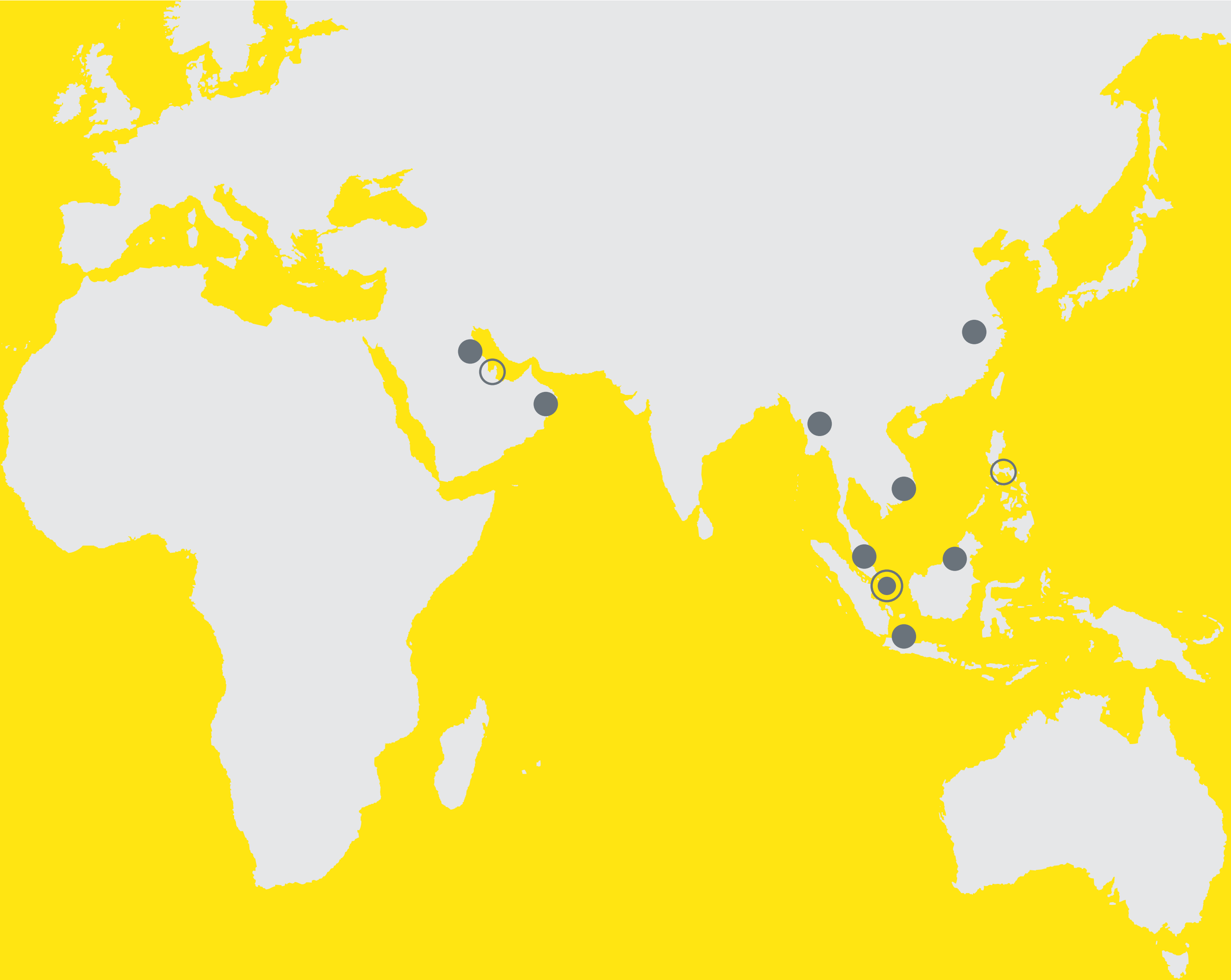


2014 ANNUAL REPORT

interior architecture • experiential environment • events • exhibitions

cityneon
from environment to experience

contents

about us

VISION

Our Vision is to be a World Class organisation that creates unforgettable experiences through our creativity, production quality, precise execution and delivery excellence.

MISSION

Our Mission is to be the leading service provider and preferred partner for our customers in the global market place by adding significant value to their brands and businesses through our concepts, designs and delivery in the area of Interior Architecture, Events, Exhibitions and all manner of Experiential Environment.

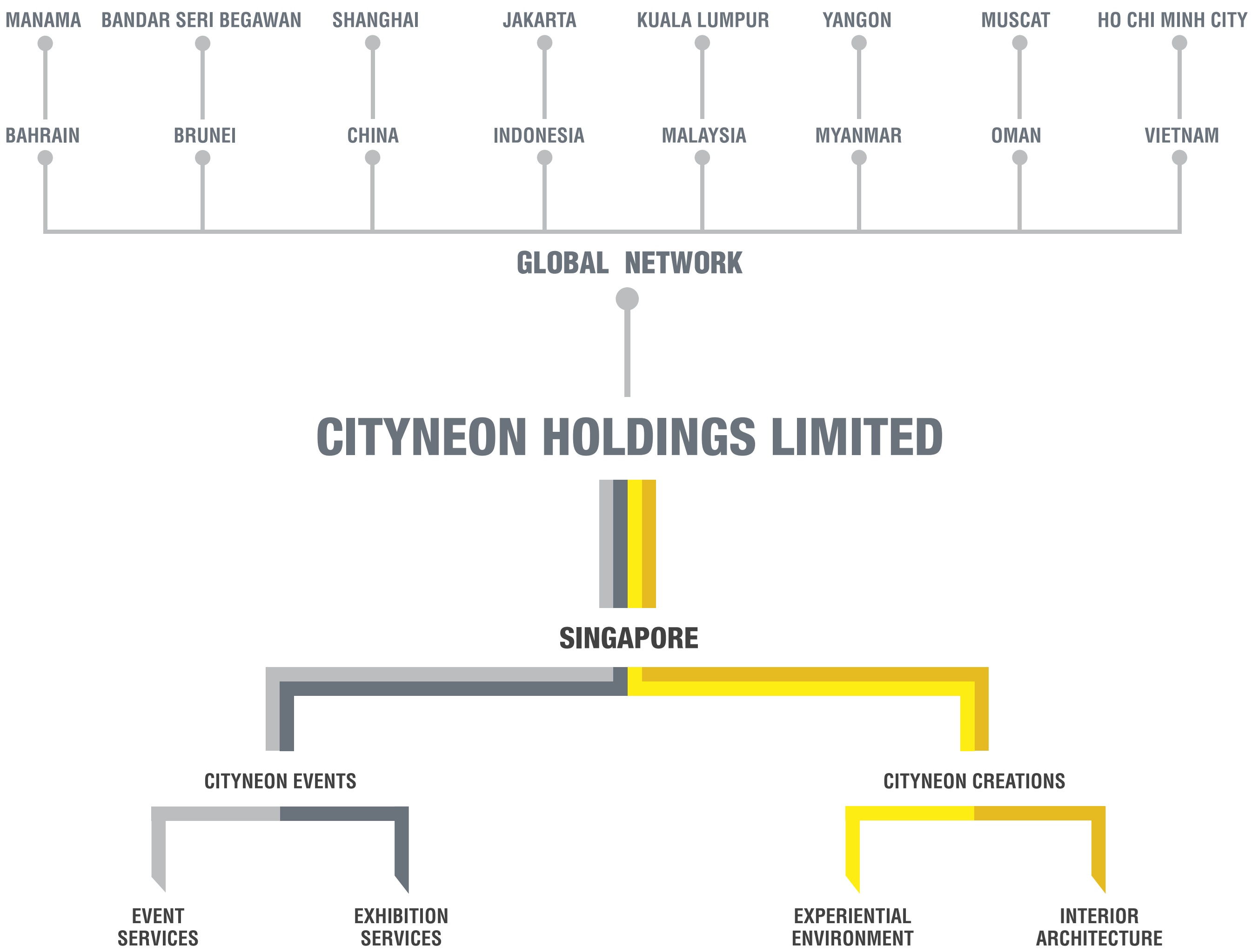
corporate profile

Cityneon is a leading service provider of creative solutions in the areas of Interior Architecture, Events, Exhibitions and all manner of Experiential Environment to global corporations, brands, businesses, government and international agencies worldwide. We forge unforgettable experiences through creativity, production quality, precise execution and delivery excellence.

Cityneon has also developed very specialised expertise in the area of conceptualising, designing and building of Museums, Galleries, Themed Parks and Attractions, including National Pavilions at World Expositions. Through immersive storytelling, using state-of-the art technologies, Cityneon creates breathtaking and emotionally stirring experiences.

The Group's network across the world, together with our international partnerships, provides the company the opportunity to serve its clients globally.

corporate structure



our business

CITYNEON HOLDINGS LIMITED

INTERIOR ARCHITECTURE

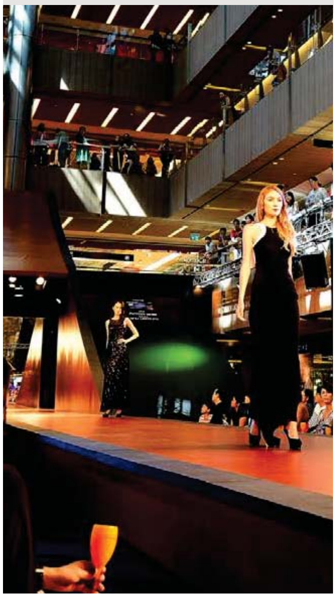
- RETAIL / HOSPITALITY
- HEALTHCARE
- CORPORATE

EXPERIENTIAL ENVIRONMENT

- MUSEUMS
- THEMEPARKS
- EXPOSITIONS

EVENTS

- EVENTS MANAGEMENT
- EVENTS INFRASTRUCTURE
- SPORTS MANAGEMENT



EXHIBITIONS

- TRADE SHOWS
- CONSUMER SHOWS

corporate information

DIRECTORS

LEW WENG HO
Non-Executive Chairman

KO CHEE WAH
Executive Director and
Group Managing Director

TAN HUP FOI @ TAN HUP HOI
Lead Independent Director

DATUK SERI WONG CHUN WAI
Non-Executive Director

DR ANDREAS TEOH
Independent Director
(appointed on 24 April 2014)

TANG NAI SOON
Independent Director
(appointed on 24 April 2014)

LIM POH HOCK
Non-Executive Director

AUDIT COMMITTEE

TAN HUP FOI @ TAN HUP HOI
Chairman

LEW WENG HO

TANG NAI SOON
(appointed on 4 June 2014)

REMUNERATION COMMITTEE

TAN HUP FOI @ TAN HUP HOI
Chairman

LEW WENG HO
(appointed on 4 June 2014)

DR ANDREAS TEOH
(appointed on 4 June 2014)

NOMINATING COMMITTEE

DR ANDREAS TEOH
Chairman
(appointed on 6 June 2014)

TAN HUP FOI @ TAN HUP HOI

KO CHEE WAH

FINANCIAL CONTROLLER

AW HUI MIEN, JENNY

AUDITORS

BDO LLP
Public Accountants and
Chartered Accountants

21 Merchant Road #05-01
Singapore 058267

PARTNER-IN-CHARGE:
POH CHIN BENG
(since financial year ended 31 December 2014)

REGISTRAR

B.A.C.S PRIVATE LIMITED
63 Cantonment Road
Singapore 089758

SECRETARY

CHO FORM PO

BANKERS

THE HONGKONG AND SHANGHAI
BANKING CORPORATION LIMITED

UNITED OVERSEAS BANK LIMITED

STANDARD CHARTERED BANK (SINGAPORE)

CITIBANK N.A., SINGAORE BRANCH

DBS BANK

REGISTERED OFFICE

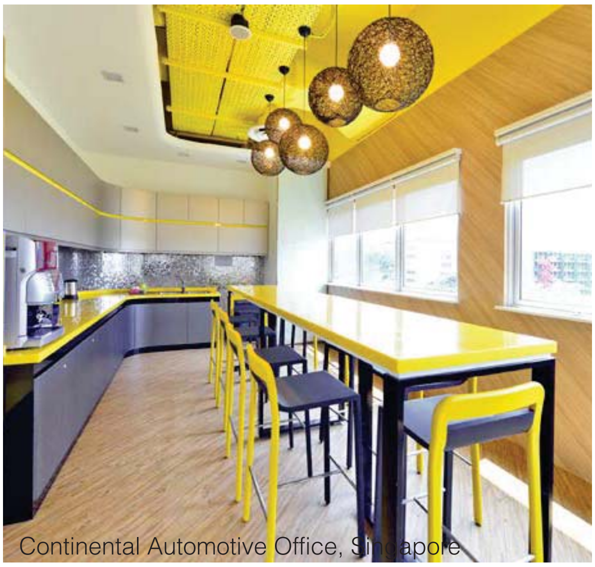
84 Genting Lane #06-01, Cityneon Design Centre
Singapore 349584

COMPANY REGISTRATION NUMBER

199903628E

project highlights 2014

Thomson Medical ICU, Singapore


Continental Automotive Office, Singapore


Somerset Vientiane, Laos


Sembawang Public Library, Singapore

INTERIOR ARCHITECTURE

SPACE REDEFINED
ENVIRONMENTS TRANSFORMED
SENSES HEIGHTENED

project highlights 2014

Sungei Buloh Gallery, Singapore

Sungei Buloh Gallery, Singapore

Sungei Buloh Gallery, Singapore

Sungei Buloh Gallery, Singapore

EXPERIENTIAL ENVIRONMENT

STORIES DELIVERED
AUDIENCES CAPTURED
EMOTIONS STIRRED

project highlights 2014

Earlier Mona Lisa 2014, Singapore


F1 Temasek Suite 2014, Singapore

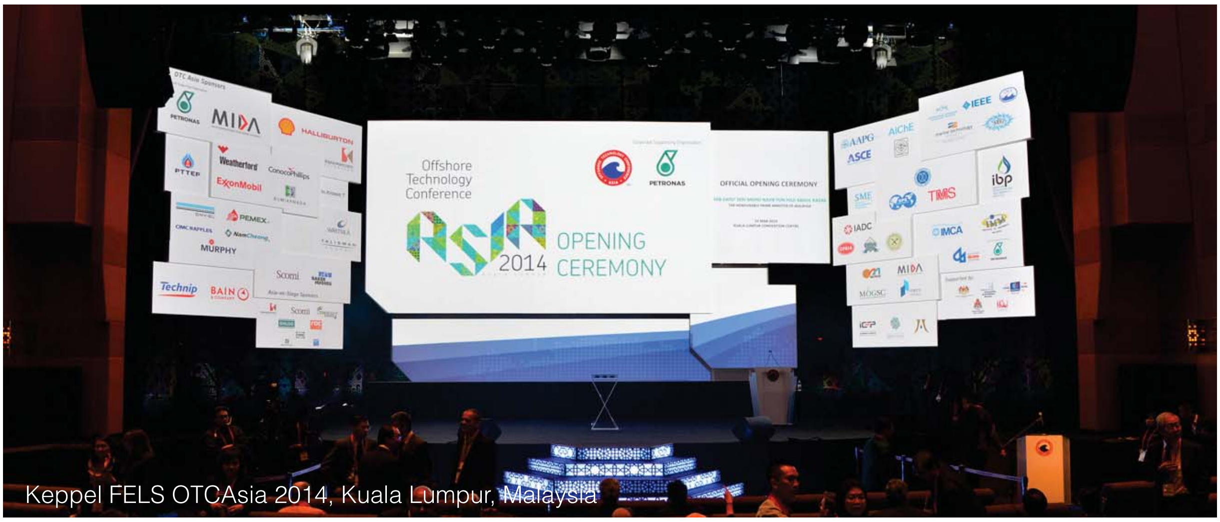

Paragon Fall Winter Collection 2014, Singapore

YouTube FanFest 2014, Singapore

EVENTS

UNIQUE CONCEPTS
METICULOUS PLANNING
PRECISE EXECUTION

project highlights 2014



Keppel FELS OTCAsia 2014, Kuala Lumpur, Malaysia

Spain Pavilion at FHA2014, Singapore

Water Innovations Pavilion PUB at SIWW2014, Singapore

Organiser Requirement at FHA2014, Singapore

EXHIBITIONS

ATTENTION CAPTURED
LOGISTICS PERFECTED
TARGETS SURPASSED

joint statement from chairman and group managing director

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Cityneon Holdings Limited (the "Company") and together with its subsidiaries (the "Group"), it is our pleasure to present to you our annual report for the financial year ended 31 December 2014 ("FY2014").

FY2014 was a significant financial year for the Group after it has adjusted its strategic focus and re-balanced its business model – a process that began in FY2013.

It was a year of marked achievement, which saw the Group tripling its pre-tax profit from $0.8 million in FY2013 to $2.5 million in FY2014. Net assets of the Group strengthened by $3.3 million from $21.8 million to $25.1 million with cash balance of $23.9 million.

During the financial year, we continued to build and strengthen our diversified revenue bases. Exhibition business continues to be the forte of the Group. It is a dominant player in the market, and successfully delivered several major exhibitions - namely the Food and Hotel Asia 2014, Maison & Objet Asia 2014, CommunicAsia 2014, Offshore Oil and Gas 2014, and the F1 Singapore Grand Prix. Under the Experiential Environment business segment, work at the International Theme Park in Shanghai has been progressing smoothly. Our Interior Architecture Division continued to gain traction in this competitive space by venturing into other emerging markets such as Malaysia, Vietnam and Myanmar.

Even with an economic outlook that is both uncertain and volatile, we are actively seeking new business opportunities both locally and overseas to build a strong order book and strengthen our project pipeline, so as to ensure a sustainable growth into the future.

LEW WENG HO
NON-EXECUTIVE CHAIRMAN

KO CHEE WAH
EXECUTIVE DIRECTOR AND
GROUP MANAGING DIRECTOR

joint statement from chairman and group managing director

REWARD OF THE YEAR

To reward our shareholders, the Board is recommending a one-tier tax-exempt final dividend of 1.0 Singapore cent per share which, if approved at the forthcoming Annual General Meeting, will be paid on 26 May 2015.

LOOKING AHEAD

The challenges that we expect for 2015 will be formidable, but not insurmountable. The uncertainties and volatilities both at the global macro level, and in the domestic markets that we operate in, will test management to its fullest. Taking cognisance of these, the Group will continue to seek out growth opportunities, while at the same time, implement measures to improve our overall productivity.

APPRECIATION AND ACKNOWLEDGEMENT

Finally, on behalf of our fellow Board members, we would like to express our heartfelt appreciation to our shareholders, business associates, partners and customers for their continuing support and confidence in the Group.

We wish to take this opportunity to thank the past services and contribution from former directors, Tan Sri Vincent Lee Fook Long, Dato' Loke Yuen Yew, Mr Peter Tay Kwong Lain and Mr Loh Seng Kok, and welcome the new directors, Dr Andreas Teoh and Mr Tang Nai Soon on board. We also take this opportunity to thank our management and staff for their hard work and dedication during the past financial year.

board of directors

LEW WENG HO

NON-EXECUTIVE CHAIRMAN

Mr Lew Weng Ho was appointed to our Board as a Non-Executive Director of the Company in August 2012. He was appointed as a member of Audit Committee on 13 August 2012 and subsequently, Chairman of the Board on 6 December 2012. Mr Lew is also a member of Remuneration Committee. He was Finance Director of Antah Holdings Berhad and also served on the board of many of its subsidiaries and associate companies (1990-1999). He was also a director in the Federation of Public Listed Companies Berhad from 1997 to 2000. Mr Lew currently serves as a member of the Audit Committee and sits on the board of Star Publications (Malaysia) Berhad. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

KO CHEE WAH

EXECUTIVE DIRECTOR AND
GROUP MANAGING DIRECTOR

Mr Ko Chee Wah is our Group Managing Director. He was appointed as an Executive Director on 28 June 1999. Mr Ko has close to 24 years of experience in the Meetings, Incentives, Conventions and Exhibitions (MICE) industry and therefore, has in-depth industry knowledge of, and an extensive network of contacts and alliances in the MICE field of work. Given his illustrious background, he has been tasked to act as the Group's Managing Director to be overall in-charge of the Group's strategic business direction, business development and day to day executive management. Mr Ko holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

TAN HUP FOI @ TAN HUP HOI

LEAD INDEPENDENT DIRECTOR

Mr Tan Hup Foi was appointed as an Independent Director of our Group on 13 July 2007. Mr Tan serves as the Chairman of the Remuneration Committee and Audit Committee and a member of the Nominating Committee. Mr Tan is the Honorary Vice-President of International Association of Public Transport (UITP) and the Honorary Chairman of UITP Asia-Pacific Division. Mr Tan has over 30 years' of experience in the transportation industry and was the Chief Executive of Trans-Island Bus Services Ltd from 1994 to 2005 and the Deputy President of SMRT Corporation Limited from 2003 to 2005. Mr Tan is also an independent director of CSC Holdings Limited. Mr Tan, a Colombo Plan scholar, obtained his Bachelor of Engineering (1st Class Honours) degree in Mechanical Engineering from Monash University in Australia and his Master of Science (Industrial Engineering) degree from University of Singapore. Mr Tan was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 1996 and the Bintang Bakti Masyarakat (Public Service Star) in 2008 by the President of Singapore.

board of directors

DATUK SERI WONG CHUN WAI

NON-EXECUTIVE DIRECTOR

Datuk Seri Wong was appointed as an Executive Director of Star Publications (Malaysia) Berhad ("The Star") on 11 March 2010 and re-designated to Group Managing Director & Chief Executive Officer of The Star on 20 November 2013. He has served The Star for 30 years, started out as a journalist in the Penang office. Prior to his appointment as the Group Managing Director & Chief Executive Officer of The Star, he served in various capacities including the Group Chief Editor of The Star.

Datuk Seri Wong was appointed as a Non-Executive Director of Cityneon Holdings Limited on 6 December 2012. Datuk Seri Wong holds a Bachelor of Arts degree from Universiti Kebangsaan Malaysia, majoring in political science and history. He has attended financial and leadership development programmes organised by the International Centre For Leadership In Finance at several American universities including the University of Stanford and University of Southern California. He is an advisory panel member of the UKM Graduate School of Business and also a supervisory counsel of Bernama, the national news agency. He is also a member of the Governance Council of the National Innovation Agency in the Prime Minister's Department and a trustee of the Global Movement of Moderates.

He writes a weekly column in The Sunday Star called "On the Beat" which focus on political and religious moderation.

He is also a strong advocate of emphasizing commonalities and positive values.

DR ANDREAS TEOH

INDEPENDENT DIRECTOR

Dr Andreas Teoh was appointed as an Independent Director of the Company in April 2014. Dr Andreas is currently the Director of Paramount Oasis Sdn Berhad; and also a Director of Ikonoskop Holdings Sdn Bhd since 2013. He has been a Managing Director of Beta Tegap Sdn Bhd since 2004 and Mediharta Sdn Bhd since 2003. He was also an Advisor to Biometrics Asia Sdn Bhd from 2003 to 2010. Dr Andreas holds a Bachelor of Science (Medicine), Bachelor of Medicine and Bachelor of Surgery from the University of New South Wales, Australia.

board of directors

TANG NAI SOON

INDEPENDENT DIRECTOR

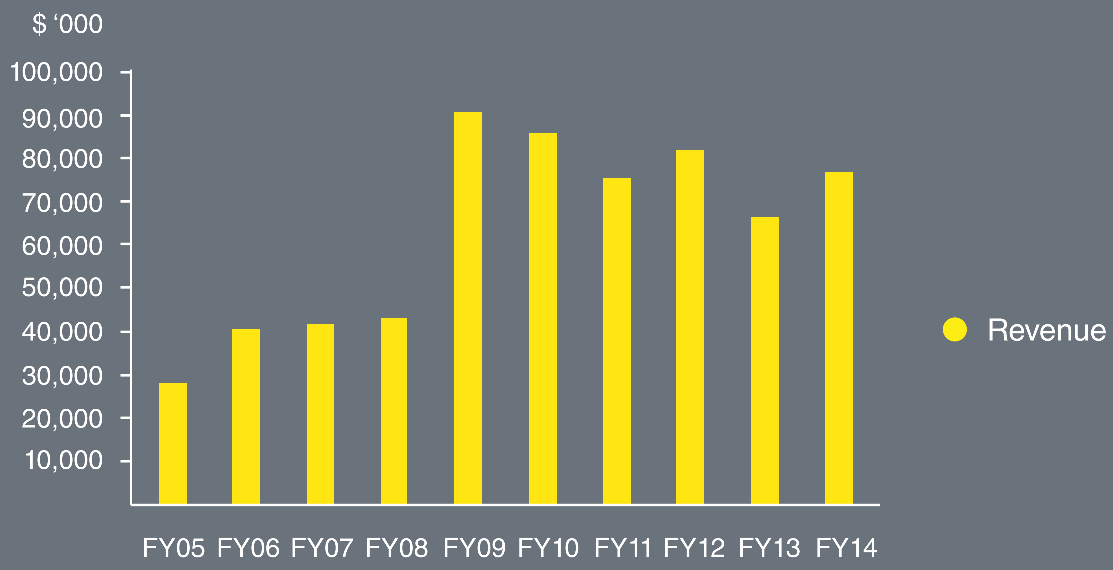
Mr Tang Nai Soon was appointed as an Independent Director of the Company in April 2014. He is currently the Independent Non-Executive Director of SCGM Berhad; a Malaysia-based investment holding company. He is also a special assistant to the Minister in the Prime Minister's Department, Malaysia. He was a member of the Johor State Legislative Assembly from 2008 to 2013 and was Personal Assistant to the Member of Parliament of Kulai. Mr Tang holds a Bachelor of Computer Science (Honors) from the Universiti Teknologi Malaysia.

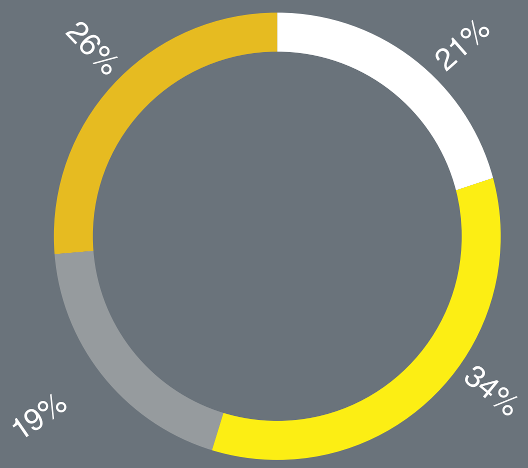
LIM POH HOCK

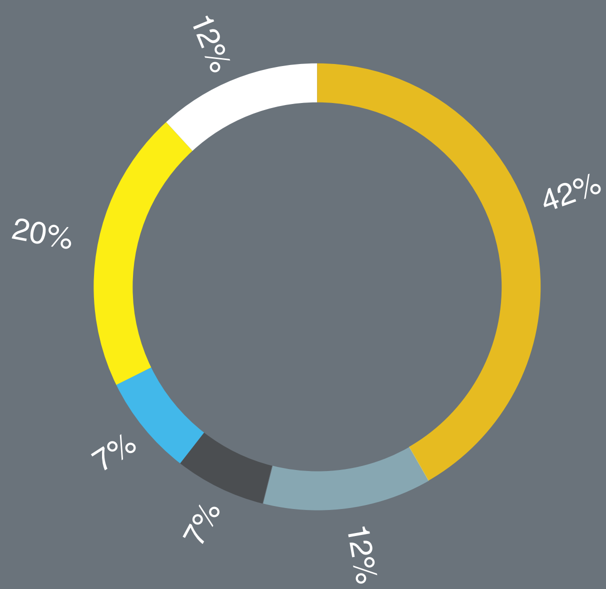
NON-EXECUTIVE DIRECTOR

Mr Lim Poh Hock served as Director when the Company was founded. He was re-designated as Non-Executive Director with effect from 25 August 2013. Mr Lim brings with him over 30 years of experience working in various industries, of which 20 years are in the MICE industry. Mr Lim is the founder of Faco Electric Co Pte Ltd which specialises in the manufacturing and distribution of electric products where he still remains a major shareholder. Mr Lim holds a Diploma in Business Studies from Ngee Ann Technical College, Singapore.

financial highlights







REVENUE BY BUSINESS SEGMENT

- Experiential Environment
- Exhibition Services
- Event Management
- Interior Architecture

	FY 14		FY 13	
Experiential Environment	16,250	21%	9,146	14%
Exhibition Services	26,433	34%	24,398	36%
Event Management	14,756	19%	19,020	28%
Interior Architecture	20,578	26%	15,214	22%
Total	**78,017**	**100%**	**67,778**	**100%**

REVENUE BY GEOGRAPHICAL SEGMENT

- Singapore
- Middle East
- Malaysia
- China
- Asia Pacific
- Others

	FY 14		FY 13	
Singapore	32,602	42%	28,232	42%
Middle East	9,448	12%	10,150	15%
Malaysia	5,104	7%	2,316	3%
China	5,707	7%	10,736	16%
Asia Pacific	16,012	20%	8,630	13%
Others	9,144	12%	7,714	11%
Total	**78,017**	**100%**	**67,778**	**100%**

financial highlights

FINANCIAL RESULTS ($'000)	FY2010	FY2011	FY2012	FY2013	FY2014
Revenue	87,122	77,381	82,986	67,778	78,017
Gross profit	27,773	21,576	19,984	21,851	22,077
Gross profit margin	31.9%	27.9%	24.1%	32.2%	28.3%
Profit/(Loss) before tax	5,282	416	(4,864)	853	2,513
Profit/(Loss) after tax	4,634	515	(4,748)	829	2,315
Profit/(Loss) attributable to shareholders	4,250	590	(4,725)	894	2,345

FINANCIAL RESULTS ($'000)	FY2010	FY2011	FY2012	FY2013	FY2014
Property, plant and equipment	4,627	4,041	3,657	2,333	2,257
Current assets	48,625	48,860	44,961	45,083	52,699
Other Non-current assets	160	50	1,315	1,393	1,213
	53,412	52,951	49,933	48,809	56,169
Current Liabilities	(25,182)	(25,517)	(28,258)	(26,392)	(30,350)
Non-current liabilities	(600)	(478)	(390)	(98)	(217)
	(25,782)	(25,995)	(28,648)	(26,490)	(30,567)
Minority Interest	(690)	(609)	(585)	(520)	(490)
Shareholders' equity	26,940	26,347	20,700	21,799	25,112
Cash and cash equivalents	20,723	17,258	10,941	14,176	23,881

RATIOS	FY2010	FY2011	FY2012	FY2013	FY2014
Earnings per share (cents) - basic	4.8	0.7	(5.3)	1.0	2.7
Net asset per share (cents)	30	30	23	25	28

operating and financial review

BUSINESS REVIEW

Group's revenue for the financial year ended 31 December 2014 ("FY2014") registered an increase of 15.1% to $78.0 million compared to $67.8 million recorded in the previous financial year ended 31 December 2013 ("FY2013"). The increase was mainly driven by higher revenue achieved from Interior Architecture, Exhibitions and Experiential Environment Business segments.

FY2014 was a significant financial year for the Group after it adjusted its strategic focus and re-balanced its business model in FY2013. With the business strategies and cost control measures in place, the Group has tripled its net profit before tax from $0.8 million a year ago to $2.5 million. The Group's administrative and other operating expenses decreased by $1.3 million from $20.3 million in FY2013 to $19.0 million in FY2014.

Moving forward, the Group will continue its marketing efforts to increase its sales orders and adopt a prudent approach in cost management to ensure we are well positioned in a challenging environment.

REVENUE BY BUSINESS SEGMENT

Exhibition Services Division

Revenue of Exhibition Services Division increased by 8.3% to $26.4 million in FY2014 from $24.4 million in FY2013.

Exhibitions business continues to be the forte of the Group. Throughout the year, we successfully delivered several major exhibitions and events such as Food and Hotel Asia 2014, Maison & Objet 2014, CommunicAsia 2014, OSEA, Energy Efficiency Pavilion and Jewellery Arabia 2014.

Interior Architecture Division

The Interior Architecture Division recorded revenue of $20.6 million in FY2014. This represents an increase of 35.3% from $15.2 million recorded in FY2013. Key contributors to the division's revenue included jobs secured in sectors covering hospitality, pre-schools and hospitals.

Experiential Environment

Higher revenue was recorded under the Experiential Environment Division mainly due to progressive revenue recognition from the international theme park in Pudong in the financial year under review.

Events Management Division

Events Management Division recorded 22.4% lower revenue from $19.0 million in FY2013 to $14.8 million in FY2014, as revenue from 2nd Asian Youth Games, Nanjing 2013 ("AYG") was recorded n FY2013, but none in FY2014.

operating and financial review

The Group's administrative and other operating expenses decreased by $1.3 million from $20.3 million in FY2013 to $19.0 million in FY2014. The decrease was mainly due to reduction in doubtful debt of $0.2 million and savings in staff cost of $0.4 million. Non-recurring impairment cost on fixed asset of $0.4 million in FY2013 also contributed to the decrease.

With higher revenue and continuing effort in controlling the operation cost in FY2014, the Group's net profit before tax tripled to $2.5 million in FY2014 from $0.8 million in FY2013.

Financial Position

Net assets of the Group increased by $3.3 million from $21.8 million as at 31 December 2013 to $25.1 million as at 31 December 2014. After paying down the shareholder's loan of $0.5 million in FY2014, cash balance as at year end amount to $23.9 million.

Cash Flow

As at 31 December 2014, the Group's cash balance stood at $23.9 million represented an increase of $9.7 million from $14.2 million recorded a year ago.

The Group recorded net cash generated in operating activities of $9.5m in FY2014 compared to $3.7 million in FY2013 mainly due to:

– Trade and other receivables contributed a net increase of $5.0 million in FY2014 compared to the previous corresponding financial year, in view of more debts were collected.

– Amount due from contract customers recorded a net increase of $1.5 million due to more sales activities recorded compared to a year ago.

– The net increase of $2.5 million in trade and other liabilities for FY2014 was due to lesser creditors were paid compared to a year ago.

The Group recorded net cash used in investing activities amounted to $0.9 million in FY2014 mainly for purchase of property, plant and equipment.

The Group recorded net cash generated from financing activities of $0.7 m in FY2014 mainly due to draw down of bank borrowings of $4.4 million, offset by repayment of bank borrowings of $3.2 million and repayment to ultimate holding company of $0.5 million in the financial year under review.

Earnings Per Share

Earnings per share for FY2014 rose to 2.7 Singapore cents, compared to 1.0 Singapore cents a year ago.

Net Asset Value

As at 31 December 2014, the Group remained in a strong position with shareholders' equity of $25.1 million, and cash balance at $23.9 million. Net asset value per share rose to 28.4 Singapore cents in FY2014, from 24.6 Singapore cents in FY2013.

risk management

The practice of risk management is undertaken by the Risk Committee comprising Company's Executive Director and senior executives of each business division:

The Group's performance depends largely on its ability to manage a few key areas that have the greatest repercussions on its growth and profitability.

Below is a list of key risk areas and risk control measures as identified by the Risk Committee. The list is not exhaustive.

ECONOMIC AND REGULATORY RISKS

Changes in the economic conditions will inevitably affect the business environment that the Group operates in. Measures imposed by the government can affect the Group's ability in employing of foreign employees and impact operation due to shortage of manpower.

The Group has to keep abreast of the changes in the economic climate and government policy to make informed business decisions and formulate appropriate business strategies.

FINANCIAL RISKS

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. The Group has maintain ample credit facilities and working capital lines are available at any point in time.

Interest Rate Exposure

Changes in interest rate are a major influence on the bottom line because the Group relies on bank debt as an alternative source of funding. The Group reviews the interest rate strategies to minimise interest rate by taking into cash flow forecasts, term of debt obligation and market outlook.

Foreign Exchange Risk

The Group has overseas subsidiary companies in various countries such as China, Malaysia, Vietnam and Bahrain. The Group monitors its currency positions closely and any foreign currency risk is evaluated and reported regularly.

Investment Risk

The Group seeks to grow its business through overseas ventures and acquisition of business entities. All new investments, increase in investment in businesses and subsidiaries are approved by the Group's Board of Directors.

risk management

OPERATING RISKS

Quality Control Measures

A high level quality of our products and services is of utmost important to the Group's business. The subsidiary companies of the Group have been awarded with ISO9001 and ISO18001 certifications. The Group has implemented the Integrated quality, health & safety management system manual to apply all the policies and principles against each requirement of ISO 9001 & 18001, to all activities carried out in the Company that determine quality, and lays down guidelines within which the Company can operate.

Reliability of Suppliers and Subcontractors

As part of good practice and to ensure transparency, the Group calls for two to three quotes when selecting sub-contractors and suppliers for its projects. This enables it to secure quality products and services at competitive prices. However, where the project size is small, the Group may from time to time, invite business associates who have proven track records. Project delivery is hence assured given the reliability and efficiency of these preferred subcontractors.

Timeliness in Completion of Projects

The Group has a good degree of control over the timeliness of its projects. We have our in-house project managers to oversee projects. Timeliness in completion and delivery ensures compliance with contractual agreements, and prevents financial loss with project delivery in accordance to schedule.

Human Resource Management

Keeping costs low and efficiency at peak, the Group relies on a remarkably small team of dedicated staff for their contribution and continued service. The Group has to ensure that it is able to attract and retain high calibre and dedicated staff, for the success of its business.

corporate governance

The Board of Directors and Management of Cityneon Holdings Limited (the "Company") recognise the importance of ensuring high standards of corporate governance by complying with the guidelines set out in the Singapore Code of Corporate Governance 2012 (the "Code") issued on 2 May 2012.

The Board believes that good corporate governance provides the overarching framework required for ethical, accountable and sustainable corporate environment, which indirectly safeguard the interests of the Company's shareholders and stakeholders.

This Corporate Governance report (the "Report") sets out the Company's corporate governance processes and structures that were in place throughout the financial year, with relevant references to the principles and guidelines of the Code. The Board is pleased to confirm that for the financial year ended 31 December 2014 ("FY2014"), the Company has generally adhered to the principles and guidelines as set out in the Code, except for certain deviations which are explained below.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board roles are to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

(e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Four formal board meetings were held during FY2014 to discuss the business affairs of the Group, approving the financial results and strategies of the Group. Ad-hoc meetings are convened either by way of physical attendance or by telephonic conference, as and when they are deemed necessary.

corporate governance

Matters which are specifically reserved to the Board for approval are those involving corporate plans, material mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptance of bank facilities, the release of Group's half year and full year's results, declaration of dividends, and any major decisions that may have an impact on the Group's reputation. The Board also delegates certain of its functions to the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each Committee has its own defined terms of reference and operating procedures.

The attendance of the Board members and its committees in FY2014 as well as the frequency of the meetings are set out below:

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	**Board**	**AC**	**NC**	**RC**
Number of meetings held in FY2014	4	2	2	2
Lew Weng Ho – *Note 1*	4	2	–	1
Ko Chee Wah	4	–	2	–
Tan Hup Foi @ Tan Hup Hoi	4	2	2	2
Datuk Seri Wong Chun Wai	4	–	–	–
Lim Poh Hock	3	–	–	–
Dr. Andreas Teoh – *Note 2*	1	–	–	1
Tang Nai Soon – *Note 3*	1	0	–	–
Dato' Loke Yuen Yow – *Note 4*	1	–	1	–
Loh Seng Kok – *Note 5*	1	–	–	–
Peter Tay Kwong Lain – *Note 6*	1	1	–	1
Tan Sri Lee Fook Long – *Note 7*	0	–	–	0

Note:

1. *Mr Lew Weng Ho was appointed as a Member of Remuneration Committee on 4 June 2014.*
2. *Dr Andreas Teoh was appointed as Independent Director on 24 April 2014 and as Chairman of Nominating Committee and Member of Remuneration Committee on 4 June 2014.*
3. *Mr Tang Nai Soon was appointed as Independent Director on 24 April 2014 and as a Member of Audit Committee on 4 June 2014.*
4. *Dato' Loke Yuen Yow retired as Independent Director and ceased as Chairman of Nominating Committee on 11 April 2014.*
5. *Mr Loh Seng Kok retired as Independent Director on 11 April 2014.*
6. *Mr Peter Tay Kwong Lain retired as Independent Director and ceased as a member of Audit and Remuneration Committees on 11 April 2014.*
7. *Tan Sri Lee Fook Long resigned as Non-Executive Director and ceased as a Member of Remuneration Committee on 31 March 2014.*

corporate governance

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The listing of the chairmen and members of the Board and Board Committees are as follows:

Name of Director	Designation	AC	NC	RC
Lew Weng Ho – *Note 1*	Non-Executive Chairman	Member	–	Member
Ko Chee Wah	Group Managing Director	–	Member	–
Tan Hup Foi @ Tan Hup Hoi	Lead Independent Director	Chairman	Member	Chairman
Datuk Seri Wong Chun Wai	Non-Executive Director	–	–	–
Lim Poh Hock	Non-Executive Director	–	–	–
Dr. Andreas Teoh – *Note 2*	Independent Director	–	Chairman	Member
Tang Nai Soon – *Note 3*	Independent Director	Member	–	–
Dato' Loke Yuen Yow – *Note 4*	Independent Director	–	Chairman	–
Loh Seng Kok – *Note 5*	Independent Director	–	–	–
Peter Tay Kwong Lain – *Note 6*	Independent Director	Member	–	Member
Tan Sri Lee Fook Long – *Note 7*	Non-Executive Director	–	–	Member

Note:
1. *Mr Lew Weng Ho was appointed as a Member of Remuneration Committee on 4 June 2014.*
2. *Dr Andreas Teoh was appointed as Independent Director on 24 April 2014 and as Chairman of Nominating Committee and Member of Remuneration Committee on 4 June 2014.*
3. *Mr Tang Nai Soon was appointed as Independent Director on 24 April 2014 and as a Member of Audit Committee on 4 June 2014.*
4. *Dato' Loke Yuen Yow retired as Independent Director and ceased as Chairman of Nominating Committee on 11 April 2014.*
5. *Mr Loh Seng Kok retired as Independent Director on 11 April 2014.*
6. *Mr Peter Tay Kwong Lain retired as Independent Director and ceased as a member of Audit and Remuneration Committees on 11 April 2014.*
7. *Tan Sri Lee Fook Long resigned as Non-Executive Director and ceased as a Member of Remuneration Committee on 31 March 2014.*

The Board has maintained a strong and independent element, with three of the seven directors being independent and making up 43% of the Board's composition. Therefore, no individual or small group of individuals are able to dominate the Board's decision-making. Furthermore, having a high representation of independent directors, it allows the Board to have an effective and robust discussion on business strategy or internal related issues with Management. Each member of the Board is able to exercise their independent judgement and objective perspective when participating in such discussion.

Annually, the Board's structure, size and composition is reviewed by the NC. For FY2014, the NC has evaluated the criteria of independence, of Mr Tan Hup Foi @ Tan Hup Hoi, Dr Andreas Teoh and Mr Tang Nai Soon who are the independent directors, as set out under the guidelines of the Code, the composition of the Board, each member's availability to dedicate their time to the Company's business as well as the size of the Board. The NC is of the view that current size of the Board is optimal, taking into account the nature and scope of the Group's operations as well as to facilitate effective decision making.

corporate governance

The Board is aware that under the Code if the Chairman of the Board is not an Independent Director, at least half of the Board should be independent. The Company is required to comply with the Code no later than by the Annual General Meeting ("AGM") following the end of its financial year commencing on or after 1 May 2016. Therefore, the Board of Directors will endeavour to take the necessary actions to comply with the said requirement of the Code before the AGM to be held in April 2018.

The NC is also of the view that each director possesses knowledge and experiences related to their fields which allows the Board to have diverse views when discussing strategy or business related matters. A brief description on the background of each director is presented in pages 12 to 14 under the section named "Board of Directors".

Chairman and Managing Director

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company has provided a clear division of responsibilities between the Chairman and the Group Managing Director so that no individual at the top wields excessive concentration of power. Mr Lew Weng Ho, the Non-executive Chairman is not related to Mr Ko Chee Wah, the Group Managing Director.

The Chairman is responsible for the following:
1. Lead the Board to ensure its effectiveness;
2. Set the agenda and ensure information flow and timing are adequate for discussion, in particular strategic issues;
3. Promote a culture of openness and debate at the Board;
4. Ensure effective communication with shareholders;
5. Encourage constructive relations with the Board and between the Board and Management;
6. Facilitate effective contribution of Non-Executive Directors; and
7. Continuous pursuance of high standards of corporate governance.

On the other hand, Mr Ko, is responsible for the day-to-day executive management of the Group operations. His role is also to implement the strategy, policies and business initiatives approved by the Board. For business matters which requires adherence or compliance with regulatory standards or corporate governance guidelines, he will seek counsel or assistance from legal advisors or professional who is expert in those field.

As recommended by the Code, the Board has appointed Mr Tan Hup Foi @ Tan Hup Hoi as the Lead Independent Director on 25 February 2014. The Lead Independent Director shall be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the Group Managing Director or the Financial Controller has failed to resolve or is inappropriate.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three directors, a majority of whom, including the Chairman of NC is independent. The NC members are as follows:

Dr Andreas Teoh	–	Chairman (appointed on 4 June 2014)
Mr Tan Hup Foi @ Tan Hup Hoi	–	member
Mr Ko Chee Wah	–	member

The NC is guided by its written terms of reference which details NC's responsibilities and the procedures to conduct NC meeting. A brief summary of duties and responsibilities of the NC are as follows:

(a) To recommend to the Board on all board appointments and re-appointments, having regard to the directors' contributions and performance;
(b) To review the training and professional development programs for the Board;
(c) To assess annually the performance of the Board, the Board committees and the Directors, and reviewing whether each Director is independent in accordance with the Code;
(d) To review of board succession plans for directors;
(e) To ensure that all directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years;
(f) To ensure every director shall, upon appointment, and subsequently on an annual basis, submit to the Company Secretary a confirmation of independence, and shall review the change in circumstances and make its recommendation to the Board; and
(g) To ensure an independent director shall notify the Board immediately, if, as a result of change in circumstances, he no longer meets the criteria for independence, and shall review the change in circumstances and make its recommendation to the Board.

Each director submits himself for re-nomination and re-election at regular intervals of at least once every three (3) years. In accordance with the Company's Articles of Association, at least one-third of the directors for the time being shall retire from office by rotation at each Annual General Meeting ("AGM") provided that all directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Newly appointed directors are subject to retirement and re-election at the AGM immediately following their appointment.

Mr Ko Chee Wah and Mr Lim Poh Hock will retire at the forth coming AGM in accordance with Article 104 of the Articles of Association of the Company and will be eligible for re-election.

Dr Andreas Teoh and Mr Tang Nai Soon will retire pursuant to Article 108 of the Articles of Association of the Company and will be eligible for re-election at the forthcoming AGM.

corporate governance

The dates of appointment and last re-election of the directors are set out as follows:

DIRECTORS' APPOINTMENT & LAST RE-ELECTION DATES

Name of Director	Designation	Date of first appointment	Date of last re-election
Mr Lew Weng Ho	Non-Executive Chairman	10-Aug-12	29-Apr-13
Mr Ko Chee Wah	Executive Director	28-Jun-99	29-Apr-13
Mr Tan Hup Foi @ Tan Hup Hoi	Independent Director	13-Jul-07	11-Apr-14
Datuk Seri Wong Chun Wai	Non-Executive Director	06-Dec-12	29-Apr-13
Mr Lim Poh Hock	Non-Executive Director	10-Mar-00	30-Apr-12
Dr Andreas Teoh	Independent Director	24-Apr-14	–
Mr Tang Nai Soon	Independent Director	24-Apr-14	–

The NC, in assessing the performance of the individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Company. It has regard to the Director's other Board memberships and commitments. No limit on the number of Board representations which a Director may hold had been imposed by the NC as Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other Boards.

In its search and selection process for new directors, the NC considers the attributes of the existing Board members, reviews the composition of the Board including the diversity of skills, knowledge and experience on the Board. The short-listed candidates would be required to furnish their curriculum vitaes stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines. Thereafter, the NC will interview the candidates and make its recommendation to the board for approval. In accordance with the Company's Articles of Association, the new director will hold office until the next AGM and, if eligible, can stand for re-election.

The NC may tap on its networking contacts and/or engage external recruitment consultants to assist in searching the potential candidate, if required.

The Company recognises the importance of ongoing training and development for existing directors. Newly appointed directors will be given briefing on the business activities of the Group and its strategic directions, as well as duties and responsibilities as directors. The Board is also regularly briefed on accounting and regulatory changes, as well as major industry and market developments.

corporate governance

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

While the Code recommends that the NC be responsible for assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC has adopted a formal system of evaluating the Board performance as a whole. This process entails the completion of a questionnaire by each member of the Board. Summary of the findings is prepared following the return of the completed questionnaire for review and deliberation by the NC. The NC Chairman then reports the findings to the Board so that an appropriate course of actions is agreed. The NC in conducting the appraisal process to assess the performance and effectiveness of the Board as a whole, focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities, Group Managing Director/top management succession planning and the directors' standards of conduct.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Members of the Board have free access to management at all times, and vice versa. Prior to each Board Meeting, the Board members are provided with the detailed Board papers to enable them to have sufficient time to review and a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

The Board papers include sufficient background information explanatory information from the Management on financial, business and corporate issues to enable the Board to be properly briefed on issues to be considered at Board and Board Committees meetings.

The Board has separate and independent access to the Company Secretary and other senior executives and there is no restriction of access to the senior Management team of the Company or Group at all times in carrying out its duties.

corporate governance

The appointment and the removal of the company secretary are subject to the Board's approval. The Company Secretary or his agent attends Board and Board Committees meetings of the Company and prepares minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

Where decisions to be taken by the Board require special knowledge or expert opinion, the Board may seek independent professional advice as and when necessary to enable effective discharge of its responsibilities.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three directors, all who are non-executive directors, including the Chairman of RC is independent. The RC members are as follows:

Mr Tan Hup Foi @ Tan Hup Hoi	–	Chairman
Mr Lew Weng Ho	–	member (appointed on 4 June 2014)
Dr Andreas Teoh	–	member (appointed on 4 June 2014)

The RC is guided by its written Terms of Reference which describes the responsibilities of RC and the procedures for RC meetings. Some of the duties and responsibilities of the RC include:

(a) administer the Group's employee share option scheme in accordance with the Scheme Rules;

(b) review and recommend to the Board an appropriate and competitive framework of remuneration packages for senior management including the executive directors. The framework covers the basic salary, bonus, allowances, and fringe benefits that are worked out based on the job scope, responsibilities and the industry's standards and the countries where the staff was posted; and

(c) evaluate and propose payment of directors' fees for the approval of members at the annual general meeting. Directors' fees are proposed based on a framework comprising basic fees and additional fees for serving in the sub-committees.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than necessary for this purpose.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive directors and senior management commensurate with the Company's and their performance, with due consideration to the financial and commercial health and business needs of the Group.

corporate governance

The independent and non-executive directors except for Datuk Seri Wong Chun Wai received directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent, the responsibilities of the directors and the need to pay competitive fees in order to attract, motivate and retain the directors. Directors' fees are recommended by the Board for approval at the Company's Annual General Meetings.

The executive director does not receive any director's fee. The remuneration for the executive director and key executives comprises basic salary component and yearly variable bonus, as well as performance bonuses based on the performance of the Group and their individual performances. The RC ensures that the remuneration package of the executive director is aligned with the long term performance and risk policies of the Group.

Disclosure on remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of Directors

The remuneration of the directors for FY2014 is shown as below:

Remuneration Band & Name of Directors	Salary	Director Fees	Bonus/ Performance-related bonus	Other benefits	Total
S$500,000 to S$750,000					
Mr Ko Chee Wah	60%	–	30%	10%	100%
Below S$250,000					
Mr Lew Weng Ho	–	100%	–	–	100%
Mr Tan Hup Foi @ Tan Hup Hoi	–	100%	–	–	100%
Datuk Seri Wong Chun Wai	–	0%	–	–	0%
Mr Lim Poh Hock	–	100%	–	–	100%
Dr Andreas Teoh	–	100%	–	–	100%
Mr Tang Nai Soon	–	100%	–	–	100%
Mr Loh Seng Kok (retired on 11 April 2014)	–	100%	–	–	100%
Dato' Loke Yuen Yow (retired on 11 April 2014)	–	100%	–	–	100%
Peter Tay Kwong Lain (retired on 11 April 2014)	–	100%	–	–	100%
Tan Sri Lee Fook Long (resigned on 31 March 2014)	–	0%	–	–	0%

Note: Tan Sri Lee Fook Long and Datuk Seri Wong Chun Wai did not receive any Directors fees for the year 2014.

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The Company has not disclosed the total remuneration of each individual director in dollar terms given the sensitivity of remuneration matters and to maintain confidentiality of the remuneration packages of these directors.

Key Executives Remuneration

Although the Code and recommends that at least the top five key executives' (who are not Directors or the CEO) remuneration be disclosed within bands of S$250,000. The Company has not disclosed it having regard to the sensitive and confidential nature of key executive remuneration matters and to ensure the Company's competitive advantage in the relation of its key executives in the best interest of the Company.

Immediate Family Member of a Director, Chairman or the Group Managing Director

For FY2014, there is no employee who is an immediate family members of a Director, Chairman or the Group Managing Director and whose remuneration exceeded S$50,000. "Immediate family member" refers to spouse, child, adopted child, stepchild, brother, sister and parent.

Employee share options scheme ("ESOS")

The Company has an employee share option scheme, administered by the RC, for granting of non-transferable options to executive and non-executive directors and employees of the Group (including controlling shareholders and their associates). The aggregate nominal amount of new shares over which options may be granted shall not exceed 15% of the issued share capital of the Company. For FY2014, no option granted by the RC to any employee.

Please refer to pages 87 to 90 for details of the options granted under the ESOS on the unissued ordinary shares of the Company as at end of the financial year.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to shareholders for the management of the Group. The Board will update shareholders on the operations and financial position of the Group through half yearly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations through SGXNET. The Management is accountable to the Board by providing the Board with necessary financial information for the discharge of its duties.

The Executive Committee meets periodically to review the performance of the Group. The Board is provided with periodic financial reports and other relevant disclosure documents, where appropriate, by the Management.

The Board also reviews legislation and regulatory compliance reports from the Management to ensure that the Group complies with relevant regulatory requirements.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Company has put in place a risk management and internal control system in areas such as financial, operational, compliance and information technology controls. Risk management and internal controls are detailed in formal instructions, standard operating procedures and financial authority limits policies. The principal aim of the internal control system is the management of business risks with a view to safeguard shareholders' investments and the Group's assets. The Management maintains the risk management and internal controls system and the Board monitors the Group's risks through the Audit Committee and internal auditors. In designing these controls, the Company has considered the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

The Group has adopted the Enterprise Risk Management ("ERM") framework where it has established Risk Management Policy and Guidelines for adoption. The ERM framework is designed to the framework that enables management to address the operational risks, financial risks and compliance risks of the key operating units. The ERM incorporate the following process:

- Identify each risk factor to which the Group is exposed;
- Quantify each exposure's size in term of money;
- Map these inputs into a risk estimation calculation;
- Identify overall risk exposures as well as the contribution to overall risk deriving from each risk factor;
- Set up a process to report on these risk periodically to management, who will set a committee of division heads and executives to determine capital allocations, risk limits and risk management policies; and
- Monitor compliance with policies and risk limits.

The ERM allows the Group to be in compliance with the Code, addresses the on-going changes and challenges in the business environment, manages and reduces uncertainties in business environment, facilitates the shareholder value creation process and to assist the AC and the Board in discharging their responsibilities.

The Audit Committee and the Board of Directors review the effectiveness of the key internal controls, including financial, operational and compliance controls, and risk management on an on-going basis.

corporate governance

The Board has received assurance from the Group Managing Director and the Financial Controller for the period under review:

(a) That the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) That the Company's risk management and internal control systems are in place and effective.

Based on the ERM framework and internal controls established and maintained by the Company, work performed by the external auditor and internal auditor and reviews performed by the Management, various Board Committees and the Board, the Board, with the concurrence of the Audit Committee is satisfied that there are adequate and effective internal controls and risk management systems in the Group in addressing financial, operational, compliance risks and information technology controls. The Company has complied with Rule 1207(10) of the SGX-ST Listing Manual.

The Board will continue to look into establishing a separate risk committee in overseeing the Company's risk management framework and execution of policies.

Whistle-blowing policy

The Group has in place a Whistle-Blowing Policy since 11 August 2009. This policy provides an independent feedback channel through which matters of concerns misconducts in the Group and at the same time assure them that they will be protected from victimisation for whistle blowing in good faith. Details of this policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken.

The existing members of the Whistle blowing Committee are Mr Tan Hup Foi @ Tan Hup Hoi, Mr Lew Weng Ho and Mr Tang Nai Soon. The Whistle Blowing Committee did not receive any report or concern during FY2014.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

As at the date of this Report, the members of the AC are:

Mr Tan Hup Foi @ Tan Hup Hoi	–	Chairman
Mr Lew Weng Ho	–	member
Mr Tang Nai Soon	–	member (appointed on 4 June 2014)

corporate governance

All members in the AC are non-executive directors and the AC Chairman is a lead independent director. There were four AC meetings held during the financial year under review.

The following are some of the functions performed by the AC:

(a) To review half yearly and full year financial statements and recommending to the Board for approvals;

(b) To revise the Group's Whistle blowing policy;

(c) To review with the external auditors their audit plan, the results of their examinations and their evaluation of the system of internal accounting controls, the auditors' management letter and management's response to it, and the audit report;

(d) To review the scope and results of the audit, and the independence and objectivity of the external auditor, as well as the assistance given by the management to the auditors;

(e) To meet with the internal and external auditors, without the presence of the Company's management, at least once annually;

(f) To review the effectiveness of the Company's internal audit functions;

(g) To review the volume of non-audit services supplied by the external auditors to the Company, keeping in view the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for the money;

(h) To review and report to the Board the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems;

(i) To make recommendations to the Board on the appointment, and re-appointment of both the external and internal auditor, and approve the remuneration and terms of engagement thereof; and

(j) To review interested person transactions.

Apart from the duties listed above, the AC shall undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC. The AC shall review any potential conflicts of interest and shall ensure that each member of the AC abstain from voting on any resolutions in respect of matters in which he is interested in.

The AC has full access to and co-operation of the Management, has full discretion to invite any director or executive officer to attend the meetings, and has been given the resources required for it to discharge its functions.

The AC had reviewed the non-audit services provided by the external auditors, Messrs BDO LLP and is of the opinion that the provision of such services does not affect their independence. The aggregate amount of fees paid to BDO LLP during FY2014 as follows:

(a) Audit fees – $126,000

(b) Non-audit fees – $Nil

corporate governance

Internal Audit

Principle 13 The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is outsourced to Messrs JF Virtus Pte Ltd, an independent assurance services provider that specialises in enterprise risk management, internal auditing, business continuity planning, and information security management. The Internal Auditor's primary line of reporting is to the Chairman of the AC which is tasked to oversee and review the adequacy of the overall systems of risk management and internal controls within the Group. Administratively, the internal auditor reports to the Group Managing Director.

The internal auditors plan its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of the improvements required on risk management and internal control weakness identified.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders in the events that the shareholders are unable to attend the meeting in person. There is no provision in the Company's Articles of Association that limits the number of proxies for corporations which provide nominee or custodian services.

According to the Company's Articles of Association, at any general meeting a resolution to put 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. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders

The Group believes that prompt disclosures of pertinent information and high standard of disclosures are the key to raise the level of corporate governance. The board believes in regular and timely communication with our shareholders. In line with the Corporate Disclosure policy of the SGX-ST, the Group's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

corporate governance

Information is communicated to shareholders on a timely basis through annual report, an assessment of the Company's performance via half yearly and yearly announcements of results as well as other ad-hoc announcements via the SGXNET, news releases and the Company's website at www.cityneon.net. All information of the Company's new initiatives is first disseminated via SGXNET followed by a news release, which is also available on the website. The Management would meet analysts and fund managers as appropriate. The shareholders of the Company, investors, analysts and the financial community may submit their feedback and raise question through the Contact Us in the Company's website.

CONDUCT OF SHAREHOLDERS MEETING

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders of the Company receive the annual report and notice of Annual General Meeting as well as circular and notice of Extraordinary General Meeting, if any. Notices of general meeting are announced through SGXNET and published in the newspapers within the same period.

The Board welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at such meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meeting. Every matter requiring shareholders' approval is proposed as a separate resolution.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The Chairman of the Board, Chairman of the AC, NC and RC, and the external auditors of the Company are normally present at general meetings to answer questions from the shareholders.

If any shareholder is unable to attend, he is allowed to appoint up to two (2) proxies to vote on his behalf at the meeting through proxy forms sent in advance. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the board and management. The minutes is available to any shareholder upon request.

corporate governance

DEALINGS IN SECURITIES

The Group has put in place a code of conduct on share dealings by directors and officers setting out the implication of insider trading and guidance on such dealings.

Directors and officers are reminded not to deal in the Company's securities whilst in possession of unpublished price sensitive information; and during the periods commencing at least one month before the announcement of the Company's half year or full year results.

Further, Directors and officers are advised not to deal in the Company's securities dealings on a short-term considerations. Directors are required to notify the Company, their securities dealings within two business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNET within one business day of receiving such notifications.

In addition, Directors and Officers are cautioned to observe insider trading laws at all times.

MATERIAL CONTRACTS

There is no material contracts entered into by the Company or any of its subsidiaries involving the interest of any director or controlling shareholder during the year under review.

INTERESTED PERSONS TRANSACTIONS ("IPT") AND IPT MANDATE

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the AC. If any member of AC has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction. The AC reviews the shareholders' mandate at regular interval to ensure that the methods or procedures for determining the IPT prices have not changed since the last shareholders' approval and the IPTs are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

At an Extraordinary General Meeting ("EGM") held on 12 August 2011, the Company has sought shareholders' approval to approve a shareholders' mandate for interested person transactions (the "IPT Mandate"). The same IPT Mandate will be expiring on 22 April 2015, being the date of the forthcoming annual general meeting ("AGM") of the Company. The Company is proposing to seek shareholders' approval at the AGM to be held on 22 April 2015 to renew the IPT Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPTs approved by shareholders at the AGM and the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM.

corporate governance

The following are details of the aggregate value of interested person transactions for FY2014 undertaken pursuant to the IPT Mandate under Rule 920 of the Listing Manual of the SGX-ST and approved by the AC.

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Listing Manual) S$'000	Aggregate value of all IPTs conducted under Shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000) S$'000
Star Publications (Malaysia) Berhad	–	149

FINANCIAL STATEMENTS CONTENTS

report of the directors

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1. Directors

The directors in office at the date of this report are:

Ko Chee Wah
Lim Poh Hock
Tan Hup Foi @ Tan Hup Hoi
Lew Weng Ho
Datuk Seri Wong Chun Wai
Dr Andreas Teoh (appointed on 24 April 2014)
Tang Nai Soon (appointed on 24 April 2014)

2. Arrangements to enable directors to acquire shares or debentures

Except as disclosed under the section "Share options", neither at the end of, nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other corporate body.

3. Directors' interest in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 (the "Act"), the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Shareholdings registered in the name of director		Shareholdings in which director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Name of directors and companies in which interests are held	**Number of ordinary shares**			
The Company				
Cityneon Holdings Limited				
Ko Chee Wah	10,486,265	10,486,265	–	–
Lim Poh Hock	5,435,168	10,885,168	5,450,000	–
	Number of ordinary shares of RM1.00 each			
Ultimate holding company				
Star Publications (Malaysia) Berhad				
Datuk Seri Wong Chun Wai	20,000	20,000	–	–

report of the directors

3. Directors' interest in shares or debentures (Continued)

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (SGX-ST), the directors of the Company state that, according to the register of directors' shareholdings, the directors' interests as at 21 January 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014.

Except as disclosed above and under the "Share options" section of this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4. Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in this report and in the accompanying financial statements, as required under Section 201(8) of the Act. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

At an Extraordinary General Meeting held on 15 September 2005, shareholders approved the Cityneon Employee Share Option Scheme (the "Scheme").

The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tan Hup Foi @ Tan Hup Hoi, Lew Weng Ho and Dr Andreas Teoh.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options grant at the time of grant;
- The market price at the time of grant is determined based on the average of the closing prices of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days immediately preceding the date of grant;
- The options can be exercised at any time after 2 years but before 7 years from the date of grant (except for grant to non-executive directors including independent directors, where the expiry date of each option is 5 years from the date of grant); and
- All options are settled by physical delivery of shares.

The number of ordinary shares of the Company available under the Scheme shall not exceed 15% of the issued capital of the Company.

report of the directors

5. **Share options** (Continued)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

	Date of grant of options	Exercise price $	Options outstanding at the beginning of the financial year	Options granted during the financial year	Options not accepted/ lapsed/ forfeited/ expired	Exercised	Options outstanding at the end of the financial year	Exercise period
Directors								
Ko Chee Wah	20.8.2007	0.46	500,000	–	–	–	500,000	27.4.2011 to 26.4.2016
Ko Chee Wah	3.11.2008	0.48	472,700	–	–	–	472,700	27.4.2011 to 26.4.2016
Ko Chee Wah	10.5.2010	0.312	500,000	–	–	–	500,000	10.5.2012 to 9.5.2017
Lim Poh Hock	20.8.2007	0.46	500,000	–	–	–	500,000	27.4.2011 to 26.4.2016
Lim Poh Hock	3.11.2008	0.48	472,700	–	–	–	472,700	27.4.2011 to 26.4.2016
Lim Poh Hock	10.5.2010	0.312	500,000	–	–	–	500,000	10.5.2012 to 9.5.2017
Tan Hup Foi @ Tan Hup Hoi	3.11.2008	0.48	100,000	–	(100,000)	–	–	27.4.2011 to 26.4.2014
Tan Hup Foi @ Tan Hup Hoi	10.5.2010	0.312	100,000	–	–	–	100,000	10.5.2012 to 28.5.2015
			3,145,400	–	(100,000)	–	3,045,400	
Former Director								
Chua Soo Chiew @ Chua Kaw Kia	20.8.2007	0.46	100,000	–	(100,000)	–	–	27.4.2011 to 26.4.2014
Chua Soo Chiew @ Chua Kaw Kia	3.11.2008	0.48	100,000	–	(100,000)	–	–	27.4.2011 to 26.4.2014
Chua Soo Chiew @ Chua Kaw Kia	10.5.2010	0.312	100,000	–	(100,000)	–	–	10.5.2012 to 28.10.2014
			300,000	–	(300,000)	–	–	
Employees								
Lee Song Liat	20.8.2007	0.46	250,000	–	(250,000)	–	–	29.10.2008 to 19.8.2014
Lee Song Liat	3.11.2008	0.48	260,000	–	–	–	260,000	3.11.2008 to 2.11.2015
Lee Song Liat	10.5.2010	0.312	260,000	–	–	–	260,000	10.5.2012 to 9.5.2017
Others	20.8.2007	0.46	98,000	–	(98,000)	–	–	29.10.2008 to 19.8.2014
Others	3.11.2008	0.48	201,000	–	(6,000)	–	195,000	3.11.2008 to 2.11.2015
Others	10.5.2010	0.312	872,000	–	(102,000)	–	770,000	10.5.2012 to 9.5.2017
			1,941,000	–	(456,000)	–	1,485,000	
			5,386,400	–	(856,000)	–	4,530,400	

report of the directors

5. Share options (Continued)

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

In 2007 and 2008, Ko Chee Wah and Lim Poh Hock were considered the controlling shareholders of the Company as they each hold directly or indirectly not less than 15% of the total number of issued shares in the Company. In 2009, Ko Chee Wah and Lim Poh Hock each disposed 2,495,135 number of Cityneon Shares. As a result of the disposal, Ko Chee Wah and Lim Poh Hock are not considered as the controlling shareholders of the Company.

Since the commencement of the Scheme, other than Ko Chee Wah, Lim Poh Hock and Lee Song Liat as disclosed above, no options have been granted to the directors and the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

In the previous financial year, Chua Soo Chiew @ Chua Kaw Kia has retired and ceased to be a director of the Company. Pursuant to the recommendation of the Remuneration Committee and Rule 8.3 of the Scheme, the options granted to him shall be exercisable within the period of 18 months after the date of his retirement or before the expiry of the exercise period in respect of the options, whichever is earlier.

6. Audit Committee

The Audit Committee of the Company, consisting all non-executive directors, comprises the following members:

Tan Hup Foi @ Tan Hup Hoi	(Chairman)
Lew Weng Ho	
Tang Nai Soon	(appointed on 4 June 2014)

The Audit Committee performs the functions set out in Section 201B (5) of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held two meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

report of the directors

6. **Audit Committee** (Continued)

The Audit Committee also reviewed the following:

- Assistance provided by the management to the internal and external auditors;
- Half-yearly financial information and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for adoption;
- Interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);
- The audit plans and results of the auditors' examination; and
- The Group's financial and operating results, evaluation of Group's systems of internal accounting controls and accounting policies.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the directors that the auditors, BDO LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

7. **Auditors**

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the directors

Ko Chee Wah
Director

Lew Weng Ho
Director

Singapore
13 March 2015

statement by directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Ko Chee Wah	**Lew Weng Ho**
Director	Director

Singapore
13 March 2015

independent auditor's report to the members of cityneon holdings limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cityneon Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on page 47 to 112, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

independent auditor's report to the members of cityneon holdings limited

Report on the Financial Statements (Continued)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
13 March 2015

statements of financial position

AS AT 31 DECEMBER 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Assets					
Non-current					
Property, plant and equipment	4	2,256,992	2,332,825	–	–
Goodwill	5	97,306	97,306	–	–
Club membership	5	–	–	–	–
Subsidiaries	6	–	–	14,183,634	10,858,604
Prepayments	7	1,116,160	1,295,502	–	–
		3,470,458	3,725,633	14,183,634	10,858,604
Current					
Inventories	8	318,584	265,833	–	–
Amounts due from contract customers	9	8,268,425	6,737,844	–	–
Trade and other receivables	10	18,622,914	21,488,267	11,693	1,566,135
Deposits		962,291	1,217,234	4,530	–
Prepayments	7	638,323	558,632	3,460	8,800
Amounts owing by ultimate holding company	11	3,362	86,658	–	–
Amounts owing by subsidiaries	12	–	–	11,387,415	12,287,952
Amounts owing by related parties	13	3,642	552,322	–	–
Cash and cash equivalents	14	23,881,263	14,176,519	3,633,952	4,007,352
		52,698,804	45,083,309	15,041,050	17,870,239
Total assets		56,169,262	48,808,942	29,224,684	28,728,843
Equity and liabilities					
Equity					
Share capital	15	14,602,328	14,602,328	14,602,328	14,602,328
Reserves	16	10,509,701	7,196,168	2,002,138	2,331,823
Equity attributable to owners of the parent		25,112,029	21,798,496	16,604,466	16,934,151
Non-controlling interests		489,692	520,080	–	–
Total equity		25,601,721	22,318,576	16,604,466	16,934,151
Liabilities					
Non-current					
Finance lease obligations	18	181,419	62,483	–	–
Deferred tax liabilities	20	35,259	35,259	5,000	5,000
		216,678	97,742	5,000	5,000
Current					
Amounts due to contract customers	9	1,857,329	2,015,647	–	–
Finance lease obligations	18	61,355	23,285	–	–
Bank borrowings	19	9,877,465	8,647,732	7,100,000	6,966,676
Loan from ultimate holding company	21	3,500,000	4,000,000	3,500,000	4,000,000
Amounts owing to subsidiaries	12	–	–	1,497,721	453,640
Trade and other payables	22	14,796,978	11,650,940	517,497	369,376
Income tax payables		257,736	55,020	–	–
		30,350,863	26,392,624	12,615,218	11,789,692
Total liabilities		30,567,541	26,490,366	12,620,218	11,794,692
Total equity and liabilities		56,169,262	48,808,942	29,224,684	28,728,843

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

consolidated statement of comprehensive income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 $	Group 2013 $
Revenue	23	78,016,552	67,777,540
Cost of sales		(55,939,460)	(45,926,644)
Gross profit		22,077,092	21,850,896
Other items of income			
Other operating income	24	566,664	698,300
Interest income		76,949	41,382
Other items of expenses			
Marketing and distribution costs		(830,713)	(1,061,969)
Administrative and other operating expenses		(19,031,950)	(20,339,453)
Finance costs	25	(345,106)	(336,046)
Profit before income tax	26	2,512,936	853,110
Income tax expense	27	(198,391)	(23,863)
Profit for the year		2,314,545	829,247
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 (2013: $Nil)		968,600	204,502
Total comprehensive income for the year, net of tax		3,283,145	1,033,749
Profit attributable to:			
Owners of the parent		2,344,933	894,317
Non-controlling interests		(30,388)	(65,070)
		2,314,545	829,247
Total comprehensive income attributable to:			
Owners of the parent		3,313,533	1,098,819
Non-controlling interests		(30,388)	(65,070)
		3,283,145	1,033,749
Earnings per share (cents)			
Basic	28	2.65	1.01
Diluted	28	2.65	1.01

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

consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	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 2014	22,318,576	21,798,496	14,602,328	9,965,910	148,608	(10,000)	706,874	(3,615,224)	520,080
Profit for the year	2,314,545	2,344,933	–	2,344,933	–	–	–	–	(30,388)
Other comprehensive income:									
Exchange differences on translating foreign operations, net of tax	968,600	968,600	–	–	–	–	–	968,600	–
Total comprehensive income for the year	3,283,145	3,313,533	–	2,344,933	–	–	–	968,600	(30,388)
Transfer of share option reserve	–	–	–	140,875	–	–	(140,875)	–	–
Balance at 31 December 2014	25,601,721	25,112,029	14,602,328	12,451,718	148,608	(10,000)	565,999	(2,646,624)	489,692
Balance at 1 January 2013	21,285,067	20,699,677	14,602,328	9,071,593	148,608	(10,000)	706,874	(3,819,726)	585,390
Profit/(Loss) for the year	829,247	894,317	–	894,317	–	–	–	–	(65,070)
Other comprehensive income:									
Exchange differences on translating foreign operations, net of tax	204,502	204,502	–	–	–	–	–	204,502	–
Total comprehensive income for the year	1,033,749	1,098,819	–	894,317	–	–	–	204,502	(65,070)
Acquisition of a subsidiary (Note 6)	(240)	–	–	–	–	–	–	–	(240)
Balance at 31 December 2013	22,318,576	21,798,496	14,602,328	9,965,910	148,608	(10,000)	706,874	(3,615,224)	520,080

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

consolidated statement of cash flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Group	
	2014	2013
	$	$
Operating activities		
Profit before income tax	2,512,936	853,110
Adjustments for:		
Depreciation of property, plant and equipment	1,235,180	1,273,962
Property, plant and equipment written off	36,129	441,115
Loss on disposal of property, plant and equipment	13,949	79,803
Interest income	(76,949)	(41,382)
Interest expense	345,106	336,046
Bad debts written off	2,047	1,615
Allowance for doubtful debts – trade	28,342	206,177
Allowance for doubtful debts no longer required – trade	(25,777)	(44,612)
Impairment loss on property, plant and equipment	–	20,779
Bargain purchase	(58,157)	–
Operating cash flows before working capital changes	4,012,806	3,126,613
Inventories	(52,751)	(13,298)
Amounts due from contract customers, net	(1,546,797)	(1,125,836)
Trade and other receivables	4,983,513	4,186,032
Trade and other payables	2,462,179	(2,081,318)
Net cash generated from operations	9,858,950	4,092,193
Interest paid	(345,106)	(336,046)
Income taxes refund, net	32,047	1,515
Net cash generated from operating activities	9,545,891	3,757,662
Investing activities		
Purchase of property, plant and equipment	(1,011,622)	(856,706)
Proceeds from disposal of property, plant and equipment	11,486	367,726
Acquisition of subsidiary, net of cash acquired	3,305	(45,000)
Interest received	76,949	41,382
Net cash used in investing activities	(919,882)	(492,598)
Financing activities		
Repayments of finance lease obligations	(41,292)	(332,131)
Repayments of bank borrowings	(3,178,654)	(8,527,373)
Proceeds from bank borrowings	4,408,387	8,748,582
Repayments of loan from ultimate holding company	(500,000)	–
Net cash generated from/(used in) financing activities	688,441	(110,922)
Net change in cash and cash equivalents	9,314,450	3,154,142
Exchange differences on re-translation of cash and cash equivalents	390,294	80,937
Cash and cash equivalents at beginning of year	14,176,519	10,941,440
Cash and cash equivalents at end of year	23,881,263	14,176,519

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

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The Company's immediate holding company is Laviani Pte. Ltd., a company incorporated in Singapore. The Company's ultimate holding company is Star Publications (Malaysia) 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 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2. SUMMARY OF 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.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT 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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS 110 *Consolidated Financial Statements* and *FRS 27* (Revised) *Separate Financial Statements*

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

– power over an investee;
– exposure, or rights, to variable returns from the investee; and
– the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 January 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 January 2014.

Amendments to FRS 36 – *Recoverable Amount Disclosures for Non-financial Assets*

The amendments to FRS 36 were issued to remove the requirement to disclose the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with an indefinite useful life is significant compared to the total carrying amount of goodwill or intangible assets with an indefinite useful life, and instead require disclosure about recoverable amount only when there is a significant impairment or reversal of an impairment, as well as to require additional disclosures when recoverable amount is based on fair value less costs of disposal.

The Group has adopted the amendments to FRS 36 from 1 January 2014, and reflected the relevant amended disclosure requirements in these financial statements. There is no impact on the Group's financial position or financial performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT 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:

			Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	:	Disclosure Initiative	1 January 2016
FRS 16, FRS 38 (Amendments)	:	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 27 (Amendments)	:	Equity Method in Separate Financial Statements	1 January 2016
FRS 109	:	Financial Instruments	1 January 2018
FRS 115	:	Revenue from Contracts with Customers	1 January 2017
Improvements to FRS (January 2014)			1 July 2014
Improvements to FRS (February 2014)			1 July 2014
Improvements to FRS (November 2014)			1 January 2016

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 in future periods, if applicable, will not have a material impact on the financial statements of the Group and the Company in the period of initial adoption, except as discussed below.

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.

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 will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to 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.

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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

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 provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always 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.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

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. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

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.

Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 to 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.

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 jointly controlled entity.

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

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF 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.

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.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 years
Machinery	5 years
Exhibitions services assets	5 to 10 years

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

2.8 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.

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 statement 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".

2.9 Financial instruments

Financial assets and financial liabilities are recognised on the statement 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 other than those financial instruments at fair value through profit or loss.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

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 statement of financial position comprise trade and other receivables (excluding income tax recoverable), deposits, amounts owing by ultimate holding company, amounts owing by subsidiaries, amounts owing by related parties, amounts due from contract customers and cash and cash equivalents.

Impairment of financial assets

Financial assets, other than fair value through profit or loss, 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial assets (Continued)

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 or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as fair value through profit or loss upon initial recognition.

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 bank borrowings and loan from 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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 reimbuse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measure initially at fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

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.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Leases

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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.13 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.

<u>Contracts revenue</u>

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.

<u>Sale of goods</u>

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.

<u>Rental income</u>

Rental income is recognised on an accrual basis.

<u>Interest income</u>

Interest income is recognised on a time-proportion basis using the effective interest method.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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 entitlement

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.

2.15 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.

2.16 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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, 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.

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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Taxes (Continued)

Deferred tax (Continued)

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.

2.18 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.

2.19 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 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.

notes to the financial statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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 are the critical judgements, 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.

Impairment of investments or financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 on determining whether an investment in subsidiaries or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of the financial year, when the outcome of a construction contract can be estimated reliably. 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.

- the value of work performed as certified by the architects or external quantity surveyors.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the work specialists. The carrying amounts of assets and liabilities arising from construction contracts at the end of the financial year are disclosed in Note 9 to the financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. 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 of the Company's trade and other receivables including the amounts owing by ultimate holding company, subsidiaries and related parties as at 31 December 2014 were $18,629,918 (2013: $22,127,247) and $11,399,108 (2013: $13,854,087) 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 at 31 December 2014 were $2,256,992 (2013: $2,332,825).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("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 goodwill as at 31 December 2014 was $97,306 (2013: $97,306).

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

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 amounts of the Group's current tax payable and income tax recoverable as at 31 December 2014 were $257,736 (2013: $55,020) and $12,596 (2013: $49,082) respectively.

The carrying amounts of the Group's and of the Company's deferred tax liabilities as at 31 December 2014 was $35,259 (2013: $35,259) and $5,000 (2013: $5,000) respectively.

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the investments in subsidiaries are impaired. The management's assessment is based on estimation of the value in use of the CGU by forecasting the expected future cash flows using a suitable discount rate in order to calculate present value of those cash flows. The Company's carrying amount of investment in subsidiaries as at 31 December 2014 was $14,183,634 (2013: $10,858,604).

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment, furniture and fittings $	Motor vehicles $	Machinery $	Exhibition services assets $	Total $
2014					
Cost					
At 1 January 2014	3,934,929	600,756	331,750	5,791,850	10,659,285
Exchange difference on translation	46,203	6,831	–	62,473	115,507
Additions	281,971	410,500	–	517,651	1,210,122
Disposals/write-offs	(239,375)	(6,006)	(238,000)	(297,394)	(780,775)
At 31 December 2014	4,023,728	1,012,081	93,750	6,074,580	11,204,139
Accumulated depreciation					
At 1 January 2014	3,383,631	398,658	331,750	4,212,421	8,326,460
Exchange difference on translation	42,393	7,738	–	54,587	104,718
Depreciation	387,458	116,455	–	731,267	1,235,180
Disposals/write-offs	(233,215)	(6,006)	(238,000)	(241,990)	(719,211)
At 31 December 2014	3,580,267	516,845	93,750	4,756,285	8,947,147
Carrying amount					
At 31 December 2014	443,461	495,236	–	1,318,295	2,256,992
2013					
Cost					
At 1 January 2013	4,373,642	1,185,767	336,149	7,569,832	13,465,390
Exchange difference on translation	24,450	1,708	–	30,334	56,492
Additions	164,012	69,149	–	623,545	856,706
Disposals/write-offs	(627,175)	(655,868)	(4,399)	(2,431,861)	(3,719,303)
At 31 December 2013	3,934,929	600,756	331,750	5,791,850	10,659,285
Accumulated depreciation and impairment loss					
At 1 January 2013	3,383,076	965,830	296,598	5,162,592	9,808,096
Exchange difference on translation	21,811	2,458	–	30,013	54,282
Depreciation	476,504	86,245	17,659	693,554	1,273,962
Impairment loss	2,112	–	18,667	–	20,779
Disposals/write-offs	(499,872)	(655,875)	(1,174)	(1,673,738)	(2,830,659)
At 31 December 2013	3,383,631	398,658	331,750	4,212,421	8,326,460
Carrying amount					
At 31 December 2013	551,298	202,098	–	1,579,429	2,332,825

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment, furniture and fittings $
2014	
Cost	
At 1 January 2014 and 31 December 2014	300,229
Accumulated depreciation	
At 1 January 2014 and 31 December 2014	300,229
Carrying amount	
At 31 December 2014	–
2013	
Cost	
At 1 January 2013 and 31 December 2013	300,229
Accumulated depreciation	
At 1 January 2013	287,443
Depreciation	12,786
At 31 December 2013	300,229
Carrying amount	
At 31 December 2013	–

As at the end of the financial year, the carrying amounts of property, plant and equipment of the Group acquired under finance lease agreements are as follows:

	2014 $	2013 $
Motor vehicles	423,963	104,305

As at the end of the financial year, the carrying amounts of motor vehicles of the Group registered in the name of director and held in trust are as follows:

	2014 $	2013 $
Motor vehicles	350,683	–

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,210,122 (2013: $856,706). Cash payments of $1,011,622 (2013: $856,706) were made to purchase property, plant and equipment.

As at 31 December 2014, a subsidiary of the Group carried out a review of the recoverable amount of its exhibition services assets and assessed that no impairment loss is required (2013: $20,779, representing the write down of some old exhibition assets to the recoverable amount was recognised in "administrative and other operating expenses" line item in the consolidated statement of comprehensive income in the previous financial year).

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. INTANGIBLE ASSETS

	Group	
	2014	**2013**
	$	**$**
Goodwill		
Cost		
Balance at beginning of financial year	333,643	286,483
Acquisition of subsidiary	–	47,160
Balance at end of financial year	333,643	333,643
Impairment loss		
Balance at beginning and end of financial year	(236,337)	(236,337)
Carrying amount		
Balance at end of financial year	97,306	97,306

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	
	2014	**2013**
	$	**$**
Exhibition services	50,146	50,146
Interior architecture	47,160	47,160
	97,306	97,306

The Group tests the CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The recoverable amount is determined based on a value in use calculation using the cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections are derived from cost of capital at the date of assessment of the respective CGUs.

The pre-tax discount rate applied to the cash flow projections is reflect the cost of capital and specific risks relating to the CGUs. The annual growth rate used is based on best estimates from the forecasted growth rates of the industry relevant to the CGUs.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

5. INTANGIBLE ASSETS (CONTINUED)

The pre-tax discount rate applied to the cash flow and the forecasted growth rates used to extrapolate the five-year cash flows projections are as follows:

	Exhibition services	Interior architecture
2014		
Growth rate (%)	1.6	0
Pre-tax discount rate (%)	3.8	3.8
2013		
Growth rate (%)	5	5
Pre-tax discount rate (%)	3.8	3.8

	Group	
	2014	**2013**
	$	**$**
Club membership		
Cost		
Balance at beginning of financial year	–	330,000
Write-off	–	(330,000)
Balance at end of financial year	–	–
Accumulated amortisation		
Balance at beginning of financial year	–	330,000
Write-off	–	(330,000)
Balance at end of financial year	–	–
Carrying amount		
Balance at end of financial year	–	–

6. SUBSIDIARIES

Investments in subsidiaries are as follows:

	Company	
	2014	**2013**
	$	**$**
Unquoted equity shares, at cost	14,585,018	11,874,692
Employee's share options investment, at cost	636,409	636,409
Allowance for impairment loss	(1,037,793)	(1,652,497)
	14,183,634	10,858,604

Movements in allowance for impairment loss of investments in subsidiaries are as follows:

	2014	**2013**
	$	**$**
Balance at beginning of financial year	1,652,497	1,461,186
Impairment loss recognised during the financial year	–	191,311
Reversal of impairment loss during the financial year	(614,704)	–
Balance at end of financial year	1,037,793	1,652,497

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. SUBSIDIARIES (CONTINUED)

As at the end of the financial year, the Company carried out a review of the investments in the subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of certain subsidiaries during the financial year. The assessment was made with reference to their respective estimated value in use as at the date of assessment. The discount rate used in measuring value in use was 3.8% (2013: 3.8%). The review led to the recognition of an impairment loss of $Nil (2013: $191,311), that has been recognised in "administrative and other operating expenses" line item in statement of comprehensive income of the Company.

A reversal of an allowance for impairment loss of $614,704 (2013: $Nil) was recognised relating to the investments in Cityneon Events Pte. Ltd. and Cityneon Contracts Sdn. Bhd. following an improvement in market conditions that resulted in an increase in projected value in use of these investments. The recoverable amount of the investment has been determined on the basis of its value in use. The discount rate used in measuring value-in-use was 3.8% (2013: 3.8%).

The details of the subsidiaries are as follows:

Name of company	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	
			2014 %	2013 %	2014 %	2013 %
Held by the Company						
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	30	30	–	–
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	–	–
Cityneon Concepts Pte Ltd[(1)]	Singapore	Provision of event organising, management and event marketing services	100	100	–	–

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of company	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	
			2014 %	2013 %	2014 %	2013 %
Held by the Company (Continued)						
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	–	–
Wonderful World Pte. Ltd.[1]	Singapore	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs	100	100	–	–
Cityneon Management Services Pte. Ltd.[1]	Singapore	Provision of management, human resource and general office administration services	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	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of company	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	
			2014 %	2013 %	2014 %	2013 %
Held by the Company (Continued)						
Cityneon Shelter Events (Shenzhen) Pte. Ltd.[9]	People's Republic of China	Home and abroad exhibitions information consultation, economic information and enterprise management consultation (excluding securities, insurance, fund, financing employment agency service and other restricted projects), exhibition and event activities display design management, enterprise image and marketing management, stage design management, exhibition etiquette consultant, showroom display design management service	100	100	–	–
Bahrain Cityneon Co. W.L.L.[6]	Kingdom of Bahrain	Interior designs for offices and homes, and third grade décor contracts	100	–	–	–
Interbuild Construction Company Sdn Bhd[7]	Brunei Darussalam	Provision of general, civil engineering and building contractors	90	90	10	10
PT Wonderful World Marketing Services Indonesia[8]	Indonesia	Provision of business and management consulting services	100	100	–	–
Cityneon Myanmar Company Limited[10]	Republic of the Union of Myanmar	Provision of interior fit-out services, exhibition and event services	100	–	–	–
Held by Themewerks Pte. Ltd.						
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

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of company	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	
			2014 %	2013 %	2014 %	2013 %
Held by Cityneon (Middle East) W.L.L.						
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	–	–
Held by Comprise Electrical (S) Pte Ltd						
Cityneon Exhibition Services Pte Ltd[1]	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	70	70	–	–
Held by Cityneon Exhibition Services Pte Ltd						
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	–	–

(1) Audited by BDO LLP, Singapore
(2) Audited by KPMG Fakhro, Kingdom of Bahrain
(3) Audited by A.D.Chuan & Co., Malaysia
(4) Audited by Shanghai LSC Certified Public Accountants Co., Ltd, People's Republic of China
(5) Audited by BDO Vietnam Co., Ltd, 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 Idris & Sudiharto Registered Public Accountant, Indonesia
(9) The subsidiary ceased operation in 2013 and was not considered significant subsidiary under Rule 718 of the Listing Manual
(10) Newly incorporated during the financial year and was not considered significant subsidiary under Rule 718 of the Listing Manual

The Audit Committee and the Board of Directors are of the opinion that Rule 712 and Rule 715 of the SGX-ST Listing Manual (the "Listing Manual") have been complied with.

Non-controlling interests

The non-controlling interests arising from Interbuild Construction Company Sdn Bhd, E-Graphic Displays Pte Ltd and Artscapes Themewerks Pte. Ltd. are considered to be insignificant to the Group's financial statements.

6. SUBSIDIARIES (CONTINUED)

Additional investment in subsidiaries

On 2 December 2014, Cityneon Exhibition Services Pte Ltd, a wholly-owned subsidiary of the Company, increases the paid-up capital of its wholly-owned subsidiary, Shanghai Cityneon Exhibition Services Co., Ltd by United States Dollar ("USD") USD820,000 (equivalent to $1,085,844) from USD350,000 to USD1,170,000.

On 17 December 2014, the Company increases the paid-up capital of its wholly-owned subsidiary, Cityneon Contracts Sdn. Bhd. ("CTTS") by Ringgit Malaysia ("RM") RM300,000 (equivalent to $113,310) from RM200,000 to RM500,000 by allotment of 300,000 ordinary shares at RM1 each by way of capitalisation of amounts due from CTTS.

On 26 December 2014, the Company increases the paid-up capital of its wholly-owned subsidiary, Cityneon Events Pte. Ltd. ("CEV") from $500,000 to $3,000,000 by allotment of 2,500,000 ordinary shares at $1 each by way of capitalisation of amounts due from CEV.

Incorporation of a subsidiary

Cityneon Myanmar Company Limited, a wholly-owned subsidiary of the Company, was incorporated in the Republic of the Union of Myanmar with a paid-up capital of United States Dollar ("USD") USD50,000 (equivalent to $63,895) on 18 July 2014.

Acquisition of a subsidiary

On 25 June 2014, the Company acquired a 100% equity interest in Bahrain Cityneon Co. W.L.L. ("Bahrain Cityneon"), for a consideration of $7, a company incorporated in Kingdom of Bahrain. The Company has acquired Bahrain Cityneon to strengthen its position in Kingdom of Bahrain, and to reduce costs through economies of scale. After the acquisition, the Company increased the paid-up capital of Bahrain Cityneon from Bahraini Dinar ("BD") BD10,000 to BD20,000 by allotment of 200 ordinary shares at BD50 each (equivalent to $33,114) to comply with the minimum statutory capital requirement under the Bahrain Commercial Companies Law 2001.

From the date of acquisition, Bahrain Cityneon has contributed $608,880 and $69,674 to the revenue and profit net of tax of the Group respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been $964,409 and $3,093 respectively.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. SUBSIDIARIES (CONTINUED)

Acquisition of a subsidiary (Continued)

The fair values of the identifiable assets and liabilities of Bahrain Cityneon as at the date of acquisition were:

	Fair value recognised on date of acquisition $
Trade and other receivables	411,891
Amounts due from contract customers	59,797
Cash and cash equivalents	3,312
	475,000
Trade and other payables	350,396
Amounts due to contract customers	66,440
	416,836
Net identifiable assets at fair value	58,164
Purchase consideration paid in cash	(7)
Gain on bargain purchase arising from the acquisition	58,157

Gain on bargain purchase is recorded based on the excess of the sum of the fair value of the purchase consideration over the net provisional fair value of the identifiable assets, liabilities and contingent liabilities as at the date of acquisition. The gain on bargain purchase of $58,157 has been recognised in "Other Operating income" line item in consolidated statement of comprehensive income for the financial year ended 31 December 2014.

The effects of acquisition on the cash flows are as follows:–

	2014 $
Cash and cash equivalents of subsidiary acquired	3,312
Less: Purchase consideration paid in cash	7
Net cash inflow on acquisition	3,305

On 8 February 2013, the Company acquired a 90% equity interest in Interbuild Construction Company Sdn Bhd ("Interbuild"), a company incorporated in Brunei Darussalam. The Company has acquired Interbuild to strengthen its position in Brunei Darussalam, and to reduce costs through economies of scale.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. SUBSIDIARIES (CONTINUED)

Acquisition of a subsidiary (Continued)

From the date of acquisition, Interbuild has contributed $4,074,584 and $115,305 to the revenue and profit net of tax of the Group respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been $4,074,584 and $115,305 respectively.

The fair values of the identifiable assets and liabilities of Interbuild as at the date of acquisition were:

	Fair value recognised on date of acquisition $
Other payables, representing net identifiable liabilities at fair value	(2,400)
Non-controlling interest measured at the non-controlling interests' proportionate share of Interbuild's net identifiable liabilities	240
Goodwill arising from acquisition	47,160
Total cash consideration paid	45,000

7. PREPAYMENTS

	Group		Company	
	2014 $	2013 $	2014 $	2013 $
Non-current				
Prepaid lease	1,116,160	1,295,502	–	–
Current				
Prepaid lease	532,159	431,834	–	–
Others	106,164	126,798	3,460	8,800
	638,323	558,632	3,460	8,800
	1,754,483	1,854,134	3,460	8,800

8. INVENTORIES

	Group	
	2014 $	2013 $
Trading goods	318,584	265,833

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

9. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2014	2013
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	72,027,316	90,794,113
Less: Progress billings	(65,616,220)	(86,071,916)
	6,411,096	4,722,197
Comprising:		
Amounts due from contract customers	8,268,425	6,737,844
Amounts due to contract customers	(1,857,329)	(2,015,647)
	6,411,096	4,722,197

As at 31 December 2014, the retention monies held by customers for contract work amounted to $3,621,249 (2013: $2,288,899).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables	11,470,679	14,227,180	3,085	1,844
Allowance for doubtful debts	(426,936)	(470,552)	–	–
	11,043,743	13,756,628	3,085	1,844
Other receivables	7,566,575	7,682,557	8,608	1,588
Income tax recoverable	12,596	49,082	–	–
Dividends receivable	–	–	–	1,562,703
Total trade and other receivables	18,622,914	21,488,267	11,693	1,566,135
Add:				
Deposits	962,291	1,217,234	4,530	–
Amounts due from contract customers (Note 9)	8,268,425	6,737,844	–	–
Amounts owing by ultimate holding company (Note 11)	3,362	86,658	–	–
Amounts owing by subsidiaries (Note 12)	–	–	11,387,415	12,287,952
Amounts owing by related parties (Note 13)	3,642	552,322	–	–
Cash and cash equivalents (Note 14)	23,881,263	14,176,519	3,633,952	4,007,352
Less:				
Income tax recoverable	(12,596)	(49,082)	–	–
Total loans and receivables	51,729,301	44,209,762	15,037,590	17,861,439

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are non-interest bearing and generally on 30 to 90 days (2013: 30 to 90 days) credit terms.

Other receivables consist mainly of advances to a sub-contractor for projects in Middle East.

Movements in allowance for doubtful debts are as follows:

	Group	
	2014	2013
	$	$
Balance at beginning of financial year	470,552	513,611
Allowance made during the financial year	28,342	206,177
Allowance for doubtful debts no longer required	(25,777)	(44,612)
Bad debt written off against allowance	(63,108)	(218,183)
Exchange differences on translation	16,927	13,559
Balance at end of financial year	426,936	470,552

Allowance for doubtful debts of $28,342 (2013: $206,177) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade and other receivables. Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Allowance for doubtful debts no longer required of $25,777 (2013: $44,612) was recognised in profit or loss as these trade and other receivables were recovered during the financial year.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollar	4,945,407	5,073,112	11,693	1,566,135
Bahraini Dinar	6,939,375	8,724,472	–	–
United States Dollar	3,084,630	2,985,044	–	–
Ringgit Malaysia	2,228,859	1,613,220	–	–
Chinese Renminbi	783,549	745,890	–	–
Omani Rial	492,945	2,217,012	–	–
Euro	75,952	21,738	–	–
Vietnamese Dong	62,197	97,779	–	–
Brunei Dollar	10,000	10,000	–	–
	18,622,914	21,488,267	11,693	1,566,135

11. AMOUNTS OWING BY ULTIMATE HOLDING COMPANY

The trade amounts owing by ultimate holding company are unsecured, non-interest bearing and generally on 60 days (2013: 60 days) credit terms.

Amounts owing by ultimate holding company are denominated in Ringgit Malaysia.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company 2014 $	Company 2013 $
Amounts owing by subsidiaries		
- non-trade	11,687,415	12,287,952
Less: Allowance for doubtful debts	(300,000)	–
	11,387,415	12,287,952
Amounts owing to subsidiaries		
- non-trade	(1,497,721)	(453,640)

The non-trade amounts owing by/(to) subsidiaries represents advances made/received and are unsecured, interest-free and repayable on demand.

Movements in allowance for doubtful debts are as follows:

	Company 2014 $	Company 2013 $
Balance at beginning of financial year	–	–
Allowance made during the financial year	300,000	–
Balance at end of financial year	300,000	–

An allowance for impairment loss on non-trade amounts due from subsidiary amounting to $300,000 (2013: $Nil) arose mainly from subsidiary which have suffered significant losses from its operations where it is not probable that the balances due from this subsidiary will be recoverable.

Amounts owing by/(to) subsidiaries are denominated in the following currencies:

	Company 2014 $	Company 2013 $
Amounts owing by subsidiaries		
– Singapore Dollar	11,387,415	12,287,952
Amounts owing to subsidiaries		
– Singapore Dollar	(1,233,121)	(200,000)
– United States Dollar	(264,600)	(253,640)
	(1,497,721)	(453,640)

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

13. AMOUNTS OWING BY RELATED PARTIES

	Group	
	2014	2013
	$	$
Amounts owing by related parties		
– trade	3,642	279,822
– non-trade	–	272,500
	3,642	552,322

The trade amounts owing by a related party is non-interest bearing and generally on 30 to 60 days credit terms.

In 2013, the trade amounts owing by a related party was non-interest bearing and was repayable within 7 days once the related party receive the progress payments from customers.

In 2013, the non-trade amounts owing by related parties represented advances made and were unsecured, interest-free and repayable on demand except for an advance of $269,500 which was repayable within 7 days once the related party received the progress payments from its customer.

Amounts owing by related parties are denominated in the following currencies:

	Group	
	2014	2013
	$	$
Singapore Dollar	3,642	3,000
Thai Baht	–	549,322
	3,642	552,322

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Fixed deposit with a bank	215,000	–	–	–
Cash and bank balance	23,666,263	14,176,519	3,633,952	4,007,352
	23,881,263	14,176,519	3,633,952	4,007,352

The fixed deposit with a bank has maturity period of 7 days (2013: Nil) from the end of the financial year with the effective interest rate of 1.40% (2013: Nil) per annum.

Included in the Group's cash and cash equivalents is an amount of $4,527,678 (2013: $1,271,348) 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.

notes to the financial statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

14. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollar	5,730,656	5,087,271	3,615,092	3,988,273
Qatari Rial	4,238,771	–	–	–
Omani Rial	3,256,547	24,581	–	–
Chinese Renminbi	3,229,402	1,076,309	–	–
United States Dollar	2,763,234	728,511	10,993	10,538
Euro	2,488,204	79,930	7,867	8,541
Bahraini Dinar	1,454,981	6,340,575	–	–
Ringgit Malaysia	361,259	92,201	–	–
Brunei Dollar	197,278	392,457	–	–
Vietnamese Dong	80,880	289,100	–	–
Others	80,051	65,584	–	–
	23,881,263	14,176,519	3,633,952	4,007,352

15. SHARE CAPITAL

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares with no par value		$	$
Issued and fully-paid				
At beginning and end of financial year	88,525,400	88,525,400	14,602,328	14,602,328

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.

The Company has an employee share option 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 employee share option 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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

16. RESERVES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Retained earnings	12,451,718	9,965,910	1,334,152	1,623,267
Statutory reserve	148,608	148,608	–	–
Premium paid on acquisition of non-controlling interests	(10,000)	(10,000)	–	–
Share option reserve	565,999	706,874	667,986	708,556
Currency translation reserve	(2,646,624)	(3,615,224)	–	–
	10,509,701	7,196,168	2,002,138	2,331,823

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 share 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 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.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. SHARE-BASED COMPENSATION (CONTINUED)

Share options (Continued)

Details of the share options outstanding during the year are as follows:

	Group and Company Number of share options 2014	Number of share options 2013
Outstanding at beginning of year	5,386,400	5,628,400
Lapsed during the year	(856,000)	(242,000)
Outstanding at end of year	4,530,400	5,386,400

Employees

	Balance at beginning of financial year	Granted during the financial year	Not accepted/ lapsed/ forfeited/ expired during the year	Balance at end of financial year	Remaining life	Exercise price $	Fair value $
At 31 December 2014							
2007 Options	348,000	–	(348,000)	–	–	–	–
2008 Options	461,000	–	(6,000)	455,000	10 months	0.48	0.13
2010 Options	1,132,000	–	(102,000)	1,030,000	29 months	0.312	0.12
	1,941,000	–	(456,000)	1,485,000			
Exercisable as at 31 December 2014				1,485,000			
At 31 December 2013							
2007 Options	384,000	–	(36,000)	348,000	8 months	0.46	0.15
2008 Options	505,000	–	(44,000)	461,000	22 months	0.48	0.13
2010 Options	1,294,000	–	(162,000)	1,132,000	41 months	0.312	0.12
	2,183,000	–	(242,000)	1,941,000			
Exercisable as at 31 December 2013				1,941,000			

The options granted to employees in 2007, 2008 and 2010 had an initial vesting period of 2 years with an exercise period to expire in 7 years from the date of grant. However due to General Offer in 2008, such options were vested upon grant and had a 6 month exercise period unless extended in accordance with the rules of the Scheme and with the approval of the shareholders. In 2009, the shareholders approved the extension of the expiry dates to 19 August 2014 and 2 November 2015 for 2007 and 2008 Options respectively.

17. SHARE-BASED COMPENSATION (CONTINUED)

Directors and non-executive directors (including former director)

	Balance at beginning of financial year	Granted during the financial year	Not accepted/ lapsed/ forfeited/ expired during the year	Balance at end of financial year	Remaining life	Exercise price $	Fair value $
At 31 December 2014							
2007 Options	1,100,000	–	(100,000)	1,000,000	16 months	0.46	0.13
2008 Options	1,145,400	–	(200,000)	945,400	16 months	0.48	0.12
2010 Options	1,200,000	–	(100,000)	1,100,000	5-29 months	0.312	0.12
	3,445,400	–	(400,000)	3,045,400			
Exercisable as at 31 December 2014				3,045,400			
At 31 December 2013							
2007 Options	1,100,000	–	–	1,100,000	4-28 months	0.46	0.13
2008 Options	1,145,400	–	–	1,145,400	4-28 months	0.48	0.12
2010 Options	1,200,000	–	–	1,200,000	17-41 months	0.312	0.12
	3,445,400	–	–	3,445,400			
Exercisable as at 31 December 2013				3,445,400			

In 2009, the shareholders approved and ratified the 2007 and 2008 Options granted to directors and non-executive directors. The options are deemed granted from the date shareholders' approval is obtained. The options have 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 is 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 fair value of these Options was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2010 Options		2008 Options		2007 Options	
	Directors and employees	Non-executive directors*	Directors and employees	Non-executive directors*	Directors and employees	Non-executive directors*
Share price	$0.39	$0.39	$0.61	$0.61	$0.61	$0.61
Exercise price	$0.312	$0.312	$0.48	$0.48	$0.46	$0.46
Expected volatility	43%	43%	29%	29%	29%	29%
Expected life	7 years	5 years	7 years	5 years	7 years	5 years
Risk free rate	1.58%	0.78%	1.89%	1.44%	1.89%	1.44%
Expected dividend yield	4.8%	4.8%	5.4%	5.4%	5.4%	5.4%

*including former director

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

17. SHARE-BASED COMPENSATION (CONTINUED)

Directors and non-executive directors (including former director) (Continued)

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 12 months. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised total expenses of $Nil (2013: $Nil) related to equity-settled share-based compensation transactions during the year.

18. FINANCE LEASE OBLIGATIONS

	Group	
	2014	**2013**
	$	**$**
Minimum lease payments payable:		
Due not later than one year	70,622	26,504
Due later than one year and not later than five years	194,085	65,942
	264,707	92,446
Finance charges allocated to future periods	(21,933)	(6,678)
Present value of minimum lease payments	242,774	85,768

	Group	
	2014	**2013**
	$	**$**
Present value of minimum lease payments		
Current		
Due not later than one year	61,355	23,285
Non-current		
Due later than one year and not later than five years	181,419	62,483
	242,774	85,768

The effective interest rates of finance lease arrangements are 2.12% to 6.13% (2013: 3.80% to 6.13%) per annum.

The lease terms are 5 years (2013: 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 lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

18. FINANCE LEASE OBLIGATIONS (CONTINUED)

Finance lease obligations are denominated in the following currencies:

	Group	
	2014	2013
	$	$
Singapore Dollar	230,680	68,280
Ringgit Malaysia	12,094	17,488
	242,774	85,768

19. BANK BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Current liabilities				
Short term bank loans	9,877,465	7,981,056	7,100,000	6,300,000
Long term bank loan due within one year	–	666,676	–	666,676
	9,877,465	8,647,732	7,100,000	6,966,676

Short term bank loans

The Group's and the Company's short term bank loans bear effective interest from 1.76% to 5.61% (2013: 1.59% to 2.16%) per annum and are repayable by March 2015 (2013: March 2014).

Long term bank loan

The Group's and the Company's long term bank loan bear effective interest of 2.48% per annum and repayable over 36 monthly instalments of $41,666 each commencing August 2011. The long term bank loan has been fully settled during the financial year.

The Group's and the Company's bank borrowings are secured by the corporate guarantee from the Company and certain subsidiaries.

The carrying amounts of the Group's and of the Company's borrowings approximate their fair value at the end of the financial year.

Bank borrowings are denominated in the following currencies:–

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollar	9,613,075	8,647,732	7,100,000	6,966,676
Ringgit Malaysia	264,390	–	–	–
	9,877,465	8,647,732	7,100,000	6,966,676

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

20. DEFERRED TAX LIABILITIES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Balance at beginning of financial year	35,259	50,259	5,000	5,000
Credited to profit or loss	–	(15,000)	–	–
Balance at end of financial year	35,259	35,259	5,000	5,000

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Excess of net book value over tax written down value of property, plant and equipment	46,029	55,171	5,000	5,000
Provisions	(10,770)	(19,912)	–	–
	35,259	35,259	5,000	5,000

21. LOAN FROM ULTIMATE HOLDING COMPANY

Loan from ultimate holding company is unsecured with interest of 3.8% (2013: 3.8%) per annum and repayable by 31 December 2015 (2013: 31 December 2014). It is denominated in Singapore Dollar.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade payables	5,970,610	5,346,863	–	–
Accruals	5,251,142	4,615,844	315,386	324,520
Deposits received from customers	1,907,238	348,772	–	–
Amount owing to ultimate holding company	1,150	31,799	–	–
Amount owing to a director of a subsidiary	188,272	288,515	–	–
Provision for unutilised leave	433,007	586,127	–	–
Provision of reinstatement cost	41,590	41,590	766	–
Other payables	1,003,969	391,430	201,345	44,856
Total trade and other payables	14,796,978	11,650,940	517,497	369,376
Add:				
Finance lease obligations (Note 18)	242,774	85,768	–	–
Bank borrowings (Note 19)	9,877,465	8,647,732	7,100,000	6,966,676
Loan from ultimate holding company (Note 21)	3,500,000	4,000,000	3,500,000	4,000,000
Amount owing to subsidiaries (Note 12)	–	–	1,497,721	453,640
	28,417,217	24,384,440	12,615,218	11,789,692
Less:				
Deposits received from customers	(1,907,238)	(348,772)	–	–
Provision for unutilised leave	(433,007)	(586,127)	–	–
Provision of reinstatement cost	(41,590)	(41,590)	–	–
Total financial liabilities carried at amortised cost	26,035,382	23,407,951	12,615,218	11,789,692

Trade payables are generally repayable within 30 to 90 days (2013: 30 to 90 days).

Amount owing to ultimate holding company is trade in nature, unsecured, interest-free and generally on normal credit terms.

Amount owing to a director of a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

22. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollar	6,972,080	6,549,468	517,497	369,376
Bahraini Dinar	4,889,977	3,627,730	–	–
Ringgit Malaysia	1,204,208	217,791	–	–
Euro	744,696	18,469	–	–
Chinese Renminbi	426,109	168,407	–	–
United States Dollar	244,397	19,521	–	–
British Pound	117,124	572,303	–	–
Brunei Dollar	110,257	128,266	–	–
Vietnamese Dong	67,550	161,601	–	–
Saudi Riyal	802	165,449	–	–
Others	19,778	21,935	–	–
	14,796,978	11,650,940	517,497	369,376

23. REVENUE

	Group	
	2014	2013
	$	$
Sale of goods	1,590,747	1,327,060
Contract revenue	76,425,805	66,450,480
	78,016,552	67,777,540

24. OTHER OPERATING INCOME

	Group	
	2014	2013
	$	$
Trade payable written back	102,947	76,934
Allowance for doubtful debts no longer required – trade	25,777	44,612
Bargain purchase	58,157	–
Foreign exchange gain, net	–	134,936
Government grants		
– Productivity and Innovation Credit (“PIC”) grants	70,727	198,670
– Small and Medium Enterprise (“SME”) cash grants	–	42,575
– Wage Credit Scheme (“WCS”) grants	52,270	–
– others	42,980	51,546
Rental income	105,110	80,270
Scrap sales	–	15,560
Miscellaneous income	108,696	53,197
	566,664	698,300

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

25. FINANCE COSTS

	Group	
	2014	2013
	$	$
Bank loans interest	188,712	161,162
Loan interest charged by ultimate holding company	149,032	152,000
Finance lease interest	7,362	22,884
	345,106	336,046

26. PROFIT BEFORE INCOME TAX

In addition to the charges and credit disclosed elsewhere in the notes to the consolidated statement of comprehensive income, the above includes the following charges:

	Group	
	2014	2013
	$	$
Cost of sales		
Depreciation of property, plant and equipment	364,070	201,271
Employee benefits expenses		
– salaries, bonuses and other short-term benefits	3,179,518	3,276,694
– contributions to the defined contribution plan	93,981	117,256
Administrative and other operating expenses		
Audit fees paid to auditors:		
– Auditors of the Company	126,000	135,000
– Other auditors	53,694	48,519
Non-audit fees paid to auditors:		
– Auditors of the Company	–	3,300
– Other auditors	8,966	14,468
Allowance for doubtful debts – trade	28,342	206,177
Bad debts written off	2,047	1,615
Depreciation of property, plant and equipment	871,110	1,072,691
Foreign exchange loss, net	115,875	–
Impairment loss on property, plant and equipment	–	20,779
Loss on disposal of property, plant and equipment	13,949	79,803
Operating lease expenses	1,573,889	1,594,153
Property, plant and equipment written off	36,129	441,115
Employee benefits expenses		
– salaries, bonuses and other short-term benefits	13,491,086	13,893,715
– contributions to the defined contribution plan	911,115	946,338

Employee benefits expenses include the amounts shown as Directors' remuneration in Note 32 to the financial statements.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

27. INCOME TAX EXPENSE

	Group	
	2014	2013
	$	$
Current income tax		
– current financial year	198,391	19,159
– under provision in prior financial years	–	19,704
	198,391	38,863
Deferred tax		
– current financial year	–	(15,000)
	198,391	23,863

Reconciliation of effective income tax rate

	Group	
	2014	2013
	$	$
Profit before income tax	2,512,936	853,110
Income tax calculated at statutory tax rate of 17%	427,199	145,029
Different tax rates in other countries	(276,372)	(277,406)
Enhanced Productivity and Innovation Credit	(28,543)	(36,652)
Income not subject to tax	(21,290)	(37,964)
Expenses not deductible for income tax purposes	144,483	166,200
Tax exemption	–	(16,487)
Utilisation of deferred tax assets not recognised in prior years	(258,000)	(84,107)
Deferred tax assets not recognised in profit or loss	316,000	134,835
Under provision of current income tax in prior years	–	19,704
Others	(105,086)	10,711
	198,391	23,863

Unrecognised deferred tax assets

Deferred tax assets not recognised in respect of the following temporary differences:

	Group	
	2014	2013
	$	$
Property, plant and equipment	71,000	29,000
Unabsorbed capital allowances	49,000	49,000
Unutilised tax losses	1,149,000	1,097,000
Provisions	40,000	49,000
Others	–	27,000
	1,309,000	1,251,000

27. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets (Continued)

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $288,000 (2013: $288,000) and $6,759,000 (2013: $6,453,000) 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 2.17 to the financial statements.

Included in unutilised tax losses are the following tax losses of Shanghai Cityneon Exhibition Services Co., Ltd. and Cityneon Shelter Events (Shenzhen) Pte. Ltd. which are available for offset against future taxable income for a period of 5 years from the year incurred:

Year incurred	Year of expiry	2014 $	2013 $
2011	2016	–	91,590
2012	2017	–	641,326
2013	2018	–	12,791
		–	745,707

28. 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 number of ordinary shares in issue of 88,525,400 (2013: 88,525,400) during the financial year.

Diluted earnings per share amount 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.

The employee share options did not have dilutive effect on the Group's earnings per share in the current and previous financial year because the yearly average market price per ordinary share of the Company was below the exercise price of the share option granted.

The calculation for earnings per share of the Group is based on the following data:

	2014 $	2013 $
Profit for the year attributable to owners of the parent	2,344,933	894,317
Number of ordinary shares in basic earnings per share	88,525,400	88,525,400
Basic earnings per share (cents)	2.65	1.01
Diluted earnings per share (cents)	2.65	1.01

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

29. OPERATING LEASE COMMITMENTS

At the end of the financial year, commitments in respect of non-cancellable operating leases in respect of office equipment and premises are as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Not later than one year	1,435,845	1,185,471	661,815	645,496
Later than one year and not later than five years	2,014,902	2,868,474	1,158,176	1,775,115
	3,450,747	4,053,945	1,819,991	2,420,611

The leases on the Group's and on the Company's office equipment and premises expire on the dates between 5 January 2015 to 31 December 2018 (2013: 14 February 2014 to 31 December 2018). The current rent payables under the leases are subject to revision after the expiry.

30. DIVIDEND

The directors propose that a first and final tax exempt (one-tier) dividend of $0.01 (2013: $Nil) per share amounting to $885,254 (2013: $Nil) in respect of current financial year. This first and final dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval at the forthcoming Annual General Meeting of the Company.

31. CONTINGENT LIABILITIES

The Group has given tender bonds and performance guarantees through banks to its landlord for office rental deposit amounting to $1,307,130 (2013: $748,747) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $14,820,852 (2013: $6,495,719) respectively. Certain tender bonds and performance guarantees are secured by cash collaterals amounting to $294,722 (2013: $835,330). In the opinion of the management, no losses are expected to arise pertaining to the aforesaid tender bonds and performance guarantees.

The Company had given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee contract 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 2014, the total banking facilities granted to certain subsidiaries amounted to approximately $11,380,000 (2013: $12,459,000) and the amount utilised by certain subsidiaries amounted to approximately $5,149,000 (2013: $1,885,000). The earliest period that the guarantee could be called is within 1 year (2013: 1 year) from the end of reporting period. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a); or
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity.

The Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

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	
	2014	**2013**
	$	**$**
With ultimate holding company		
– interest expense	149,032	152,000
– service rendered to	36,423	161,897
With related companies		
– service rendered to	–	118,234
With related parties		
– service rendered to	14,500	279,822
– service rendered by	10,858	–
– advances to	–	272,500

Related parties transactions with Cityneon Philippine Inc. and Cityneon Displays and Constructions (Thailand) Co., Ltd, of which Mr. Ko Chee Wah and Mr. Lim Poh Hock, directors of the Company have beneficial interests. The amount of transactions in 2014 were insignificant.

notes to the financial statements

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32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	2014	2013	2014	2013
	$	$	$	$
Directors of the Company				
Directors' fees	231,691	235,144	231,691	235,144
Short-term benefits	735,827	877,771	–	–
Contributions to the defined contribution plan	4,200	11,901	–	–
	971,718	1,124,816	231,691	235,144
Directors of subsidiaries				
Directors' fees	35,593	31,332	–	–
Short-term benefits	1,540,442	1,361,085	–	–
Contributions to the defined contribution plan	4,905	14,950	–	–
	1,580,940	1,407,367	–	–

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The above amounts for key management personnel compensation are for the directors of the Company (including directors' fees of non-executive directors) and its subsidiaries.

33. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of services the Group operates in and has four reportable operating segments as follows:

Experiential Environment

Operations in experiential environment 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 and 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.

Exhibition services

Operations in the exhibition services 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.

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33. SEGMENT INFORMATION (CONTINUED)

Event management

Operations in the event management 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.

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.

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33. SEGMENT INFORMATION (CONTINUED)

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.

	Experiential environment $	Interior architecture $	Exhibition services $	Event management $	Elimination $	Consolidated $
2014						
Revenue						
Revenue from external customers	16,249,691	20,577,963	26,432,692	14,756,206	–	78,016,552
Inter-segment sales	–	–	2,507,995	–	(2,507,995)	–
	16,249,691	20,577,963	28,940,687	14,756,206	(2,507,995)	78,016,552
Results						
Segment results	1,318,942	(724,978)	4,396,445	908,129	–	5,898,538
Unallocated expenses, net						(3,117,445)
Interest income						76,949
Finance costs						(345,106)
Profit before income tax						2,512,936
Income tax expense						(198,391)
Profit after income tax but before non-controlling interests						2,314,545
Non-controlling interests						30,388
Profit attributable to owners of the parent						2,344,933
2013						
Revenue						
Revenue from external customers	9,145,964	15,213,849	24,397,728	19,019,999	–	67,777,540
Inter-segment sales	–	–	359,173	–	(359,173)	–
	9,145,964	15,213,849	24,756,901	19,019,999	(359,173)	67,777,540
Results						
Segment results	1,139,418	895,406	2,395,089	682,638	–	5,112,551
Unallocated expenses, net						(3,964,777)
Interest income						41,382
Finance costs						(336,046)
Profit before income tax						853,110
Income tax expense						(23,863)
Profit after income tax but before non-controlling interests						829,247
Non-controlling interests						65,070
Profit attributable to owners of the parent						894,317

33. SEGMENT INFORMATION (CONTINUED)

	2014 $	2013 $
Capital expenditure		
Experiential environment	37,719	–
Interior architecture	78,840	26,774
Exhibition services	352,922	139,487
Event management	319,235	604,133
Unallocated	421,406	86,312
	1,210,122	856,706
Depreciation of property, plant and equipment		
Experiential environment	27,238	–
Interior architecture	79,544	89,532
Exhibition services	586,320	576,180
Event management	366,751	345,174
Unallocated	175,327	263,076
	1,235,180	1,273,962
Non-cash expenses other than depreciation and allowance for doubtful debts – trade and non-trade		
Experiential environment	–	–
Interior architecture	2,047	2,114
Exhibition services	36,129	62,165
Event management	13,949	363,677
Unallocated	–	115,356
	52,125	543,312
Allowance for doubtful debts – trade and non-trade		
Experiential environment	3,210	–
Interior architecture	–	–
Exhibition services	–	206,177
Event management	25,132	–
Unallocated	–	–
	28,342	206,177
Segment assets		
Experiential environment	5,375,002	2,704,543
Interior architecture	8,290,200	7,284,303
Exhibition services	29,264,463	27,232,455
Event management	8,733,952	7,037,842
Unallocated	4,493,049	4,500,717
Consolidated total assets	56,156,666	48,759,860

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33. SEGMENT INFORMATION (CONTINUED)

	2014 $	2013 $
Segment liabilities		
Experiential environment	3,093,408	389,212
Interior architecture	4,223,123	4,735,791
Exhibition services	7,604,369	6,446,642
Event management	3,475,931	3,103,127
Unallocated	11,877,715	11,725,315
Consolidated total liabilities	30,274,546	26,400,087

All assets are allocated to the reportable segments other than income tax recoverable.

All liabilities are allocated to the reportable segments other than income tax payables and deferred tax liabilities.

Geographical information

The following table shows the distribution of the Group's consolidated revenue by geographical market, with respect to where the customers are located:

	2014 $	2013 $
Revenue from external customers		
Singapore	32,601,405	28,231,688
China	16,011,607	10,735,658
Netherlands	6,220,084	5,826,488
Malaysia	5,103,749	2,315,843
Oman	4,691,259	2,253,655
Bahrain	4,053,752	5,682,141
Laos	2,131,617	–
Brunei	844,500	6,307,856
United States/Other European countries	2,923,960	1,887,879
Other Asia Pacific countries	2,731,234	2,322,542
Other Middle East countries	703,385	2,213,790
	78,016,552	67,777,540
Location of non-current assets		
Singapore	1,823,307	1,859,906
Middle East	1,410,111	1,516,325
Malaysia	204,717	286,380
China	14,723	13,831
Vietnam	8,134	35,693
Brunei	9,466	13,498
	3,470,458	3,725,633

33. SEGMENT INFORMATION (CONTINUED)

Major customers

Revenues of approximately 25% (2013: 18%) are derived from Two (2013: Two) external customers. These revenues are attributable to the event management and experiential environment segments (2013: event management and exhibition services segments).

34. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (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 Company's and the Group'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 indicated below.

34.1 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 long and short term borrowings.

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rate at the end of the financial year and the periods in which they reprice or mature, whichever is earlier.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Interest rate risk (Continued)

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2014						
Financial liabilities						
Finance lease obligations	18	2.12 to 6.13	(243)	(61)	(182)	–
Bank borrowings	19	1.76 to 5.61	(9,877)	(9,877)	–	–
Loan from ultimate holding company	21	3.80	(3,500)	(3,500)	–	–
			(13,620)	(13,438)	(182)	–
2013						
Financial liabilities						
Finance lease obligations	18	3.80 to 6.13	(86)	(23)	(63)	–
Bank borrowings	19	1.59 to 2.48	(8,648)	(8,648)	–	–
Loan from ultimate holding company	21	3.80	(4,000)	(4,000)	–	–
			(12,734)	(12,671)	(63)	–
Company						
2014						
Financial liabilities						
Bank borrowings	19	1.76 to 2.31	(7,100)	(7,100)	–	–
Loan from ultimate holding company	21	3.80	(3,500)	(3,500)	–	–
			(10,600)	(10,600)	–	–
2013						
Financial liabilities						
Bank borrowings	19	1.68 to 2.48	(6,967)	(6,967)	–	–
Loan from ultimate holding company	21	3.80	(4,000)	(4,000)	–	–
			(10,967)	(10,967)	–	–

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities as at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of the reporting period, with all variables held constant.

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Interest rate risk (Continued)

	Increase/(Decrease) Profit or loss	
	2014 $'000	2013 $'000
Group		
Interest rate		
– decreased by 0.5% per annum	51	43
– increased by 0.5% per annum	(51)	(43)
Company		
Interest rate		
– decreased by 0.5% per annum	36	35
– increased by 0.5% per annum	(36)	(35)

34.2 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.

The Group operates in Asia with dominant operations in Singapore, People's Republic of China and the Middle East. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar, Omani Rial, Qatari Rial, Ringgit Malaysia, Bahraini Dinar, Brunei Dollar, British Pound, Euro, Thai Baht, Vietnamese Dong and Chinese Renminbi.

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 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.

A 10% strengthening of foreign currencies against the functional currencies of the Company and its subsidiaries at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 Foreign currency risk (Continued)

	Group		Company	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
31 December 2014				
Ringgit Malaysia	120	(3)	–	–
United States Dollar	1	559	–	(25)
Euro	–	182	–	7
Bahraini Dinar	382	–	–	–
Brunei Dollar	–	(11)	–	–
Omani Rial	–	375	–	–
British Pound	–	(12)	–	–
Chinese Renminbi	374	6	–	–
Qatari Rial	–	424	–	–
Vietnamese Dong	10	(2)	–	–
31 December 2013				
Ringgit Malaysia	149	–	–	–
United States Dollar	–	369	–	(24)
Euro	–	8	–	1
Bahraini Dinar	1,166	–	–	–
Brunei Dollar	–	27	–	–
Omani Rial	–	264	–	–
British Pound	–	(57)	–	–
Thai Baht	–	(55)	–	–
Chinese Renminbi	178	–	–	–

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.

34.3 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% 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 37% (2013: 48%) of the total trade receivables amount.

notes to the financial statements

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.3 Credit risk (Continued)

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 statements of financial position.

The Group's and the Company's major classes of financial assets are bank deposits, amounts due from contract customers, trade receivables and amounts owing by subsidiaries.

The credit risk for trade receivables is as follows:

	Group	
	2014 $'000	2013 $'000
By geographical areas		
Singapore	3,701	4,512
Middle East	1,201	4,103
Malaysia	2,141	1,615
China	869	800
Other Asia Pacific	1,124	731
United States/Europe/Others	2,008	1,996
	11,044	13,757

(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 but not impaired is as follows:

	Gross receivables 2014 $'000	Impairment 2014 $'000	Gross receivables 2013 $'000	Impairment 2013 $'000
Group				
Past due 1 to 90 days	7,775	–	9,271	–
Past due over 90 days	2,449	427	1,767	471
	10,224	427	11,038	471

notes to the financial statements

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.4 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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 borrowings from ultimate holding company.

In addition, the Group maintains $50.0 (2013: $53.8) million of credit facilities which includes the following:

(i) loan facilities which are secured 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 35.

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:

	2014				2013			
	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	12,415	–	–	12,415	10,674	–	–	10,674
Fixed-interest bearing								
Loan from ultimate holding company	3,633	–	–	3,633	4,152	–	–	4,152
Finance lease obligations	71	194	–	265	26	66	–	92
Variable-interest bearing								
Bank borrowings	9,914	–	–	9,914	8,009	673	–	8,682
	26,033	194	–	26,227	22,861	739	–	23,600

notes to the financial statements

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34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.4 Liquidity risk (Continued)

	2014				2013			
	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
Company								
Financial liabilities								
Non-interest bearing								
Trade and other payables	517	–	–	517	369	–	–	369
Amount owing to subsidiaries	1,498	–	–	1,498	454	–	–	454
Fixed-interest bearing								
Loan from ultimate holding company	3,633	–	–	3,633	4,152	–	–	4,152
Variable-interest bearing								
Bank borrowings	7,122	–	–	7,122	6,319	673	–	6,992
	12,770	–	–	12,770	11,294	673	–	11,967
Financial guarantees issued	5,149	–	–	5,149	1,885	–	–	1,885
	17,919	–	–	17,919	13,179	673	–	13,852

35. 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 Note 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.

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Finance lease obligations	242	85	–	–
Bank borrowings	9,877	8,648	7,100	6,967
Loan from ultimate holding company	3,500	4,000	3,500	4,000
Total interest bearing debts	13,619	12,733	10,600	10,967
Total assets	56,169	48,809	29,225	28,729
Gearing ratio	24%	26%	36%	38%

notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

35. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

In previous financial year, the gearing ratio is derived by dividing non-current portion of the interest bearing long-term debts over total assets.

	Group 2013 $'000	Company 2013 $'000
Interest-bearing long-term debts	62	–
Total assets	48,809	28,729
Gearing ratio	0.1%	–

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 externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

36. 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.

(b) *Fair value of financial instruments that are carried at fair value*

The Group and the Company have no financial assets and financial liabilities carried at fair value as at 31 December 2014 and 2013.

analysis of shareholdings

AS AT 23 MARCH 2015

NO. OF SHARES ISSUED	:	88,525,400 SHARES
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

The Company does not have any treasury shares.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.32	1	0.00
100 – 1,000	40	12.78	40,000	0.04
1,001 – 10,000	187	59.74	904.000	1.02
10,001 – 1,000,000	80	25.56	3,928,671	4.44
1,000,001 & ABOVE	5	1.60	83,652,728	94.50
TOTAL	**313**	**100.00**	**88,525,400**	**100.00**

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
LAVIANI PTE. LTD.	56,729,295	64.08
LIM POH HOCK	10,885,168	12.30
KO CHEE WAH	10,486,265	11.85
MULTI-PURPOSE INSURANS BHD	4,000,000	4.52
CIMB SEC (S'PORE) PTE LTD	1,552,000	1.75
HONG LEONG FINANCE NOMINEES PL	564,000	0.64
KUNG MENG	187,000	0.21
OCBC SECURITIES PRIVATE LTD	182,000	0.21
PER TIONG SHIM	180,000	0.20
TAN CHONG YI	163,000	0.18
GAN GUAT CHING	161,000	0.18
ESTATE OF TAN TIAN SIANG DECEASED	120,879	0.14
LEONG KOK TOONG	108,792	0.12
CHEY CHOR WAI	100,000	0.11
MAYBANK KIM ENG SECURITIES PTE LTD	80,000	0.09
LOH BOON TAN	73,000	0.08
KWAN TUNG WAI	68,000	0.08
LOO SEI KEONG	62,000	0.07
CHAN HENG KIAN	60,000	0.07
GOH NAE LIH	60,000	0.07
	85,822,399	96.95

Based on the information available to the Company as at 23 March 2015, approximately 11.77% of the issued shares of the Company is held in the hands of the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

substantial shareholders

AS AT 23 MARCH 2015

	No. of ordinary shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Ko Chee Wah	10,486,265	11.85	–	–
Lim Poh Hock	10,885,168	12.30	–	–
Laviani Pte. Ltd.	56,729,295	64.08	–	–
Star Publications (Malaysia) Berhad	–	–	56,729,295	64.08
Malaysian Chinese Association	–	–	56,729,295	64.08

Notes:

(1) 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.

(2) Malaysian Chinese Association is deemed to be interested in 56,729,295 shares held by Laviani Pte. Ltd. by virtue of its 42.46% interest in Star Publications (Malaysia) Berhad which, in turn, holds 100% of Laviani Pte. Ltd.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cityneon Holdings Limited (the "Company") will be held at 84 Genting Lane, #06-01 Cityneon Design Centre, Singapore 349584 on Wednesday, 22 April 2015 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company, retiring pursuant to Article 104 of the Company's Articles of Association:

   (a) Mr Lim Poh Hock **(Resolution 2)**

   (b) Mr Ko Chee Wah **(Resolution 3)**

   [See explanatory Note (i)]

3. To re-elect the following Directors of the Company, retiring pursuant to Article 108 of the Company's Articles of Association:

   (a) Dr Andreas Teoh **(Resolution 4)**

   (b) Mr Tang Nai Soon **(Resolution 5)**

   [See explanatory Note (ii)]

4. To declare a first and final tax exempt one-tier dividend of 1 cent per ordinary share for the financial year ended 31 December 2014. **(Resolution 6)**

5. To approve the payment of Directors' fees of S$231,691 for the year ended 31 December 2014 (2013: S$235,144). **(Resolution 7)**

6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

notice of annual general meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") 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 but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

notice of annual general meeting

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

9. **Authority to issue shares under the Cityneon Employee Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing Cityneon Employee Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and any other share based schemes (if applicable) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 10)**

10. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report dated 7 April 2015 (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

notice of annual general meeting

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate as they may think fit.

[See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Cho Form Po
Company Secretary
Singapore
7 April 2015

Explanatory Notes:

(i) Mr Ko Chee Wah will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee.

(ii) Dr Andreas Teoh will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee, and he will be considered independent.

Mr Tang Nai Soon will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, and he will be considered independent.

(iii) The Ordinary Resolution 9 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

notice of annual general meeting

(iv) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 15% of the total number of issued shares excluding treasury shares in the capital of the Company from time to time, and the aggregate number of ordinary shares which may be issued pursuant to the Scheme and any other share based schemes (if applicable) shall not exceed 15% of the total issued share capital of the Company excluding treasury shares, from time to time.

(v) The Ordinary Resolution 11 proposed in item 10 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 84 Genting Lane, #06-01 Cityneon Design Centre, Singapore 349584 not less than 48 hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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CITYNEON HOLDINGS LIMITED

Company Registration No. 199903628E
(Incorporated In Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy Cityneon Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We,____

of ____

being a member/members of CITYNEON HOLDINGS LIMITED (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Wednesday, 22 April 2015 at 2.30 p.m. at 84 Genting Lane, #06-01 Cityneon Design Centre, Singapore 349584 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2014.		
2	Re-election of Mr Lim Poh Hock as a Director.		
3	Re-election of Mr Ko Chee Wah as a Director.		
4	Re-election of Dr Andreas Teoh as a Director.		
5	Re-election of Mr Tang Nai Soon as a Director.		
6	Payment of proposed a first and final tax exempt one-tier dividend of 1 cent per ordinary share for the financial year ended 31 December 2014.		
7	Approval of Directors' fees amounting to S$231,691 for the year ended 31 December 2014.		
8	Re-appointment of Messrs BDO LLP as Auditors.		
9	Authority to issue new shares.		
10	Authority to issue shares under the Cityneon Employee Share Option Scheme.		
11	Renewal of Shareholders' Mandate for Interested Person Transactions.		

Dated this ________ day of ____________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2015.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. If no proportion or number of shares 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. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 84 Genting Lane, #06-01 Cityneon Design Centre, Singapore 349584 **not less than 48 hours** before the time appointed for the holding of the Meeting.
5. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised or in such manner as appropriate under applicable laws. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original 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 original instrument of proxy and must be left at the Registered Office, **not less than 48 hours** before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CITYNEON HOLDINGS LIMITED

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