1,877)	(25)	(1,902)
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	(560)	-	(560)	-	(560)
Total comprehensive income for the period	-	(1,877)	-	-	(560)	-	(2,437)	(25)	(2,462)
As at 30 September 2017 (Restated)	**50,376**	**16,113**	**149**	**3**	**(2,521)**	**(10)**	**64,110**	**298**	**64,408**
2018									
As at 1 January 2018, as previously reported	**50,376**	**36,803**	**162**	**3**	**(4,462)**	**(10)**	**82,872**	**296**	**83,168**
Effects of adopting SFRS(I)	**-**	**(27,926)**	**-**	**-**	**1,579**	**-**	**(26,347)**	**-**	**(26,347)**
As at 1 January 2018 (Restated)	**50,376**	**8,877**	**162**	**3**	**(2,883)**	**(10)**	**56,525**	**296**	**56,821**
Profit for the period	-	12,956	-	-	-	-	12,956	(1)	12,955
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	953	-	953	-	953
Total comprehensive income for the period	-	12,956	-	-	953	-	13,909	(1)	13,908
As at 30 June 2018	**50,376**	**21,833**	**162**	**3**	**(1,930)**	**(10)**	**70,434**	**295**	**70,729**
Profit for the period	-	778	-	-	-	-	778	(4)	774
Other comprehensive income: Exchange differences on translating foreign operations, net of tax	-	-	-	-	(455)	-	(455)	-	(455)
Total comprehensive income for the period	-	778	-	-	(455)	-	323	(4)	319
As at 30 September 2018	**50,376**	**22,611**	**162**	**3**	**(2,385)**	**(10)**	**70,757**	**291**	**71,048**

Statements of Changes in Equity (Continued)

Company (S$'000)	Share capital	Share option reserve	Retained earnings	Total
2017				
As at 1 January 2017	**50,376**	**175**	**830**	**51,381**
Total comprehensive income for the period	-	-	(502)	(502)
As at 30 June 2017	**50,376**	**175**	**328**	**50,879**
Total comprehensive income for the period	-	-	(305)	(305)
As at 30 September 2017	**50,376**	**175**	**23**	**50,574**
2018				
As at 1 January 2018	**50,376**	**175**	**2,090**	**52,641**
Total comprehensive income for the period	-	-	(1,460)	(1,460)
As at 30 June 2018	**50,376**	**175**	**630**	**51,181**
Total comprehensive income for the period	-	-	(508)	(508)
As at 30 September 2018	**50,376**	**175**	**122**	**50,673**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital

	Group and Company			
	Number of Shares		S$	S$
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Issued and fully-paid	244,656,195	244,656,195	50,376,302	50,376,302

Share Options

Since the end of the previous financial year, no new share option was granted during the financial period. There were Nil (31 December 2017: Nil) share options under the Scheme granted by the Company as at 30 September 2018.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group and Company	
	30 Sep 2018	31 Dec 2017
Total number of issued shares excluding treasury shares	244,656,195	244,656,195

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period ended 30 September 2018.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There was no subsidiary holdings during and as at the end of the current financial period ended 30 September 2018.

2 Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

Certain financial information set out in section 1, 4, 5, 6 and 11 of this announcement has been extracted from the interim financial information which have been reviewed by the Company's independent auditors in accordance with Singapore Standard on Review Engagement 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Refer to the attached review report.

4 Whether the same accounting policies and method of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2017, except for those disclosed in paragraph 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 29 May 2014, the Accounting Standards Council announced that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standard.

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards that are effective for current period beginning on or after 1 January 2018. The relevant impacts are detailed as follows:

SFRS(I) 1 – First-time Adoption of Singapore Financial Reporting Standards (International)
On transition to SFRS(I), the Group restated comparative period financial statements to retrospectively apply SFRF(I) where applicable, except where SFRS(I) 1 specifically prohibited such retrospective applications and where optional exemption from retrospective applications were elected.

The Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, has reclassified S$645,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

SFRS(I) 15 – Revenue from Contracts with Customers
The Group adopted SFRS(I) 15 using the full retrospective approach and applied all practical expedients available. Under the application for SFRS(I) 15, the opening retained earnings of the Group as at 1 January 2018 has decreased by S$26.8m, the translation reserve has increased by S$0.5m, trade and other payables increased by S$13.6m and trade and other receivables decreased by S$12.7m.

6 **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issued and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

	Group Third Quarter Ended 30 Sept		Group 9 Months Ended 30 Sept	
	2018	2017 Restated	2018	2017 Restated
	(cents)	(cents)	(cents)	(cents)
EPS (based on consolidated net profit attributable to owners of the parent)				
- Basic earnings per share (cents)	0.3	(0.8)	5.6	1.8
- Diluted earnings per share (cents)	0.3	(0.8)	5.6	1.8

Note

1 Basic earnings per share is calculated by dividing profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares in issue of 244,656,195 (30 September 2017: 244,656,195) during the financial period.

2 Diluted earnings per share is computed based on the weighted average number of ordinary shares after adjusting for the effects of potential dilutive ordinary shares is 244,656,195 (30 September 2017: 244,656,195) for the financial period.

7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

NET ASSET VALUE PER SHARE	Group		Company	
	30 Sep 2018	31 Dec 2017 Restated	30 Sep 2018	31 Dec 2017
	(cents)	(cents)	(cents)	(cents)
Net assets value per share based on existing issued share capital as at the respective dates	29.0	23.2	20.7	21.5

Net asset value per share is computed based on the number of issued shares of 244,656,195 as at 30 September 2018 (31 December 2017: 244,656,195).

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. Any material factors that affected the cash flows, working capital, assets or liabilities of the group during the current financial period reported on.**

Revenue

9M2018 vs 9M2017

The Group's 9-month revenue for period ended 30 September 2018 ("9M2018") increased by 28.7% from S$66.4m to S$85.5m recorded a year ago ("9M2017"). The increase was approximately S$19.1m.

The major revenue movements are as follows:

1. Increased contributions from Intellectual Properties Experiences ("IPE") business segment arising from of the new additional revenue contributions from Avengers S.T.A.T.I.O.N. Set 3 ("AVG3"), Avenger S.T.A.T.I.O.N. Set 4 ("AVG4"), Transformers Autobot Alliance Set 1 ("TF1") and Jurassic World - The Exhibition ("JW1"). There were only two Avengers S.T.A.T.I.O.N. sets ("AVG1" and "AVG2") in operation during 9M2017.
2. IPE business segment increased by 103.5% in revenue YOY against 9M2017.
3. Opening of AVG2 in Melbourne, Australia (operated by Disney Australia & New Zealand), AVG3 in Moscow, Russia, AVG4 in Norrkoping, Sweden, TF1 in Chongqing, China and subsequently in Jeju, Korea contributed to the revenue increases. Furthermore, work done for forthcoming opening of JW1 in Madrid followed by Seoul, Korea, AVG3 in Changsha (China) and AVG4 in London contributed to further revenue growth.
4. Approximately 92% completion and revenue recognized for the Group Brunei's Project for the Legacy Business. The project is expected to be completed in 4Q2018.
5. Improved performance in the Group's Singapore Exhibitions business segment with revenue increament of 12.6% YOY against 9M2017.

As a result, the IPE business segment contributed almost half of the total revenue in 9M2018, in which the Gross Profit ("GP") increased by 128.6% from S$17.5m in 9M2017 to S$40.0m in 9M2018 – due to the higher revenue contribution from IPE business segments. In the same corresponding period, IPE business segment contributed about 31.3% of the revenue in 9M2017. The aggregate Gross Profit Margin ("GPM") improved from 43.8% in 9M2017 to 58.5% in 9M2018 as result of the higher revenue contribution from the IPE business segment.

Other Operating Income

9M2018 vs 9M2017

Other operating income increased by S$0.3m in 9M2018 mainly due to rental income generated from office units rented out in the Cityneon Building. This is expected to increase in contribution for FY2018 as a result of the acquisition of Cityneon Building in December 2017. The building achieved 100% occupancy and of which 30% was leased out to other tenants.

Operating Expenses

9M2018 vs 9M2017

Marketing and distribution expenses

Marketing and distribution expenses increased by S$0.6m or 39.3% in 9M2018 mainly due to one-off cost incurred in the corporate rebranding exercise undertaken by the Group of S$0.2m. There had also been increased travelling and marketing costs as a results of increased IPE businesses in various parts of the world.

Administrative and other operating expenses

Administrative and other operating expenses increased by S$2.5m from S$8.0m in 9M2017 to S$10.5m in 9M2018. The increase was mainly due to the following:

1. Increased professional fees as a result of various one-off expenses, including recruitment expenses for the creative team, Group's compensation and benefits analysis, restructuring exercise, and legal fees pertaining to loans arrangement. Other increased professional fees include the higher audit fees as result of expanded scope of the Group's businesses.
2. Newly incurred property taxes as result of the acquisition of the new Cityneon Building in December 2017.
3. Additional and one-off freight charges incurred for the shipment of traveling exhibitions in the IPE business segments – including the take over of the exhibition sets for Lionsgate's Hunger Games: The Exhibition ("HG1"), Universal's JW1, move of sets from Moscow to Changsha, from Norrkoping to London and Chongqing to Jeju.
4. Foreign exchange losses as result of unfavourable USD movements against SGD.

Amortisation and depreciation expenses

The Group's Amortisation expense increased by S$1.9m from S$0.8m in 9M2017 to S$2.7m in 9M2018 due to the amortisation of the intangible assets arising from of the acquisition of the new Jurassic World IP (JP Exhibition LLC) in FY2017. The acquisition would enable the Group to exploit the Jurassic World Intellectual Property under Universal globally.

The Group's depreciation expenses increased by 67.5% or S$2.5m from S$3.7m in 9M2017 to S$6.2m in 9M2018. The increase was due to:

1. The opening of 2 new exhibition sets in 9M2018 – AVG4 and TF1;
2. The depreciation of the newly acquired JW1 set in 9M2018; and
3. The depreciation of the newly acquired Cityneon Building in December 2017.

The newly acquired Lionsgate's HG1 was not accounted for as depreciation item as the set was negotiated and provided to the Group at zero costs for its exploitation.

Staff costs

Staff costs increased by S$4.1m to S$13.3m from S$9.2m as a result of:

1. An increase in headcount with the acquisition of JP Exhibition LLC – technical expertise to maintain and operate the dinosaurs in JW1.
2. Expanded creative team primarily in the Group's Las Vegas office, including the newly appointed Group Chief Creative Officer – in line with Group's strategy of shifting from Legacy Business to that of Creative Business.
3. Expanded operations and technical resources to cater to new exhibitions sets as compared to 9M2017 (AVG4, TF1, JW1).
4. Strengthened corporate team with the hiring of senior management personnel in Corporate, Human Resources and Finance.

Finance costs

Finance cost increased by approximately S$4.3m from S$1.0m in 9M2017 to S$5.3m in 9M2018 as a result of interest expense incurred for the following:

1. New China Construction Bank Corporation (Triple Wise Assets Holdings Ltd) loan of US$30m for the acquisition of JP Exhibition LLC in 4Q2017.
2. New Financial Institution Loan of US$30m for the construction and update of four new exhibitions sets – AVG3, AVG4, TF1, JW1 and for the preparation of the opening (creative, design, installation) of HG1 at MGM Las Vegas in 1H2019.
3. Project financing for the completion of Brunei's Project for the Legacy Business – expected in 4Q2018.
4. New Property Loan of S$23.0m for the Cityneon Building acquired in December 2017.

Income tax expenses

As a result of the reduced corporate tax rate of 21% (w.e.f. 1 Jan 2018) in the United States of America under the Trump's Administration, the Group was able to recognise a S$4.5m write back of deferred tax liabilities pertaining to its IP licenses categorized as intangible assets on its balance sheet. The one-off write back resulted in a positive S$3.1m tax credit for the Group in 9M2018. The lower tax rate of 21% will benefit the Group on an ongoing basis.

EBITDA & profit for the period

	Group		Change	Group		Change
	Third Quarter Ended 30 Sept			9 Months Ended 30 Sept		
	2018 S$'000	2017 S$'000	%	2018 S$'000	2017 S$'000	%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	6,778	102	6,545.1	24,967	10,870	129.7

In 9M2018, the EBITDA of the Group increased by 129.7% from S$10.9m in 9M2017 to S$25.0m in 9M2018.

Net profit after tax registered a 205.5% increase of S$9.2m from S$4.5m in 9M2017 to S$13.7m in 9M2018.

Review of Financial Position

The net assets value ("NAV") of the Group as at 30 Sept 2018 was S$70.8m which translates into 29.0 cents per ordinary share, representing a 25.0% increase from 31 December 2017 ("FY2017").

The major movements in balance sheet items are summarised as follows:

Assets

(i) Increase in Property, Plant & Equipment ("PPE") from S$80.2m to S$89.0m was mainly due to the newly constructed and commissioned exhibitions sets – AVG4 and TF1, and the Group commencing to contruct Jurassic Exhibition - Set 2 (JW2) and Hunger Games set in the period under review.

(ii) The reduction in intangible asset of S$2.6m was due to the amortisation already taken into account in the Group's Profit & Loss ("P&L") in the period under review.

(iii) The increase in goodwill of S$3.3m was resulting from a change to the provisional amount recognised for the liability due to new information obtained during the measurement period relating to the acquisition of JP Exhibition LLC in FY2017.

(iv) Net contract assets/liabilities increased by S$23.3m as result of more contract work completed vis-à-vis the Legacy Business' billing milestones.

(v) Trade and other receivables decreased by S$0.8m from S$63.2m as at 31 December 2017 to S$62.4m as at 30 September 2018.

Out of the S$62.4m, the Trade debtors as at 30 September 2018 stood at S$23.5m (37.7% of total trade and other receivables), a significant decrease of 45.5% from S$43.1m as a result of successful collections in the period under review of the Legacy Business Brunei's Project and the scheduled payments of the IPE business segment.

Unbilled trade receivables increased from S$1.9 to S$19.6m due to new touring exhibition agreement signed, whereby the scheduled payment is not yet due. Other receivables, deposits and prepayments also contributed another S$19.3m (31.0%) of the total trade and other receivables of the Group.

(vi) Cash and cash equivalent decreased from S$17.9m to S$11.8m as a result of the following:
a. Advanced payments for the completion of the Group's Legacy business of the Brunei's Project, due for completion in 4Q2018;
b. Group's additional investments in 2 new exhibition sets – AVG4 and TF1;
c. Group's preparation for the opening of HG1 at MGM Las Vegas 1H2019; and
d. Group's initial investment for design and construction of JW2.

Liabilities

(i) Trade and other payables decreased by S$14.0m or 23.9% from S$58.3m to S$44.3m as a result of the following:
a. Advanced payments made for the completion of the Group's Legacy Business of the Brunei's Project, due for completion in 4Q2018.
b. Payment of the contingent consideration on acquisition of JP Exhibition LLC.
c. Recognition of deferred revenue in 9M2018.

As at 30 September 2018, the Group's trade payables stood at S$7.0m (15.8% of total Trade and Other Payables) – primarily for the Group's Legacy Business segments.

(ii) Non-current borrowings and loan increased from S$33.7m to S$64.0m, while current borrowing increased from S$66.5m to S$67.3m as at 30 September 2018. The movements on the borrowings are summarised as below:

a. The total borrowings of the Group stood at S$131.3m as of 30 September 2018. The breakdown is as follow:
   i. US$30m from China Construction Bank Corporation (Triple Wise Assets Holdings Ltd) –
      - For purpose of JP Exhibition LLC acquisition in FY2017
      - For the global rights of Universal Studio's Jurassic World IP and the exhibition set JW1.
   ii. US$30m from Financial Institution –
      - For the consolidation and repayments of loans post Lucrum 1's acquisition of shares from Star Media Group in August 2017.
      - Design, upgrade and build of new exhibition sets to increase from the Group's three Avengers S.T.A.T.I.O.N. sets as at December 2017 to seven exhibitions sets (Avengers S.T.A.T.I.O.N., Transformers Autobot Alliance, Jurassic World - The Exhibition, The Hunger Games: The Exhibition) as at 30 September 2018.
      - Advanced payments for the construction for JW2. The Group is in the process to commission the design and build of JW3 and JW4 in 4Q2018.
      - Advance payment for the completion of the Brunei's Project for the Legacy Business in 4Q2018.

b. S$23.0m from Hong Leong Finance – For the acquisition of Cityneon Building.

c. S$26.3m from other banks – For the regular financing of the Group's Legacy Business segments and working capital purpose.

Cash Flow Review

As at 30 September 2018, the Group recorded positive operating cash flow before working capital changes of S$25.7m as compared to S$11.5m in 9M2017. The major movements in the changes in working capital are as follows:

(i) Reduction of S$18.3m of trade and other receivables in 9M2018 as a result of successful collection of partial payment of the Legacy Business Brunei's Project and scheduled payments of License Fees of the various IPE contracts. The collection effort has been mitigated with the increase in unbilled trade receivables in relation to new touring exhibition agreement signed;

(ii) Significant outflow due to the trade and other payables of S$15.7m is as a result of payments made for the completion of the Group's Legacy business of the Brunei's Project due for completion in 4Q2018, payment of the contingent consideration on acquisition of JP Exhibition LLC and the recognition of deferred revenue in 9M2018; and

(iii) Increase in net contract assets/liabilities by S$23.3m, mainly due to progress revenue recognized for legacy business projects for which bills will be due later on milestone completion and approvals.

As a result, the net cash used in operating activities was S$22.4m.

The Group recorded net cash used in investing activities of S$12.5m in 9M2018 due to the:

(i) Design and construction of AVG4.

(ii) Design and construction of TF1.

(iii) Continued upgrade of the existing AVG1, AVG2, and AVG3 in line with the latest Marvel Studios' movie releases (Black Panther, Infinity Stones, Thanos, WASP).

(iv) Commenced design and build of JW2 and HG1.

In 9M2018, the Group recorded net cash generated from financing activities of S$28.7m. The major movements include the followings:

(i) Drawdown of S$70.2m of loan from China Construction Bank Corporation and other financial institutions.

(ii) Repayment of current borrowings of S$30.8m.

(iii) Repayment of shareholder loans of S$10.7m procured from Lucrum 1 during the bridging period when Lucrum 1 acquired its shares from Star Media Group in 2H2017.

As a result of the above, the Group's cash and cash equivalents at the end of 30 September 2018 stood at S$11.3m.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual result.

There is no forecast or prospect statement previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has grown from one exhibition set (AVG1) when it acquired VHE in September 2015 to today's seven exhibition sets (AVG1, AVG2, AVG3, AVG4, TF1, JW1, and HG1) exhibiting in different parts of the world. The Group's IP exhibition sets had travelled to 19 different cities globally, with twenty-four visits (with some cities more than once).

- o North America – 6 cities, 7 visits.
- o Europe – 4 cities, 5 visits.
- o Asia Pacific – 9 cities, 12 visits.

For the rest of 2H2018, the Group has also scheduled the following travel routes for its exhibition sets:

- o AVG3 – Changsha, China
- o AVG4 – London, United Kingdom
- o TF1 – Jeju, Korea
- o JW1 – Madrid, Spain and thereafter to Seoul, Korea

The Group has planned its tour schedules for all its Avengers S.T.A.T.I.O.N. and Transformers Autobots Alliance exhibition sets for the rest of 2019, and has signed a long-term touring deal for its JW1 exhibition set in Seoul, Korea, after Madrid, Spain.

In addition, the Group is expecting to open the HG1 exhibition set in MGM Las Vegas in 1H2019 – making this the 2nd semi-permanent installation for the Group in Las Vegas, USA. The opening of HG1 will leverage on the current Group's stronger performances of its AVG1 set at Treasure Island, Las Vegas, USA since June of 2016. We expect further improvements in economies of scale in Las Vegas as a result.

The Group has also announced the design and construction of JW2, and has plans to open the exhibition set (JW2) in Las Vegas, USA, in time for Jurassic World 3 movie in 2021. The Group intends to complete the design and construction of TF2 for the re-opening of the experiences in China in 2019.

The Group is currently in discussion for the 5th Intellectual Property and is expecting to conclude its negotiations in 2018.

The Group is still in the process of transforming its business from that of the Legacy's to one of Intellectual Property and Creative and Design led business.

11 Dividend

(a) Current Financial Period reported on

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

If no dividend has been declared / recommended, a statement to that effect

No dividend has been declared or recommended for the current financial period ended 30 September 2018.

12 Interested Person Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	$'000	**$'000**
Lucrum 1 Investment Limited (interest on Shareholder's loan)	223	NA

13 Confirmation by the Board pursuant to Rule 705(5) of the listing manual

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited results for the third quarter and the 9-month period ended 30 September 2018 to be false or misleading in any material respects.

14 Confirmation that issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX Listing Manual.

The Company has procured undertakings from all directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

15 Directors' responsibilities

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement."

16 Subsequent event

On 29 October 2018, a mandatory unconditional cash offer was made by Credit Suisse (Singapore) Limited, for and on behalf of the Offeror for all issued and paid-up ordinary shares in the capital of the Company, other than those shares already owned or agreed to be acquired by the Offeror. Please refer to the Offer Announcement dated 29 October 2018 for more information.

The Singapore Code on Take-Overs and Mergers

The unaudited results for the third quarter and the 9-month period ended 30 September 2018 have been reported on in accordance with The Singapore Code on Take-overs and Mergers.

Auditors' Consent

BDO LLP, the auditors of the Company in relation to the condensed consolidated statement of financial position of the Group, the condensed statement of financial position of the Company as at 30 September 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the third quarter and the 9-month period ended 30 September 2018, and selected explanatory notes (the "Interim Financial Information"), has given and has not withdrawn its written consent to the release of its review letter dated 12 November 2018 on the Interim Financial Information of the Group for purpose of attachment to the Company's announcement on its unaudited results for the 9-month period ended 30 September 2018, and all references to its name in the form and context in which they appear herein.

Independent Financial Adviser's Consent

Novus Corporate Finance Pte. Ltd., the independent financial adviser to the directors of the Company who are considered independent for the purposes of the offer by the Offeror for all the issued ordinary shares of the Company, has given and has not withdrawn its written consent to the release of its letter dated 12 November 2018 in relation to the Interim Financial Information of the Group for purpose of attachment to the Company's announcement on its unaudited results for the 9-month period ended 30 September 2018, and all references to its name in the form and context in which they appear herein.

BY ORDER OF THE BOARD

Cho Form Po
Company Secretary
13 November 2018

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BDO LLP
Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

The Board of Directors
Cityneon Holdings Limited
Cityneon Building
25 Tai Seng Avenue #06-01
Singapore 534104

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Cityneon Holdings Limited (the "Company") and its subsidiaries (the "Group") and the condensed statement of financial position of the Company as at 30 September 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the three-month period from 1 July 2018 to 30 September 2018 and nine-month period from 1 January 2018 to 30 September 2018, and selected explanatory notes ("Interim Financial Information").

Management is responsible for the preparation and presentation of the Interim Financial Information in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* ("SFRS(I) 1-34").

Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with SFRS(I) 1-34.

Other matter

The prior period interim financial information for the three-month period from 1 July 2017 to 30 September 2017 and nine-month period from 1 January 2017 to 30 September 2017 included as comparative information have not been reviewed and accordingly, we do not express any assurance on the comparative information.

BDO

Restriction on use

This report has been prepared for inclusion in the Company's announcement of the Interim Financial Information and is intended solely for the information of the Company and its members and for the purpose of assisting the Company to comply with Rule 25 of the Singapore Code on Take-overs and Mergers, and should not be used by other parties.

BDO LLP

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
12 November 2018

NOVUS
CORPORATE FINANCE

12 November 2018

The Board of Directors
Cityneon Holdings Limited
Cityneon Building
25 Tai Seng Avenue
#06-01
Singapore 534104

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFER (THE "OFFER") FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF CITYNEON HOLDINGS LIMITED (THE "COMPANY") (THE "SHARES"), OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY WEST KNIGHTON LIMITED (THE "OFFEROR")

On 29 October 2018, Credit Suisse (Singapore) Limited announced, for and on behalf of the Offeror, the Offer for all the Shares, other than those already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer.

On 12 November 2018, the Board of Directors of the Company had approved the unaudited consolidated financial results for the third quarter and nine-month period ended 30 September 2018 ("**3Q2018**") (the "**3Q2018 Results**"). This letter has been prepared for inclusion in the 3Q2018 Results and we have given and have not withdrawn our consent to the release of the 3Q2018 Results with the inclusion of our name and this letter.

We have examined the 3Q2018 Results and have discussed the same with the management of the Company who are responsible for its preparation. We have also considered the report on the review of interim financial information (the "**Review Report**") prepared by the Company's auditors, BDO LLP ("**BDO**"), dated 12 November 2018 with regards to their review of the unaudited condensed consolidated interim financial information for 3Q2018 and have discussed with BDO in this regard. For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to, or discussed with us by the Company. Save as provided in this letter, we do not express any other opinions or views on the 3Q2018 Results. The Board of Directors of the Company remains solely responsible for the 3Q2018 Results.

Based on the above, we are of the opinion that the 3Q2018 Results have been prepared by the Board of Directors of the Company after due and careful enquiry.

This letter is provided to the Board of Directors of the Company solely for the purpose of complying with Rule 25 of the Singapore Code of Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any other person(s), other than the Board of Directors of the Company in respect of, arising out of, or in connection with this letter.

Yours sincerely
For and on behalf of
NOVUS CORPORATE FINANCE PTE. LTD.

Andrew Leo
Chief Executive Officer

Melvin Teo
Senior Manager

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