

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

**ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF 100% OF THE MEMBERSHIP INTERESTS AND 100% OF THE TRANSFERABLE INTERESTS IN JP EXHIBITION LLC ("THE PROPOSED ACQUISITION")**

**1. INTRODUCTION**

1.1 The Board of Directors ("**Board**" or "**Directors**") of Cityneon Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. ("**VHE**") has on 30 August 2017 entered into a sale and purchase agreement ("**Agreement**") with, *inter alia*, Imagine Exhibitions Pte. Ltd. ("**Imagine Exhibitions**"), Iconic JP LLC, MagicSpace Entertainment, Inc., Kilburn Media, Arts and Exhibitions International and Encore B SAS (collectively, the "**Vendors**" and each a "**Vendor**"), in respect of the proposed acquisition of (i) 100% of the membership interests of JP Exhibition LLC ("**JPE**"), (ii) 100% of the transferable interests in JPE and (iii) 100% of the transferable interests of the Manager (as defined below) in JPE (collectively, the "**Sale Interests**") (the "**Proposed Acquisition**").

The "**Manager**" of JPE refers to, collectively, MagicSpace Entertainment, Inc., Imagine Exhibitions and Iconic JP LLC, which together are responsible for performing the management functions stated in the operating agreement of JPE and Subsection 48-3a-407(3) of the Utah Revised Uniform Limited Liability Company Act.

1.2 The Proposed Acquisition constitutes a "disclosable transaction" under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**").

**2. INFORMATION RELATING TO JPE AND THE VENDORS**

2.1 JPE is a limited liability company organized under the Utah Revised Uniform Limited Liability Company Act and incorporated in Utah, the United States of America. JPE is principally engaged in developing, financing and presenting an exhibition based upon the Jurassic Park motion picture franchise and featuring animatronic dinosaurs. The Sale Interests are held by the Vendors in the following proportions:

<b>Name of Vendor</b>	<b>Percentage of Sale Interests in JPE</b>
Imagine Exhibitions	22.91%
Iconic JP LLC	11.46%
MagicSpace Entertainment, Inc.	17.02%
Kilburn Media	25.58%
Arts and Exhibitions International	19.06%
Encore B SAS	3.97%

2.2 Based on the latest draft available financial statements of JPE, the latest net tangible asset value attributable to the Sale Interests as at 31 December 2016 was approximately S\$7,668,650 respectively, and the net profits after tax attributable to the Sale Interests was approximately S\$3,271,976 (for the financial periods from 1 April to 31 December 2016).

2.3 The Vendors are not related to any of the Directors and controlling shareholders of the Company ("**Shareholders**").

### 3. THE PURCHASE CONSIDERATION

3.1 The consideration ("**Consideration**") for the Sale Interests shall be an aggregate amount of US\$25,000,000 which was negotiated and arrived at on a willing buyer willing seller basis. Based on the latest draft available financial statements of JPE, the Consideration values JPE at a price to earnings ratio of 5 times based on a forward price to earnings ratio for the 12-month period ending 7 January 2018.

3.2 Payment of and full settlement of the Consideration shall be effected in the following manner:

- (a) on Completion (as defined herein), the amount of US\$20,000,000 shall be paid into the designated bank account of the Vendors by wire transfer in immediately available funds; and
- (b) subject to JPE achieving audited profit of US\$5,000,000 (the "**Profit Target**"), the remaining amount of US\$5,000,000 shall be paid within five (5) business days of receipt by VHE of written confirmation by the independent auditor appointed and agreed by VHE and the Vendors (the "**Auditor**") that the Profit Target has been met.

The Profit Target shall be based on the line items in the budget of JPE agreed between the parties and annexed to the Agreement, and audited by the Auditor in accordance with generally accepted accounting principles in the United States. For the avoidance of doubt, in the event the Profit Target is not achieved, no part of the US\$5,000,000 shall be payable by VHE to the Vendors.

The audited profit for the purposes of computing the Profit Target shall include revenue from the Philadelphia and Chicago engagements of the Jurassic World travelling exhibition presented by JPE. The end date for the Chicago engagement of the exhibition shall be 7 January 2018 for the purpose of computing Audited Profit, notwithstanding any extension(s) of the Chicago engagement.

### 4. CONDITIONS PRECEDENT ATTACHED TO THE PROPOSED ACQUISITION

Completion of the Proposed Acquisition is subject to the following conditions precedent ("**Conditions Precedent**"):

- (a) all approvals, waivers or consents as may be required for the sale of the Sale Interests, to enable VHE and/or its nominee(s) to be registered as holder(s) of all of the Sale Interests, and to give effect to the transactions contemplated hereunder (including without limitation, under all applicable laws and such waivers, as may be necessary, of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which JPE is a party or by which JPE or its assets are bound), including the approvals, waivers and consents listed in the Agreement being obtained and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to VHE in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;

- (b) acknowledgement having been obtained from Universal Studios Licensing LLC ("**Universal Studios**") (being the legal owner of the Jurassic World intellectual property rights) for the transactions contemplated by the Agreement and Universal Studios not having required the payment of any additional amount(s) in connection with the granting of such acknowledgement or approval;
- (c) the terms and conditions of the amendments to the location based entertainment license agreement entered into on 3 April 2014 by and between Universal Studios and Imagine Exhibitions, and subsequently assigned to JPE by way of an assignment agreement dated 19 April 2016, being satisfactory to VHE;
- (d) approval of the board of directors and the shareholders or members of each of VHE, VHE's parent company and/or each of the Vendors, where applicable;
- (e) the resignation or removal of all the Managers as a manager of JPE;
- (f) the warranties given by each of the Vendors and VHE (as the case may be) that are qualified as to materiality shall be true and correct, and such warranties that are not so qualified shall be true and correct in all material respects, in each case as of the date of the Agreement and as of the Completion Date (as defined herein) as though made at such time, except to the extent such warranties expressly relate to an earlier date, in which case as of such earlier date, by reference to the facts and circumstances then existing, and there being no breaches of any covenants, undertakings and agreements required to be performed or caused to be performed by the Vendors or VHE under the Agreement on or before the Completion Date (as defined herein);
- (g) the parties not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the Agreement or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (h) there being no material adverse change in the business, operations, assets, financial condition or prospects of JPE since the date of signing of the Agreement; and
- (i) the relevant authorities not having enacted, amended or proposed any law or legislation (including any subsidiary legislation) which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the Agreement or the operations of JPE.

## 5. **OTHER SALIENT TERMS AND CONDITIONS OF THE AGREEMENT**

Pursuant to the Agreement, *inter alia*:

- (a) following Completion, Imagine Exhibitions, Inc. ("**Imagine Exhibitions USA**") shall remain a Manager of JPE and contemporaneously with Completion VHE shall cause JPE to issue one (1) unit of membership interest in the capital of JPE or such number of units of membership interest as to enable Imagine Exhibitions USA to hold 0.1% of the total membership interests in JPE and shall cause Imagine Exhibitions USA to become a member of JPE;

- (b) VHE shall have the option, exercisable at any time after the date falling 12 months from the date of the Agreement, to remove Imagine Exhibitions USA as a Manager of JPE, and Imagine Exhibitions USA shall not have any claims against JPE or VHE in relation thereto;
- (c) VHE shall have the option, exercisable at any time during the period of 12 months commencing on the date of the Agreement, to remove Imagine Exhibitions USA as a Manager of JPE, provided that VHE (a) gives Imagine Exhibitions USA at least three (3) months' written notice and (b) pays Imagine Exhibitions USA all outstanding management fees owed in accordance with the existing agreement(s) entered into with Imagine Exhibitions USA;
- (d) VHE shall have the right at any time after Completion to terminate the employment of the employees of JPE;
- (e) in the event that Tom Zaller is no longer a principal of JPE, Tom Zaller shall nominate a key person successor of equivalent stature, reputation and ability in the industry ("**Key Person**") within the following six (6) months period, such Key Person to be approved by Universal Studios Licensing LLC;
- (f) following Completion, MagicSpace Entertainment, Inc. shall continue to provide the bookkeeping, financial reporting and financial management services to JPE previously provided to JPE pursuant to the existing co-production agreement between MagicSpace Entertainment, Inc., Imagine Exhibitions Pte. Ltd. and Iconic JP LLC, for which JPE will pay a weekly fee of US\$2,500, provided that either JPE or MagicSpace Entertainment, Inc. may terminate such relationship upon 30 days written notice; and
- (g) VHE shall be given a right of first refusal to be a majority investor ("**First Right of Refusal**") in the proposed project involving the traveling exhibition(s) scheduled for the 25<sup>th</sup> anniversary of Jurassic Park (which may be constructed by Imagine Exhibitions USA), on such terms as may be agreed between VHE and Imagine Exhibitions USA and provided that the terms of the First Right of Refusal shall be equivalent and as favourable as the proposed rights provided to other third parties.

## 6. COMPLETION OF THE PROPOSED ACQUISITION

Completion of the Proposed Acquisition ("**Completion**") shall take place on a date falling not more than three (3) business days following satisfaction or waiver of all the Conditions Precedent ("**Completion Date**").

## 7. SOURCE OF FUNDS

The Proposed Acquisition will be funded by existing cash and bank borrowings of the Group.

## 8. RATIONALE FOR THE PROPOSED ACQUISITION

This Proposed Acquisition is in line with the Group's plans to pursue its growth strategy and expand its international footprint in its partnership with international studios globally. Upon completion of the Proposed Acquisition, and through JPE's existing relationship with Universal Studios, the Group will hold three (3) major international intellectual property rights licences, in addition to the existing licences it holds, namely, "AVENGERS

S.T.A.T.I.O.N." and "TRANSFORMERS" which are from Marvel Characters B.V. and Hasbro International Inc., respectively.

## 9. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

The financial effects of the Proposed Acquisition on the Group as set out below are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Proposed Acquisition. The financial effects of the Proposed Acquisition set out below have been prepared based on (i) the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("FY2016") and (ii) the adjusted unaudited financial statements of JPE for FY2016.

### 9.1 **Share Capital**

The Proposed Acquisition would have no material effects on the issued share capital of the Company.

### 9.2 **Effect of Proposed Acquisition on net tangible asset ("NTA") per Share**

Assuming that the Proposed Acquisition was completed on 31 December 2016, the effect of the Proposed Acquisition on the NTA of the Group for FY2016 will be as follows:

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
<b>NTA (S\$)</b>	59,407,145	67,075,795
<b>Number of Shares</b>	244,656,195	244,656,195
<b>NTA per Share (S\$ cents)</b>	24.28	27.42

### 9.3 **Effect of the Proposed Acquisition on earnings per Share ("EPS")**

Assuming that the Proposed Acquisition was completed on 1 January 2016, the effect of the Proposed Acquisition on the EPS of the Group for FY2016 will be as follows:

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
<b>Profits attributable to Shareholders (S\$)</b>	6,680,888	9,652,864
<b>Weighted average number of Shares</b>	235,955,439	235,955,439
<b>EPS (S\$ cents)</b>	2.8	4.1

## 10. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

Based on the latest announced financial statements of the Group for the period ended 30 June 2017, the relative figures in respect of the Proposed Acquisition, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative figures</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an	Not applicable

	acquisition of assets	
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits	42.43%
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	14.6%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	Aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Based on the relevant figures computed under Rule 1006 of the Listing Manual, as the relative figure under Rule 1006(c) exceeds 5%, the Proposed Acquisition constitutes a discloseable transaction.

Notwithstanding that the relative figure computed under Rule 1006(b) exceeds 20%, pursuant to Rule 1014 of the Listing Manual, the requirement to obtain shareholders' approval in a general meeting does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b).

#### **11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling Shareholders of the Company have any direct or indirect interest in the Agreement or the Proposed Acquisition, other than through their respective directorships and shareholdings in the Company.

#### **12. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

#### **13. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this announcement in its proper form and context.

**14. DOCUMENTS FOR INSPECTION**

Shareholders should note that a copy of the Agreement will be available for inspection during normal business hours at the Company's registered office at 84 Genting Lane #06-01 Singapore 349584 for three (3) months from the date of this announcement.

**15. FURTHER ANNOUNCEMENTS**

The Company will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Acquisition and other matters contemplated by this announcement.

**16. CAUTION IN TRADING**

Shareholders and potential investors should note that the Proposed Acquisition is subject to the fulfilment of, *inter alia*, the Conditions Precedent set out above, and accordingly should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board  
CITYNEON HOLDINGS LIMITED

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Company Secretary  
30 August 2017