CITYNEON HOLDINGS LIMITED
Company Registration No. 199903628E
Incorporated in the Republic of Singapore

PROPOSED ACQUISITION OF THE ENTIRE SHARE CAPITAL OF VICTORY HILL EXHIBITIONS PTE. LTD. AND THE PROPOSED NON-UNDERWRITTEN RENOUNCEABLE RIGHTS ISSUE

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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Cityneon Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that the Company had on 1 April 2015 entered into a sale and purchase agreement (the "**SPA**") with Philadelphia Investments Ltd (the "**Vendor**") to acquire the entire issued share capital of Victory Hill Exhibitions Pte. Ltd. (the "**Target**", and the shares in the Target, the "**Target Shares**"), comprising 100,000 ordinary shares for the Purchase Consideration (as defined below) (the "**Acquisition**").

The Company wishes to further announce that it is proposing to undertake a non-underwritten renounceable rights issue (the "**Rights Issue**") to partially fund the cash portion of the Purchase Consideration. Based on the issued share capital of the Company of 88,525,400 Shares as at 1 April 2015 (the "**Latest Practicable Date**") and assuming that no employee share options are exercised under the Cityneon Employee Share Option Scheme prior to the Record Date (as defined herein), up to 88,525,400 new ordinary shares in the capital of the Company (the "**Rights Shares**") will be issued at an issue price of S$0.18 for each Rights Share (the "**Rights Issue Price**") on the basis of one Rights Share for every one existing share in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors of the Company for the purpose of determining the Shareholders' entitlements under the Rights Issue (the "**Record Date**").

The Acquisition and Rights Issue are subject to and conditional upon various conditions precedent, including *inter alia*, the approval of the Shareholders. Upon completion of the Acquisition ("**Completion**"), the Target will be a wholly-owned subsidiary of the Company. The primary business of the Target is to develop and produce exhibitions, and it will hold the right to produce and operate the travelling exhibition "Marvel's The AVENGERS S.T.A.T.I.O.N (Scientific Training and Tactical Intelligence Operative Network)" (the "**Exhibition**"). Please see paragraph 4 of this announcement for further details on the Target.

2. PRINCIPAL TERMS OF THE ACQUISITION

2.1. Principal Terms of the SPA

Pursuant to the terms of the SPA, the Vendor will sell, and the Company will purchase, the Target Shares, free from all encumbrances and together with all rights and advantages attaching to them as at the date of the Completion Date[1] (including the right to any dividends or other distributions declared and payable thereon on or after the Completion Date).

2.2. Conditions precedent

Completion of the SPA is conditional upon, *inter alia*, the following conditions ("**Conditions**") being satisfied, or waived by the Company and/or the Vendor (as the case may be), in accordance with the terms of the SPA:

(a) there being no breach of the representations, warranties, covenants and undertakings given by the Vendor in the SPA since the date of the SPA;

(b) the completion of the Asset Transfer (as defined below) on terms satisfactory to the Company;

(c) the due execution of the Asset Transfer Agreement (as defined below);

(d) all approvals, consents and clearances which may be necessary to be obtained (at the costs of the Vendor) by the Vendor and/or (as the case may be) the Target from all relevant governmental, statutory, regulatory or other authorities in Singapore or elsewhere and any other third parties (including but not limited to the consents (including consents for the change of control of the Target contemplated under the SPA) or all relevant counterparties to the Transferred Agreements[2] and any other relevant third parties for the purposes of the Asset Transfer), for and in connection with the transactions contemplated under the SPA and the Asset Transfer, having been obtained by the Vendor and/or (as the case may be) the Target, on terms satisfactory to the Company (acting reasonably) and remaining in full force and effect and not being revoked;

(e) the due execution of the Management Agreements (as defined below) by the Managers (as defined below)

(f) there having been no material adverse change in the business, operations, assets, financial conditions or prospects of the Target since the date of the SPA;

(g) there having been no material adverse change in the business, operations, assets, financial conditions or prospects of Victory Hill Exhibitions, LLC, since the date of the SPA and prior to the completion of the Asset Transfer;

(h) the provision by the Vendor to the Company of such documents evidencing the full and final settlement of all outstanding liabilities and obligations between the Target and (i)

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1 "**Completion Date**" means the date upon which Completion is required to take place in accordance with the terms of the SPA.

2 "**Transferred Agreement**" means the Merchandising Agreement, the License Agreement, the exhibition agreement dated 13 February 2015 between a media service provider and Victory Hill Exhibitions, LLC, the Renewal Agreements and the Unexecuted Agreements, provided that the Licence Agreement shall be excluded in the case where the Target has entered into a new license agreement to be entered into between the Company and Marvel Characters prior to the completion of the Asset Transfer.

each member of the Vendor's group of companies, and (ii) each of the Managers (other than the liabilities and obligations under the Management Agreements);

(i) all approvals, consents and clearances which may be necessary to be obtained (at the costs of the Vendor) by Victory Hill Exhibitions, LLC, (including unitholders' and directors' approval, if required, for the Asset Transfer) in respect of the Asset Transfer and the execution of the Asset Transfer Agreement and all such ancillary agreements, deeds, instruments and documents contemplated thereunder for the purposes of the Asset Transfer;

(j) completion of the due diligence satisfactory to the Company (acting reasonably) on the a wholly-owned subsidiary of the Target which will be incorporated in USA which shall be named Station-LV LLC (or such other name as may be agreed pursuant to the SPA) to verify that such subsidiary has no assets (other than in respect of its paid up capital) or liabilities (other than in respect of the New Lease Agreement[3]) and is wholly legally and beneficially owned by the Target;

(k) each of the Renewal Agreements[4] shall be renewed on substantially similar terms (save as varied in a manner acceptable to the Company) pursuant to a renewal agreement with the relevant counterparties in a form acceptable to the Company;

(l) each of the Unexecuted Agreements[5] shall be executed by the parties thereto in the form substantially similar to the form provided by the Vendor to the Company (save as varied in a manner acceptable to the Company);

(m) the approval of the Shareholders at a general meeting for all resolutions as may be necessary or incidental to approve, implement or effect the Acquisition and the matters contemplated under the SPA, and the Rights Issue;

(n) the issue of the Consideration Shares will not result in:

    (i) the post-Completion public float of the Company being less than 10%;

    (ii) the proportion of direct interest of Laviani Pte. Ltd. in the capital of the Company being less than 51% post-Completion;

(o) the completion by the Company of the Rights Issue, including the receipt by the Company of all proceeds of the Rights Issue in available fund;

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[3] "**New Lease Agreement**" means the new lease agreement to be entered into between Station-LV LLC and an exhibitions provider, in a form acceptable to the Company (acting reasonably).

[4] "**Renewal Agreements**" means the agreements set out in the SPA, namely,
(a) the exhibition agreement dated 14 March 2014 between Victory Hill Exhibitions, LLC and a museum operator;
(b) the exhibition participation agreement dated 1 May 2014 between Victory Hill Exhibitions, LLC and an individual;
(c) facilities license agreement dated 19 December 2013 between Mannkind Corporation, its agent SCV Locations, Inc., and Victory Hill Exhibitions, LLC; and
(d) the relevant insurance binders and policies as set out in the SPA.

[5] "**Unexecuted Agreements**" means the agreements set out in the SPA, namely,
(a) the exhibition agreement to be entered into between Victory Hill Exhibitions, LLC and a museum operator;
(b) the merchandising term sheet dated 10 November 2014 between Victory Hill Exhibitions, LLC and a merchandise service provider;
(c) term sheet to be entered into between Victory Hill Exhibitions, LLC and a media distribution company.

(p) receipt of the approval from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the Acquisition and its approval in-principle for the listing of and quotation of the Consideration Shares on the Official List of the SGX-ST being obtained and not having been revoked or withdrawn by the SGX-ST, and where such approval in-principle is subject to conditions, (i) to the extent they are required to be fulfilled on or before the Completion Date, they are so fulfilled and (ii) such conditions, if applicable to the Company, being acceptable to the Company in its sole and absolute discretion, and if applicable to the Vendor, being acceptable to the Vendor in its sole and absolute discretion;

(q) the Acquisition and the allotment and issue of the Consideration Shares not being in conflict with, or resulting in a breach of or default under provision of any law or regulation, order, agreement (including any financing document), instrument, concession, licence, permit, liability, obligation or duty applying to or by which any member of the Group is bound;

(r) there having been no material adverse change in the business, operations, assets, financial conditions or prospects of the Company and its subsidiaries since the date of the SPA and prior to the Completion Date;

(s) the issue of the Consideration Shares will not result in the trigger of a mandatory general offer for the Shares not owned, controlled or otherwise agreed to be acquired by the Vendor and/or parties acting in concert with it in connection with the Acquisition under the Singapore Takeovers Code;

(t) all necessary or desirable actions, notifications, filings and registrations, approvals, permits and consents having been taken, given to, made with and obtained from the relevant governmental, regulatory and administrative departments, authorities and bodies in Singapore or elsewhere in respect of the sale and purchase of the Target Shares, the allotment and issue of the Consideration Shares contemplated under the SPA and the compliance in full to the satisfaction of the relevant governmental, regulatory and administrative departments, authorities and bodies in Singapore or elsewhere of all conditions (if any) attaching or in relation thereto, where such conditions are required to be complied with by the Completion Date; and

(u) the due execution of an escrow agreement by the Vendor, the Company and an escrow agent, in respect of the Escrow Shares (as defined herein).

If the Conditions are not fulfilled (or waived in accordance with the terms of the SPA), prior to the Long Stop Date, the SPA shall cease to be of any effect save for its surviving provisions in accordance with the terms of the SPA, and save in respect of claims arising out of any antecedent breach of the SPA.

2.3. Independent Valuation

The Company commissioned the Ernst & Young Solutions LLP as the Independent Valuer to assess the indicative fair market value of the Target Shares. As at 15 January 2015, the range of the indicative fair market value of the Target Shares was within the range of US$15.4 million to US$18.4 million (equivalent to S$21.1 million to S$25.2 million respectively)[6]. The valuation by the Independent Valuer takes into account, among others, actual results and the projection by the Target's Management of the Exhibition, the term of the License Agreement

[6] Unless otherwise indicated, we have made all conversions of US$ to S$ at the rate of US$1.00 to S$1.3686, the closing exchange rate announced by Bloomberg L.P. as at 1 April 2015.

(as defined below) and certain guaranteed license fees payable by venue operators to the Target.

2.4. The Purchase Consideration and the Profit Guarantee

The purchase consideration for the Acquisition ("**Purchase Consideration**") is to be satisfied by the Company in the following manner:

(a) on Completion, the completion consideration amount (the "**Completion Consideration Amount**") shall be paid by the Company to the Vendor and/or its nominee;

(b) on Completion, consideration shares (the "**Consideration Shares**") will be issued to the Vendor;

(c) a Deferred Payment (as defined below) shall be payable, if applicable, to the Vendor and/or its nominee in accordance with the terms of the SPA; and

(d) an Incentive Payment (as defined below) shall be payable, if applicable, to the Vendor and/or its nominee in accordance with the terms of the SPA;

(e) a 2016/2017 Incentive Payment (as defined below) shall be payable, if applicable, to the Vendor and/or its nominee in accordance with the terms of the SPA; and

(f) a 2017/2018 Incentive Payment (as defined below) shall be payable, if applicable, to the Vendor and/or its nominee in accordance with the terms of the SPA.

The aggregate of the sums to be paid out under (a) to (f) above may be adjusted by deducting the amounts of each of the Shortfall Payment (as defined herein) and the Clawback (as defined herein), if applicable.

(i) *Completion Consideration Amount*

The Completion Consideration Amount is S$10,000,000.

(ii) *Consideration Shares*

45,000,000 Consideration Shares will be allotted and issued to the Vendor and/or its nominee(s) on Completion, fully paid-up at an issue price of S$0.20 per Consideration Share, in satisfaction of part of the Purchase Consideration, provided that the Consideration Shares shall in aggregate represent not less than 20.27% of the total enlarged number of Shares in issue after the issuance of the Rights Shares and the Consideration Shares pursuant to Completion.

The aggregate issue price of the Consideration Shares is agreed to be S$9,000,000 issued at an issue price of S$0.20 per Consideration Share, which was determined based on negotiations between the Company and the Vendor, taking into account the volume weighted average price of the Shares of the Company for the 12-month period ended 19 December 2014.

The Consideration Shares will be credited as fully paid-up and to rank *pari passu* in all respects with the existing Shares (save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Consideration Shares).

(iii) *The Deferred Payment and the Incentive Payment*

Pursuant to the terms of the SPA, in the event (i) the Target's profit after tax for the 12-month period ending 30 June 2016 as set out in the audited management accounts of the Target for the same period ("**2015/2016 PAT**") is equal to or greater than S$2,800,000 ("**Year 1 Profit Guarantee**") and (ii) provided that Mr. Tan Aik Ti, Ron, as the guarantor of the Year 1 Profit Guarantee (the "**Guarantor**") is in compliance in all material respects with the terms of his Management Agreement from the Completion Date to 30 June 2016, the Vendor shall be entitled to the following from the Company:

(a) no later than 31 July 2016, the sum of S$2,000,000 in cash ("**Deferred Payment**");

(b) no later than 31 July 2016, a sum in cash, equivalent to 30% of the amount by which the 2015/2016 PAT exceeds the Year 1 Profit Guarantee (the "**Incentive Payment**").

(iv) *2016/2017 Incentive Payment and 2017/2018 Incentive Payment*

The terms of the SPA further provide for the following:

(a) where (i) the Target's profit after tax for the 12-month period ending 30 June 2017 as set out in the audited management accounts of the Target for the same period ("**2016/2017 PAT**") is equal to or greater than S$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 the Completion Date to 30 June 2017, the Vendor 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 (the "**2016/2017 Incentive Payment**") from the Company no later than 31 July 2017; and

(b) where (i) the Target's profit after tax for the 12-month period ending 30 June 2018 as set out in the audited management accounts of the Target for the same period ("**2017/2018 PAT**") is equal to or greater than S$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 the Completion Date to 30 June 2018, the Vendor 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 (the "**2017/2018 Incentive Payment**") from the Company no later than 31 July 2018.

(v) *The Shortfall Payment*

In the event the 2015/2016 PAT is less than the Year 1 Profit Guarantee, the Vendor shall pay to the Company in cash the difference between the 2015/2016 PAT and the Year 1 Profit Guarantee (the "**Shortfall Payment**"), within ten Business Days of the date of the written request from the Company to the Vendor to make the Shortfall Payment.

(vi) *The Clawback*

If at any time before the expiry of three years from the Completion Date, (a) the Guarantor terminates his Management Agreement or (b) the Management Agreement is terminated by the Company in the event that (i) the Guarantor is convicted of any criminal offence and sentenced to imprisonment and/or (ii) the Guarantor commits fraud and is convicted of a criminal offence as a result thereof, the Vendor shall pay to the Company in cash, within ten Business Days of written notification from the Company to the Vendor, the sum of US$2,500,000 (the "**Clawback**"), provided always that the Clawback shall not apply in the event that the Guarantor becomes permanently incapacitated, dies and/or otherwise unable to perform his duties under his Management Agreement for a period of 180 days (in aggregate) in any period of 12 consecutive calendar months, in each case due to long-term ill health or full disability.

The Purchase Consideration was arrived at on a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller basis taking into consideration various factors such as the Assets, financial position, indicative valuation carried out by the Independent Valuer and the business prospectus of the Target.

The Company intends to partially fund the cash components of the Purchase Consideration from the net proceeds of the Rights Issue.

(vii) *The Profit Guarantee*

Under the terms of the SPA, the Vendor has provided a Year 1 Profit Guarantee of S$2,800,000. Should the 2015/2016 PAT be less than the Year 1 Profit Guarantee, the Vendor shall pay the Company the Shortfall Payment in cash, being the difference between the 2015/2016 PAT and the Year 1 Profit Guarantee, within ten Business Days of the date of the written request from the Company to the Vendor to make the Shortfall Payment (the "**Shortfall Notice**").

The quantum of the Year 1 Profit Guarantee was derived based on the expected profits to be generated based on the secured contracts.

The Vendor shall maintain 14,000,000 Consideration Shares, of a value of S$2,800,000, ("**Escrow Shares**") to be kept by a mutually appointed escrow agent from the Completion Date until 31 July 2016 as a safeguard to ensure the Company's right of recourse in the event the Year 1 Profit Guarantee is not met. In the event the Vendor fails to pay the Shortfall Payment within ten Business Days of the Shortfall Notice (the "**Relevant Period**"), the Company shall, at its sole discretion, be entitled to unilaterally instruct the escrow agent to sell, within one month of the expiry of the Relevant Period and at the prevailing market price, such number of Escrow Shares representing in value the amount of the Shortfall Payment, and to pay the proceeds from the sale of such Escrow Shares to the Company in satisfaction of the Shortfall Payment.

If the Shortfall Payment has been satisfied in full by the proceeds from the sale of the Escrow Shares, and there are remaining Escrow Shares held by the escrow agent, the Company shall without delay instruct the escrow agent to release and transfer such remaining Escrow Shares to the Vendor and/or its nominee. If the proceeds from the sale of all the Escrow Shares is unable to satisfy the Shortfall Payment, the Vendor shall remain liable to pay the balance of the Shortfall Payment to the Company.

Additionally, the Deferred Payment of S$2,000,000 will not be made to the Vendor if the 2015/2016 PAT is less than the Year 1 Profit Guarantee.

The Board is of the view that the Year 1 Profit Guarantee from the Vendor would be beneficial to the Company and in accepting the Year 1 Profit Guarantee, the Board took into consideration the following factors:

(a) the track record and management records of the Target provided by the Vendor;

(b) the certainty of profits over the 12 months period post-Completion being backed by executed contracts;

(c) the Target having the exclusive license to provide exhibition services for Marvel, particularly the travelling Exhibition, "Marvel's The AVENGERS S.T.A.T.I.O.N

(Scientific Training and Tactical Intelligence Operative Network)" in the US and Canada; and

(d) the potential growth prospect of this market in the near future.

After considering the following factors, PricewaterhouseCoopers Corporate Finance Pte Ltd, as the financial adviser to the Company, is of the view that the Acquisition is on normal commercial terms and is not prejudicial to the interest of the Company and the Shareholders:

(a) the rationale for the Acquisition, which will provide upstream diversification for the Company, additional revenue streams and likely synergy benefits as a result of increased scale;

(b) the Completion Consideration Amount, the Consideration Shares and the Deferred Payment of S$21.0 million is supported by an independent valuation of the target business, and incorporates both cash and share-based components, as well as the Deferred Payment, which is subject to the Target achieving the Year 1 Profit Guarantee; and

(c) the Acquisition is expected to be EPS accretive and will increase the value of the Company on a per Share basis, before taking into account the impact of the Rights Issue.

3. RATIONALE FOR THE ACQUISITION

3.1. Additional source of revenue and diversification of business and geographical risks

It is in the interest of the Company to expand its businesses overseas to provide additional sources of revenue and diversify the Company's existing businesses and geographical risk of the Group. With the inclusion of the complementary portfolio of assets made pursuant to the Asset Transfer within the Group's business, the Group is able to tap into a different area of business while leveraging its current expertise in events and exhibitions.

3.2. Good synergies and enhanced fund-raising capabilities

The Target specialises in travelling exhibitions and has built up extensive relationships with global brand names such as Marvel. Following Completion, the Company and the Target will work towards consolidating and strengthening each of their existing businesses through leveraging each other's core strengths, skill sets and expertise. Post-Completion, the Company's fund raising capabilities will be enhanced given the larger asset and equity base, and the increased economies of scale are also likely to generate improvements in operational efficiency.

4. INFORMATION ON THE TARGET COMPANY

4.1. The Target

The Target was incorporated in Singapore on 12 December 2014 as a private limited company which is wholly-owned by the Vendor. It is presently a dormant company.

As at the date of this announcement, Victory Hill Exhibitions, LLC primarily develops and produces exhibitions. It entered into a license agreement dated 31 January 2013 ("**License Agreement**") with Marvel Characters B.V. ("**Marvel Characters**"), for the right to provide exhibition services for Marvel. Its Assets (as defined below) include the travelling Exhibition called "Marvel's The AVENGERS S.T.A.T.I.O.N (Scientific Training and Tactical Intelligence Operative Network)".

By or on Completion Date, Victory Hill Exhibitions, LLC, will have entered into an asset transfer agreement (the "**Asset Transfer Agreement**") to transfer legal and beneficial ownership (the "**Asset Transfer**") of the business and all tangible (including but not limited to the Transferred Agreements and assets listed in the SPA) and intangible assets, rights and benefits of Victory Hill Exhibitions, LLC under the Asset Transfer Agreement (the "**Assets**") to the Target, in such form as is acceptable to the Company (acting reasonably), which shall include an obligation of Victory Hill Exhibitions, LLC to refer to the Target any corporate or business opportunities that may be offered to Victory Hill Exhibitions, LLC after the completion of the Asset Transfer, for a nominal consideration.

By Completion Date, the Target will own the Assets. It is noted, however, that the Asset Transfer Agreement will only be signed at a later date. For the purposes of this announcement, unless otherwise specified, references to the Target will assume that the Asset Transfer Agreement has been completed.

Pursuant to the terms of the License Agreement, the Target is permitted to utilise the Marvel name and intellectual property rights in connection with the development, building, operation, marketing and promotion of Marvel exhibits for display in museums and science centres or other similar venues to be approved by Marvel Characters. The Target may also manufacture, distribute and/or sell merchandise at such exhibitions. For such purposes, the Target had also entered into the merchandising agreement dated 25 March 2014 (the "**Merchandising Agreement**") to grant a merchandise service provider the sole and exclusive right to develop, manufacture, produce, distribute and sell Marvel merchandise, and to operate retail outlets within such exhibition spaces during the exhibition's tour in the USA and in Canada.

Further to the rights granted to the Target under the License Agreement, the Target produced the Exhibition under the direction of its in-house creative team. The Target intends to work with major science museums across the world, event organisers and investors to undertake the production of the Exhibition in various cities. It entered into exhibition agreements with a third party partner to hold the Exhibition in New York City, USA. The Exhibition, "Marvel's The AVENGERS S.T.A.T.I.O.N (Scientific Training and Tactical Intelligence Operative Network)" premiered in New York City at Discovery Times Square on 30 May 2014, and is slated to run until 24 May 2015, and is in discussions for an option to extend until December 2015 or January 2016.

The initial term of the License Agreement expires on 29 May 2017, being the date that is three years after the opening of the first exhibition to the public, and may be extended for an additional three years if the Target is able to meet a minimum annual guarantee under the terms of the License Agreement.

The Target has also entered into discussions with other partners to hold the Exhibition in other cities in Asia and in the USA, and is speaking with Marvel for an extension to the term of the License Agreement, and to be able to bring the Exhibition into more jurisdictions globally.

In addition, the Target expects to be able to develop its business beyond the Exhibition. It has entered into discussions with partners other than Marvel to create similar exhibitions for other movies which have been well received by audiences globally.

5. MANAGEMENT AGREEMENTS

Pursuant to the SPA and in connection with the Acquisition, the Target and the Company will enter into management agreements (each a "**Management Agreement**") with each of Mr.

Tan Aik Ti, Ron and Mr. Nicholas Cooper (together with Mr. Tan Aik Ti, Ron, the "**Managers**"), pursuant to which the Target shall employ the Managers (and bear the costs of the salary and benefits of the Managers) on terms to be agreed between the Managers, the Target and the Company. A summary of the final terms of the Management Agreements will be provided in the circular to Shareholders ("**Circular**") at a later stage.

6. DISCLOSURES UNDER THE LISTING MANUAL

The relative figures for the Acquisition using the applicable bases of comparison pursuant to Rule 1006 of the Listing Manual are set out in the table below.

Bases of Comparison	Acquisition	Group	Relative Figures (%)
1006(b) Net profit/(loss) of the Target Shares compared with the Group's net profit/(loss)[1] (S$)	2,800,000	2,344,933	119.4
1006(c) Consideration given for the Target Shares compared to the Company's market capitalisation (S$)	21,000,000	23,016,604[2]	91.2
1006(d) Number of Consideration Shares compared with the number of Shares previously in issue	45,000,000	88,525,400[3]	50.8

Notes:

1 Net profit is defined as profit after income tax and the figures are based on the guaranteed net profit after tax of the Target provided by the Vendor of S$2.8 million and the audited financial results of the Group for FY2014.

2 This figure is based on 88,525,400 Shares in issue as at 31 March 2015, the market day preceding the date of the SPA, at a volume weighted average price of S$0.26 per Share.

3 The figure is based on the total number of Shares in issue as at the Latest Practicable Date.

As the relative figure under Rule 1006(b) exceeds 100.0%, the proposed Acquisition constitutes a very substantial acquisition for the Company for the purposes of Chapter 10 of the Listing Manual.

The unaudited pro forma net profit after tax and cash flow from operating activities attributable to the Assets for the period from 1 June 2014 to 31 December 2014 were US$0.15 million and US$1.43 million respectively.

Pursuant to Rule 1015(7) of the Listing Manual, as the proposed Acquisition relates to an acquisition of profitable assets and the only limit breached is Rule 1006(b), Rule 1015 relating to very substantial acquisitions does not apply. As the relative figures under Rules 1006(c) and 1006(d) exceed 20.0%, the Company will comply with the requirements relating to major transactions within the Chapter 10 of the Listing Manual. Accordingly, the Acquisition is subject to Shareholders' approval.

7. RIGHTS ISSUE

7.1. Overview of the Non-Underwritten Renounceable Rights Issue

The Rights Issue will be carried out on a non-underwritten renounceable basis. In view of the irrevocable undertaking provided by Laviani Pte. Ltd., the Company has decided to proceed with the Rights Issue on a non-underwritten basis. With the irrevocable undertaking being fulfilled by Laviani Pte. Ltd., the Minimum Gross Proceeds raised from the Rights Issue, together with the Company's available cash balances will be sufficient to meet the Company's present funding requirements and the Company will be able to continue to operate as a going concern.

Based on the issued share capital of the Company of 88,525,400 Shares as at the date of this Announcement and assuming that no employee share options are exercised under the Company's employee share option scheme prior to the Record Date, the Company proposes to offer up to 88,525,400 Rights Shares on a renounceable basis to Entitled Shareholders at the Rights Issue Price of S$0.18 for each Rights Share, on the basis of one Rights Share for every one Share held by Shareholders as at the Record Date.

The Rights Issue Price represents a discount of approximately 30.8% to the closing price of the Shares as at 1 April 2015.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST. The Company will make an appropriate announcement upon receipt of the approval in-principle of the SGX-ST. the Circular to Shareholders will contain, inter alia, details of the Rights Issue.

7.2. Use of Proceeds of the Rights Issue

Assuming the Rights Issue is fully subscribed, the estimated maximum gross proceeds from the Rights Issue will be approximately S$15.9 million (the "**Maximum Gross Proceeds**"). Pursuant to the Undertaking, the minimum gross proceeds from the Rights Issue will be approximately S$10.2 million (the "**Minimum Gross Proceeds**"). After deducting the estimated expenses relating to the Acquisition and Rights Issue of approximately S$0.8, the maximum net proceeds from the Rights Issue is approximately S$15.1 million and the minimum net proceeds from the Rights Issue is approximately S$9.4 million.

The Company intends to use the gross proceeds in the following manner:

(a) S$10.0 million (which is equivalent to 62.8%, or 62.8 cents for every S$1 raised, of the Maximum Gross Proceeds and 97.9%, or 97.9 cents for every S$1 raised, of the Minimum Gross Proceeds) will be used to fund the Completion Consideration Amount;

(b) approximately S$0.8 million (which is equivalent to 5.3%, or 5.3 cents for every S$1 raised of the Maximum Gross Proceeds) will be used to pay the estimated fees and expenses incurred or to be incurred by the Company in connection with the Acquisition and the Rights Issue; and

(c) any remaining proceeds (which is equivalent to 31.9%, or 31.9 cents for every S$1 raised of the Maximum Gross Proceeds) will be used for the Company's working capital purposes.

In the event that the Company only raises the Minimum Gross Proceeds, or the total amount raised from the Rights Issue is less than S$10.8 million, which is less than the aggregate of the Completion Consideration Amount and the estimated fees and expenses incurred or to be incurred by the Company in connection with the Acquisition and the Rights Issue, the Company may fund the difference from any combination of its available cash balances and external bank financing arrangements.

Pending the deployment of the net proceeds from the Rights Issue, the net proceeds from the Rights Issue may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or debt instruments, as the Directors may deem appropriate in the interests of the Group.

The Company will announce the utilisation of the proceeds from the Rights Issue as and when these funds are materially disbursed and will provide a status report on the use of proceeds in the Company's annual report.

7.3. Rationale and Benefits for the Rights Issue

The Company intends to utilise the proceeds from the Rights Issue to fund the Acquisition and associated costs. The Company believes that the Rights Issue will also enable the Company to meet its general corporate funding requirements and will provide Entitled Shareholders with the opportunity to subscribe for their *pro rata* entitlement to the Rights Shares. The Rights Issue will increase the number of Shares in issue and accordingly, potentially increase the level of trading liquidity of the Shares after the Rights Issue.

7.4. The Undertaking

To demonstrate its support for the Group and the Rights Issue, Laviani Pte. Ltd., which owns an interest of approximately 64.1% is providing an irrevocable undertaking to the Company that:

(a) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities, it will vote in favour of the Resolution at the extraordinary general meeting ("**EGM**") to approve the Rights Issue; and

(b) it will, directly subscribe and pay in full for its total provisional allotments of Rights Shares.

The obligations of Laviani Pte. Ltd. shall cease if, *inter alia*, the approval of Shareholders for the Rights Issue is not obtained at the EGM and/or the Rights Issue is not completed by 31 December 2015 (or such later date and time as may be agreed in writing between the Company and Laviani Pte. Ltd.).

Laviani Pte. Ltd. will not receive any commission or fee in consideration of the Undertaking. In conjunction with the Undertaking, a commercial bank has confirmed to the SGX-ST that Laviani Pte. Ltd. has sufficient financial resources for utilisation by it to satisfy the aggregate subscription sum for its provisional allotments of Rights Shares.

7.5. Status of Rights Shares

The Rights Shares are payable in full upon acceptance and/or application. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares.

8. PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the Acquisition and the Rights Issue on the NTA and the EPS per Share of the Company are set out below, and are based on the audited consolidated financial statements of the Group for FY2014 and the unaudited pro forma financial results of the Enlarged Group for FY2014. The information presented below is **strictly for illustrative purposes** and has been prepared based on *inter alia*, the following assumptions:

(a) the Purchase Consideration for the Acquisition is to be satisfied by the allotment and issuance of 45,000,000 Consideration Shares at the Consideration Shares Issue Price of S$0.20, totalling S$9.0 million; and

(b) maximum net proceeds of approximately S$15.1 million were raised from the Rights Issue.

8.1. Pro Forma NTA

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition and the Rights Issue on the NTA per Share as at 31 December 2014, as if the Acquisition and the Rights Issue were completed on 31 December 2014, are as follows:

	Before the Acquisition and the Rights Issue	**After the Acquisition but before the Rights Issue**	**After the Acquisition and the Rights Issue**
Number of Shares	88,525,400	133,525,400	222,050,800
NTA (S$)	25,112,029	33,411,222	49,345,794
NTA per Share (cents)	28.37	25.02	22.22

8.2. Pro Forma EPS

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Acquisition and the Rights Issue on the EPS for FY2014, as if the Acquisition and Rights Issue were completed on 1 January 2014, are as follows:

	Before the Acquisition and the Rights Issue	**After the Acquisition but before the Rights Issue**	**After the Acquisition and the Rights Issue**
Number of Shares	88,525,400	133,525,400	222,050,800
Profit after tax (S$)	2,344,933	4,444,126	4,444,126
Earnings per Share (cents)	2.65	3.33	2.00

9. FURTHER INFORMATION

9.1. Interests of the Directors and Substantial Shareholders

Save as disclosed below, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Acquisition, the issue of the Consideration Shares and the Rights Issue.

Upon the issuance of the Consideration Shares to the Vendor, Mr. Tan Aik Ti, Ron, who is the sole shareholder of the Vendor, will be deemed interested in the Consideration Shares in our Company after the issuance of the Consideration Shares and the Rights Shares (assuming the Rights Issue is fully subscribed), and will become a substantial shareholder of the Company.

The shareholdings registered in the name of the Directors and the substantial shareholders or nominees as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the date of this Announcement and immediately after Completion (assuming that all Shareholders accept their *pro rata* rights under the Rights Issue) are set out in Annex A to this announcement.

9.2. Director's Service Contract

In connection with the Acquisition, the Company intends to appoint Mr. Tan Aik Ti, Ron, as a director of the Company at a subsequent date. Details of such service contract will be announced once they have been finalised.

9.3. Documents for Inspection

Copies of the SPA and the valuation report will be available for inspection during normal business hours at the registered office of the Company at 84 Genting Lane, #06-01, Cityneon Design Centre, Singapore 349584 for a period of three months commencing from the date of this announcement.

10. CIRCULAR

Further details on the Acquisition and the Rights Issue will be set out in the Circular, which will be issued to Shareholders in due course, together with a notice of the EGM that the Company proposes to convene for the purpose of seeking the Shareholders' approvals in connection with the Acquisition and the Rights Issue.

By Order of the Board
CITYNEON HOLDINGS LIMITED

Cho Form Po
Company Secretary

2 April 2015

Annex A

	As at the Latest Practicable Date				After the Acquisition and the Rights Issue				
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Number of options under the Cityneon Employee Share Option Scheme
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[2]	No. of Shares	%[2]	
Directors									
Lew Weng Ho	-	-	-	-	-	-	-	-	-
Ko Chee Wah	10,486,265	11.8	-	-	20,972,530	9.4	-	-	1,472,700
Tan Hup Foi @ Tan Hup Hoi	-	-	-	-	-	-	-	-	100,000
Dr Andreas Teoh	-	-	-	-	-	-	-	-	-
Tang Nai Soon	-	-	-	-	-	-	-	-	-
Datuk Seri Wong Chun Wai	-	-	-	-	-	-	-	-	-
Lim Poh Hock	10,885,168	12.3	-	-	21,770,336	9.8	-	-	1,472,700
Substantial Shareholders									
Laviani Pte. Ltd.	56,729,295	64.1	-	-	113,458,590	51.1	-	-	-
Star Publications (Malaysia) Berhad[3]	-	-	56,729,295	64.1	-	-	113,458,590	51.1	-
Malaysian Chinese Association[4]	-	-	56,729,295	64.1	-	-	113,458,590	51.1	-
Philadelphia Investments Ltd					45,000,000	20.3	-	-	
Tan Aik Ti, Ron	-	-	-	-	-	-	45,000,000	20.3	-

Notes:

1 The percentage is based on 88,525,400 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

2 The percentage is based on 222,050,800 issued Shares (excluding treasury shares), after taking into account the issuance of the Consideration Shares and assuming that the Rights Issue is fully subscribed.

3 Star Publications (Malaysia) Berhad is deemed to be interested in 56,729,295 Shares held by Laviani Pte. Ltd. by virtue of its 100% shareholding in Laviani Pte. Ltd.

4 Malaysian Chinese Association is deemed to be interested in 56,729,295 Shares held by Laviani Pte. Ltd. by virtue of its 42.2% shareholding in Star Publications (Malaysia) Berhad which, in turn, holds 100% of Laviani Pte. Ltd.