cityneon

from environment to experience

ANNUAL REPORT 2015

INTERIOR ARCHITECTURE

EXPERIENTIAL ENVIRONMENT

EVENTS

EXHIBITIONS

INTELLECTUAL PROPERTY RIGHTS

CONTENTS

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 intellectual property rights, concepts, designs and delivery in the area of Interior Architecture, Events, Exhibitions and all manner of Experiential Environment.

VISION

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

CORPORATE PROFILE

Cityneon is the leading service provider of creative solutions in the areas of Interior Architechure, Events, Exhibitions and all manner of Experiential Enviroment 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 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.

OUR BUSINESS

CITYNEON HOLDINGS LIMITED

INTERIOR ARCHITECTURE

- RETAIL / HOSPITALITY
- HEALTHCARE
- CORPORATE

EXPERIENTIAL ENVIRONMENT

- MUSEUMS
- THEME PARKS
- EXPOSITIONS

EVENTS

- EVENTS MANAGEMENT
- EVENTS INFRASTRUCTURE
- SPORTS MANAGEMENT

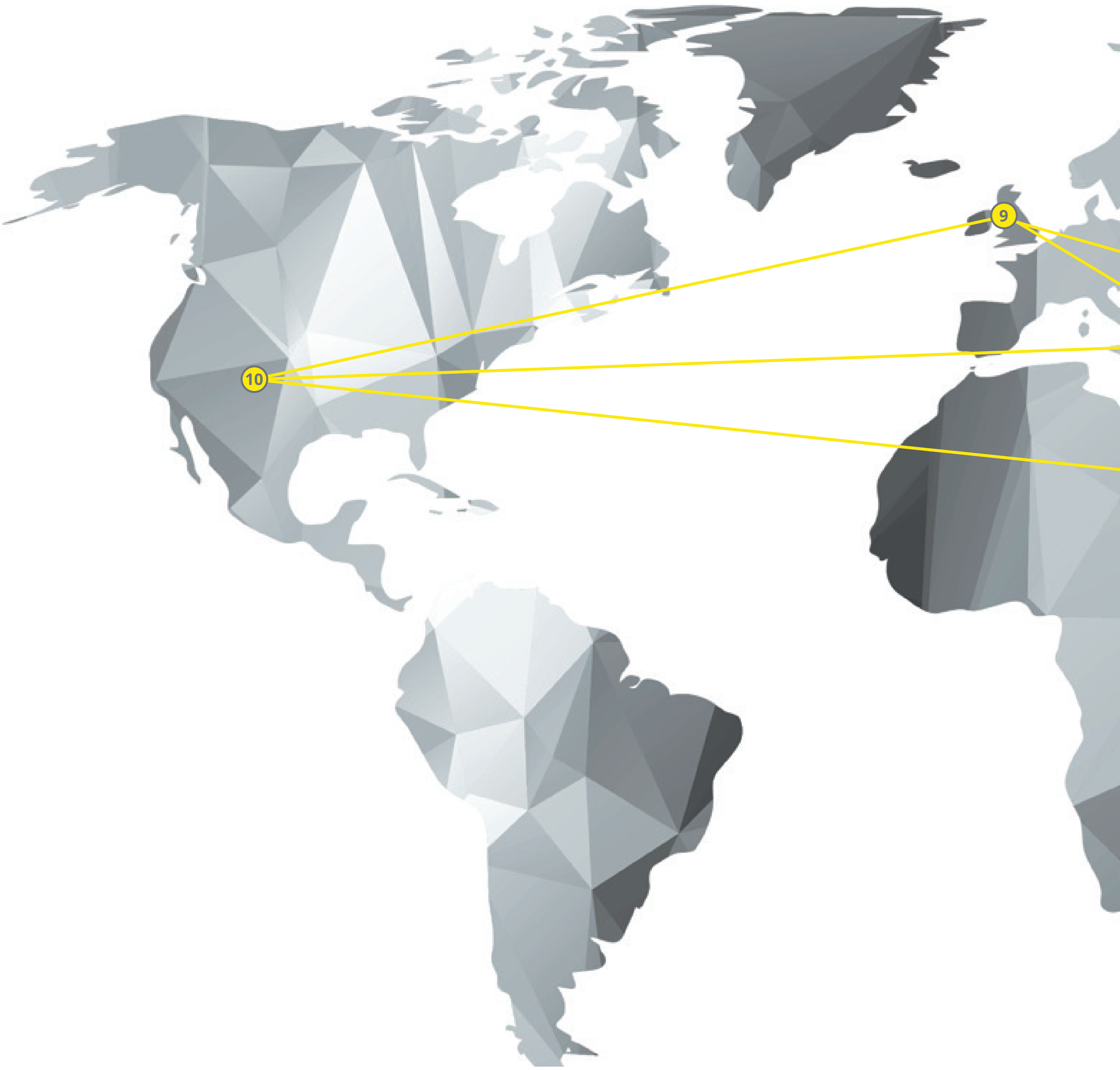
EXHIBITIONS

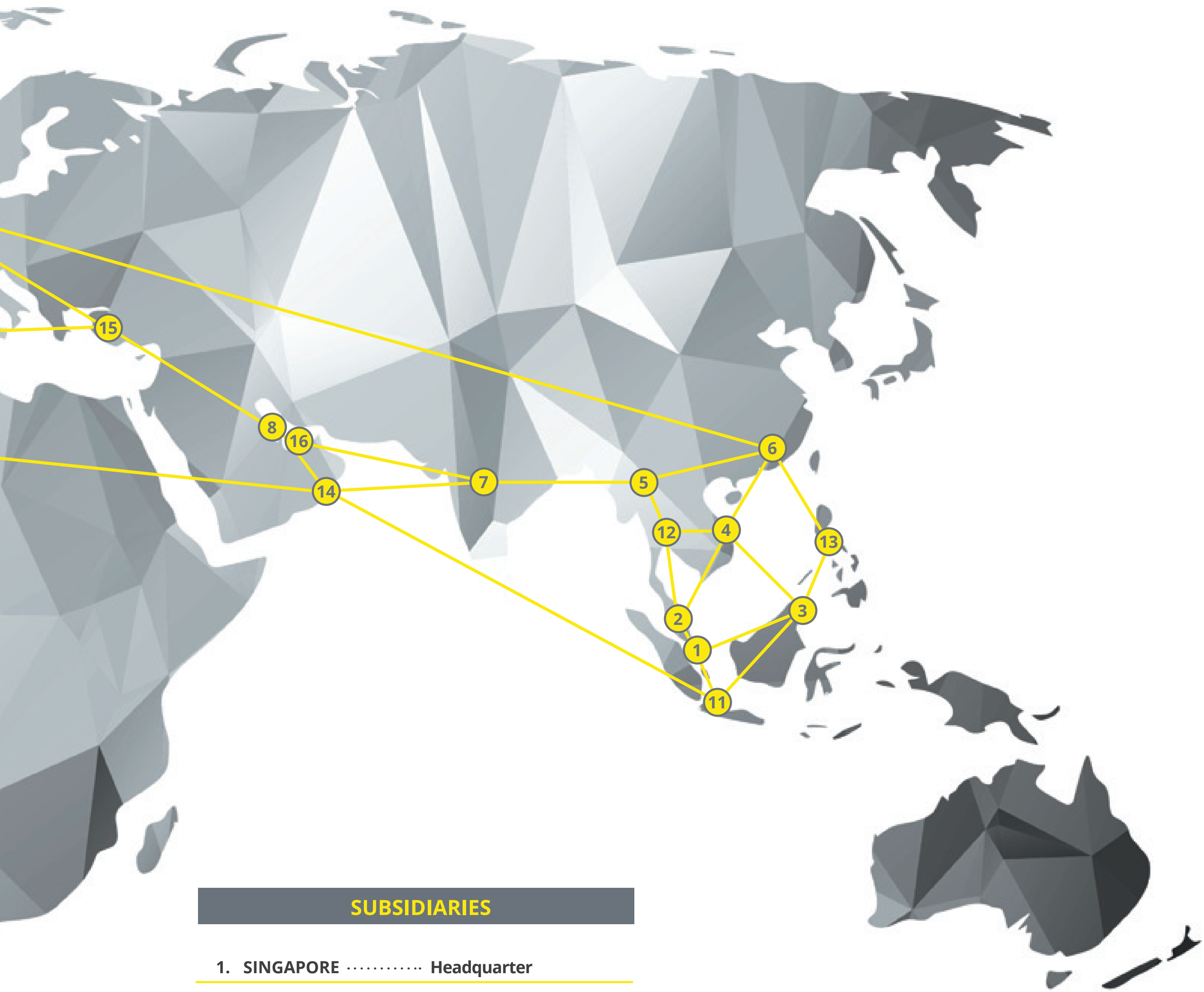
- TRADE SHOWS
- CONSUMER SHOWS

INTELLECTUAL PROPERTY RIGHTS

- EXCLUSIVE SHOWCASING
- REVOLUTIONARY EXPERIENCE
- EDUTAINMENT TRANSFORMED

OUR NETWORK





SUBSIDIARIES

1.	SINGAPORE	Headquarter
2.	MALAYSIA	Kuala Lumpur
3.	BRUNEI	Bandar Seri Begawan
4.	VIETNAM	Hanoi, Ho Chi Minh City
5.	MYANMAR	Yangon
6.	CHINA	Shanghai, Shenzhen
7.	INDIA	New Delhi
8.	BAHRAIN	Manama
9.	UNITED KINGDOM	London
10.	UNITED STATES OF AMERICA	Las Vegas

AFFILIATES

11.	INDONESIA	Jakarta
12.	THAILAND	Bangkok
13.	PHILIPPINES	Manila
14.	OMAN	Muscat
15.	TURKEY	Istanbul
16.	QATAR	Doha

PROJECT HIGHLIGHTS 2015

INTERIOR ARCHITECTURE

SPACE REDEFINED
ENVIRONMENTS TRANSFORMED
SENSES HEIGHTENED


Asian Women's Welfare Association Preschool, Singapore


Somerset Medini Nusajaya, Malaysia

Hutton Office, Singapore


The Chop House, Singapore

EXPERIENTIAL ENVIRONMENT

STORIES DELIVERED
AUDIENCES CAPTURED
EMOTIONS STIRRED

Keppel Centre for Art Education, Singapore

Oman Pavilion @ Expo Milano 2015, Italy

HDB's My Nice Home Gallery, Singapore

Oman Pavilion @ Expo Milano 2015, Italy

PROJECT HIGHLIGHTS 2015

EVENTS

UNIQUE CONCEPTS
METICULOUS PLANNING
PRECISE EXECUTION


8th Asean Para Games 2015, Singapore


Golden Jubilee celebrations by the Bay, Singapore

Kuala Lumpur City Grand Prix 2015, Malaysia

28th SEA Games, Singapore

EXHIBITIONS

ATTENTION CAPTURED
LOGISTICS PERFECTED
TARGETS SURPASSED

Oman DryDock Company@SEA Asia 2015, Singapore

Organiser Requirement at CommunicAsia 2015, Singapore

Intelligent Transport Society @
22nd World Congress Bordeaux 2015, France

Samsung Techwin@ Gastech 2015, Singapore

PROJECT HIGHLIGHTS 2015

INTELLECTUAL PROPERTY RIGHTS

EXCLUSIVE SHOWCASING
REVOLUTIONARY EXPERIENCE
EDUTAINMENT TRANSFORMED

CHAIRMAN'S STATEMENT

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 2015 ("FY2015").

YEAR IN REVIEW

FY2015 was a year full of volatilities, amidst oil price plunges and turmoils in currency markets, the Group continued to fare reasonably well during the year. After writing off a one-time acquisition cost of $1.3 million, we registered a net profit of $0.8 million for the year and maintained cash balance of $24.3 million.

Our Group has always been on a lookout for new opportunities to grow our revenue base. On 30 September 2015, the Group completed an acquisition of Victory Hill Exhibitions Pte. Ltd. ("VHE"). This acquisition is expected to diversify our revenue stream and enhance performance in the foreseeable future.

Net assets as at 31 December 2015 increased to $49.6 million. However, Net asset value ("NAV") dropped to 22.4 cents per ordinary share due to the increase in the number of shares in issue as a result of the Rights issue as well as the issuance of 45 million new ordinary shares as part purchase consideration for the acquisition of VHE.

LOOKING AHEAD

2016 will be a year full of excitement for the Group. We look forward to the opening of our exhibitions for The Transformers Experience and Avengers S.T.A.T.I.O.N. (Scientific Training and Tactical Intelligence Operative Network), stretching from Treasure Island Hotel and Casino in Las Vegas to Europe Paris. These exhibitions provide visitors with a whole new exhibition experience that allow them to completely immerse themselves into the world of Avengers and The Transformers.

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 the former director, Dr Andreas Teoh and welcome the new directors, Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon, Datuk Roger Tan Kor Mee and Mr Tan Aik Ti, Ron on board.

We also take this opportunity to thank our management and staff for their hard work and dedication during the past financial year.

LEW WENG HO

Non Executive Chairman

BUSINESS REVIEW

TRADE EXHIBITIONS, EVENTS, INTERIOR ARCHITECTURAL AND EXPERIENTIAL ENVIRONMENT

Back in 2014, Management had been cognisant of the challenges of a general slow-down and difficult trading conditions confronting the sectors and markets that our Group operates in. It was then decided that for FY2015, our approach would be to do all we can to protect our existing market share while continuing to intensify our efforts in seeking out new opportunities in the emerging regional markets.

It appears now that the tumultuous events that happened in FY2015 – Europe afflicted by a serious migrant crisis, collapse of world crude oil prices and an accelerated slow-down of the Chinese economy, amongst others, would render even the most pessimistic forecasts pale by comparison. In light of this, the Management is gratified that our strategy and approach which was adopted and executed through the year had put us in good stead and prepared us well for the year ahead with resolve and confidence.

From a sectoral perspective, the Group is active in 4 main areas, namely Trade Exhibitions, Events, Interior Architecture and Experiential Environment. For the year under review, Trade Exhibitions was steady and our focus here was to maintain our market share. Our Events Team however performed exceptionally well, delivering at least 6 big projects, namely – the Singapore 50th National Day Celebration, the SEA Games, the Asean Para-Olympic Games, the Singapore F1 Grand Prix, the first ever Kuala Lumpur City Race and the COP21 in Paris. Our Interiors Team however experienced a slow year, but invested heavily in bidding for and securing new projects in the regional markets. Our team in Experiential Environment has successfully delivered the Oman Pavilion at the World Expo in Milan, Italy, and is completing the delivery of an attraction at a major international theme park in Shanghai.

From a geographical perspective, the two areas that we are active in, namely Asia and the Middle East, were adversely affected by unprecedented stresses from a rapidly slowing Chinese economy, and sharp declines in the prices of world crude oil. Except for our works for the international theme park in Shanghai, we have not been active in the Chinese market. The business landscape there is brutally competitive in the sectors we are involved in, and we have no immediate plans to enter this market unless we find a niche which differentiates us from the rest. Instead, our focus on seeking out interior fit-out opportunities in the South East Asian regional markets has begun to bear fruit, and we will be delivering some of these projects in FY2016. As for the Middle East, the markets there will have to get used to living with the new normal of low oil prices. Government budgets across the entire region are under tremendous strain, and austerity measures will become the norm. The outlook for this region is not encouraging, and will be exceedingly challenging.

The volatility of FY2015 has already spilled into FY2016, resulting in swings and gyrations in markets world-wide. The turmoil and uncertainties will continue to dominate FY2016, and we have to prepare for a turbulent ride. Amidst these challenges, we will continue to work hard to seek out opportunities to grow our business and stay relevant, while focussing on tight management of costs. With strong and sound management, as well as strong team work at all levels, we will endeavour to navigate through these challenges ahead.

KO CHEE WAH

Executive Director and Group Managing Director

INTELLECTUAL PROPERTY RIGHTS AND EXHIBITIONS

Victory Hill Exhibitions Pte. Ltd. ("VHE") is a new business acquired in 2015. VHE owns the intellectual property rights and licences allowing the Group to conceptualise, develop, build and present walk-through immersive attractions that will take the audience on a new revolutionary journey.

With the use of leading 3D stereoscopic technologies, advanced robotics, dynamic multimedia and projection mapping, intricate sets and engaging performances, audiences will be taken to witness the sheer spectacle of these life-sized sentient, living robotic beings.

VHE is targeting to open a minimum of three attractions - AVENGERS S.T.A.T.I.O.N. in Las Vegas, USA, AVENGERS S.T.A.T.I.O.N. in Paris, France and The TRANSFORMERS Experience in Las Vegas, USA in 2016.

We are excited and looking forward to bring this extraordinary experience to everyone.

RON TAN
Executive Director and
CEO of Victory Hill Exhibitions Pte. Ltd.

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 member of Audit Committee on 13 August 2012 and subsequently, Chairman of the Board on 6 December 2012. 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 Group's Audit Committee and sits on the board of Star Media Group 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 AIK TI, RON

Executive Director and CEO of Victory Hill Exhibitions Pte. Ltd.

Mr Ron Tan was appointed to the Board as an Executive Director on 9 November 2015. He is currently the CEO/ President of Victory Hill Exhibitions Pte. Ltd., a subsidiary of Cityneon Holdings Limited.

Mr Ron Tan is also an Independent Director and Chairman of the Remuneration Committee of EpiCentre Holdings, a corporation listed on Singapore Stock Exchange. He was an Independent board member of CCFH Limited (formerly known as Friven & Co.), a corporation listed in Singapore Stock Exchange and Mavshack AB, a Sweden corporation listed on the board of NASDAQ OMX. He also served as an International Director in investment holdings company, First Alverstone Partners, and sat in the boards of multiple international entertainment companies such as EMS Holdings, Hi-5 World, and BASE Entertainment Asia. Mr Ron Tan was the Producer for the Hi-5 TV series and the first Hi-5 movie in year 2012, a TV program that was sold and broadcasted to more than 200 countries globally.

Mr Ron Tan was awarded the prestigious Singapore Government scholarship to pursue his Bachelor of Science degree at the University of Hawaii at Manoa and graduated with a 4.0 GPA.

TAN SRI DATO' SRI KUAN PENG CHING @ KUAN PENG SOON

Non-Independent Non-Executive Director

Tan Sri Kuan was appointed as Non-Independent Non-Executive Director of Cityneon Holdings Limited on 22 May 2015. He is also the member of Nominating Committee and Remuneration Committee which was appointed on 22 May 2015 and 22 February 2016 respectively.

Tan Sri Kuan is a qualified electrical engineer graduated from Adelaide University, South Australia and is registered with the Board of Engineers, Malaysia as a Professional Engineer and also a member of the Institution of Engineers, Malaysia.

Tan Sri Kuan is an Independent Director of Lasseters International Holdings Limited (a listed company in Singapore Stock Exchange).

Tan Sri Kuan is the Chairman of Fajarbaru Builder Group Bhd (a listed company in Bursa Malaysia). He also sits on the board of several other private companies and foundations.

BOARD OF DIRECTORS

DATUK SERI WONG CHUN WAI

Non-Executive Director

Datuk Seri Wong was appointed as an Executive Director of Star Media Group Berhad ("The Star") 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 also an adjunct professor at Universiti Utara Malaysia (UUM) and a Fellow at the Universiti Kebangeaan Malaysia (UKM). He is an advisory panel member of the UKM Graduate School of Business. He is a supervisory counsel of Bernama, the national news agency and member of the Governance Council of the National Innovation Agency in the Prime Minister's Department.

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.

LIM POH HOCK

Non-Executive Director

Mr Lim Poh Hock 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.

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 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.

DATUK ROGER TAN KOR MEE

Independent Director

Datuk Roger Tan Kor Mee was appointed as an Independent Director of the Company in May 2015. Datuk Roger Tan serves as the Chairman of Nominating Committee and a member of Remunation Committee. He is the Managing Partner of Messrs Roger Tan & Nurul. He holds a Bachelor of Laws (Honours) degree from Queen Mary College, University of London and Master of Laws from the National University of Singapore. He is also a barrister from the Honourable Society of Gray's Inn, London and Advocate and Solicitor of the High Court of Malaya and Supreme Court of Singapore. Formerly a member of the Malaysian Bar Council and Advocates and Solicitors Disciplinary Board, Datuk Tan has sat on various statutory boards. He is currently a Commissioner of the National Water Services Commission of Malaysia and a president of the Strata Management Tribunal. He also has a column in *The Star* which he writes regularly.

TANG NAI SOON

Independent Director

Mr Tang Nai Soon was appointed as an Independent Director of the Company in April 2014. Mr Tang serves as a member of Audit Committee and the Chairman of Remuneration Committee. He is currently the Independent Non-Executive Director of SCGM Berhad and Spring Gallery Berhad, two 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.

BOARD OF DIRECTORS

LIM LIAT HONG

Alternate Director

Mr Lim Liat Hong was appointed as the Alternate Director to Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon on 9 November 2015. He is currently Senior Manager, Corporate Planning and Strategy for Star Media Group Berhad. He has over 20 years experience in corporate finance and advisory work with various companies in media and finance. Mr. Lim is a CFA® charterholder and also has a Bachelor of Commerce from the University of Western Australia.

CHAN SHIANG CHIAT, GEORGE

Alternate Director

Mr Chan Shiang Chiat was appointed as the Alternate Director to Datuk Seri Wong Chun Wai on 22 May 2015. He is currently the Senior General Manager, Finance (Subsidiaries) of Star Media Group. He has over 20 years of working experience in accounting, finance, risk management, internal control and corporate M&A.

He is a member of the Malaysian Institute of Accountants. His other professional memberships include FCCA, CIA and CISA. He is also an accredited Internal Quality Assessment/Validation reviewer for the Institute of Internal Auditors.

In his professional career, he was a member of the Board of Directors of ISACA Malaysia Chapter for two terms. He was responsible for research, publicity and promotion of IT control frameworks to the government and regulatory authorities.

CORPORATE INFORMATION

DIRECTORS

LEW WENG HO
Non-Executive Chairman

KO CHEE WAH
Executive Director and
Group Managing Director

TAN AIK TI, RON
Executive Director
(appointed on 9 November 2015)

TAN SRI DATO' SRI KUAN PENG CHING @ KUAN PENG SOON
Non-Independent
Non-Executive Director
(appointed on 22 May 2015)

DATUK SERI WONG CHUN WAI
Non-Executive Director

LIM POH HOCK
Non-Executive Dircetor

TAN HUP FOI @ TAN HUP HOI
Lead Independent Director

DATUK ROGER TAN KOR MEE
Independent Director
(appointed on 22 May 2015)

TANG NAI SOON
Independent Director

LIM LIAT HONG
Alternate Director to Tan Sri Dato' Sri
Kuan Peng Ching @ Kuan Peng Soon
(appointed on 9 November 2015)

CHAN SHIANG CHIAT
Alternate Director to Datuk Seri
Wong Chun Wai
(appointed on 22 May 2015)

AUDIT COMMITTEE

TAN HUP FOI @ TAN HUP HOI
Chairman

LEW WENG HO

TANG NAI SOON

REMUNERATION COMMITTEE

TANG NAI SOON
Chairman
(appointed on 22 February 2016)

TAN SRI DATO' SRI KUAN PENG CHING @ KUAN PENG SOON
(appointed on 22 February 2016)

DATUK ROGER TAN KOR MEE
(appointed on 22 May 2015)

NOMINATING COMMITTEE

DATUK ROGER TAN KOR MEE
Chairman
(appointed on 22 May 2015)

TAN HUP FOI @ TAN HUP HOI

TAN SRI DATO' SRI KUAN PENG CHING @ KUAN PENG SOON
(appointed on 22 May 2015)

CHIEF FINANCIAL OFFICER

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
#08-00, ASO Building,
8 Robinson Road, 048544

SECRETARY

CHO FORM PO

BANKERS

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

UNITED OVERSEAS BANK LIMITED

STANDARD CHARTERED BANK (SINGAPORE)

CITIBANK N.A, SINGAPORE BRANCH

DBS BANK

REGISTERED OFFICE

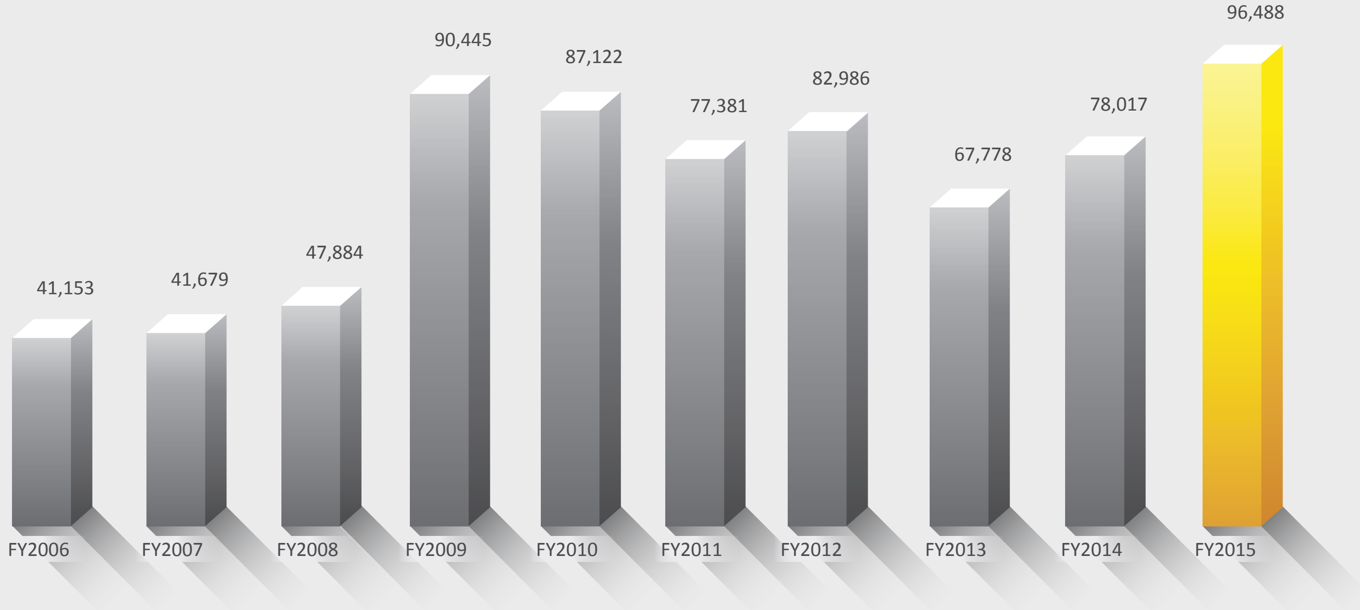
84 Genting Lane #06-01,
Cityneon Design Centre
Singapore 349584

COMPANY REGISTRATION NUMBER

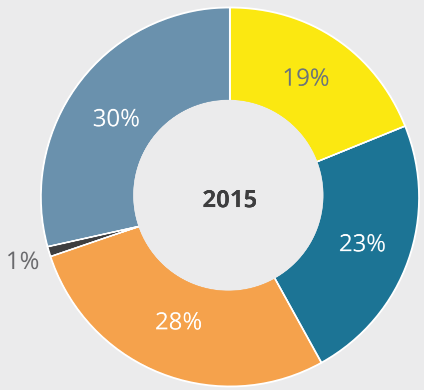
199903628E

FINANCIAL HIGHLIGHTS

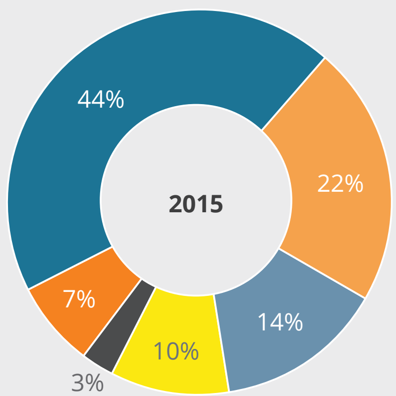
REVENUE ($'000)



REVENUE BY BUSINESS SEGMENT



REVENUE BY GEOGRAPHICAL SEGMENT



	FY 2015		FY 2014	
Experiential environment	21,730	22%	16,250	21%
Exhibitions	27,106	28%	26,433	34%
Events	28,647	30%	14,756	19%
Interior architecture	18,318	19%	20,578	26%
Intellectual property rights	687	1%	-	0%
Total	**96,488**	**100%**	**78,017**	**100%**

	FY 2015		FY 2014	
Singapore	43,359	44%	32,602	42%
Middle East	20,806	22%	9,448	12%
Malaysia	13,157	14%	5,104	6%
China	9,413	10%	16,012	21%
Asia Pacific	2,770	3%	5,707	7%
Others	6,983	7%	9,144	12%
Total	**96,488**	**100%**	**78,017**	**100%**

Financial Results ($'000)	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	77,381	82,986	67,778	78,017	96,488
Gross profit	21,576	19,984	21,851	22,077	23,300
Gross profit margin	27.9%	24.1%	32.2%	28.3%	24.1%
Profit/(Loss) before tax	416	(4,864)	853	2,513	794
Profit/(Loss) after tax	515	(4,748)	829	2,315	833
Profit/(Loss) attributable to shareholders	590	(4,725)	894	2,345	871

Financial Positions ($'000)	FY2011	FY2012	FY2013	FY2014	FY2015
Property, plant and equipment	4,041	3,657	2,333	2,257	16,032
Current assets	48,860	44,961	45,083	52,699	60,416
Other Non-current assets	50	1,315	1,393	1,213	11,115
	52,951	49,933	48,809	56,169	87,563
Current liabilities	(25,517)	(28,258)	(26,392)	(30,350)	(36,440)
Non-current liabilities	(478)	(390)	(98)	(217)	(1,104)
	(25,995)	(28,648)	(26,490)	(30,567)	(37,544)
Non-controlling interests	(609)	(585)	(520)	(490)	(452)
Shareholders' equity	26,347	20,700	21,799	25,112	49,567
Cash and cash equivalents	17,258	10,941	14,176	23,881	24,269

Ratios	FY2011	FY2012	FY2013	FY2014	FY2015
Earnings per share (cents) - basic	0.7	(5.3)	1.0	2.7	0.7
Net asset per share (cents)	30	23	25	28	22

OPERATING & FINANCIAL REVIEW

BUSINESS OVERVIEW

The Group's revenue for Financial Year ended 31 December 2015 ("FY2015") registered an increase of 23.7% to $96.5 million compared to $78.0 million recorded in the previous financial year ended 31 December 2014 ("FY2014").

The increase was mainly driven by higher revenue achieved from Events ("EV") and Experiential Environment ("EE") Business segments ("BU").

REVENUE BY BUSINESS SEGMENTS

Exhibitions ("EX")

Revenue of Exhibitions Division increased marginally by 2.5% to $27.1 million in FY2015 from $26.4 million in FY2014.

During the year, we successfully delivered several major exhibitions and events such as Maison & Objet 2015, CommunicAsia 2015, Jewellery Arabia 2015 and Conference of Parties 21.

Interior Architecture ("IA")

The Interior Architecture Division has recorded lower revenue of $18.3 million in FY2015. This represents a decrease of 11% from $20.6 million recorded in FY2014. Key contributors to the division's revenue included jobs secured in sectors covering hospitality, pre-schools and hospitals.

Experiential Environment ("EE")

Higher revenue was recorded under the Experiential Environment Division, with an increase of 33.7% to $21.7 million in FY2015 compared to $16.2 million in FY2014. EE has delivered Oman Pavilion at the World Expo held in Milan in 2015. Progressive revenue recognition from the international theme park in Shanghai continues to contribute to the top line in the financial year under review.

Events ("EV")

Revenue from Events Division nearly doubled its revenue from $14.8 million in FY2014 to $28.6 million in FY2015. During the year, EV has delivered 3 major events namely SEA Games 2015, the Singapore 50th National Day Celebration and the 8th ASEAN Para-Olympic Games which were held in Singapore.

Intellectual Property Rights ("IP") exhibitions

New business segment, IP exhibitions, arose from acquisition of Victory Hill Exhibitions Pte. Ltd. in 2015, has contributed $0.7 million to the Group's revenue.

PROFIT AND MARGIN

The lingering weak global economy has added pressure on profit margins for projects undertaken during the financial year under review. Hence our gross profit margin dropped from 28.3% in FY2014 to 24.1% in FY2015.

Net profit after tax decreased from $2.3 million a year ago to $0.8 million in FY2015. The decrease was brought about by an increase in the administrative and other operating expenses mainly due to non-recurring expenses incurred in an acquisition as well as overheads incurred by new business operations.

FINANCIAL POSITION

Net assets of the Group as at 31 December 2015 was $49.6 million, increasing by $24.5 million from $25.1 million a year ago.

The major movements in balance sheet items are summarised as follow:

(i) Increase in Property, Plant & Equipment ("PPE") from $2.3 million to approximately $16.0 million mainly due to assets acquired with the acquisition of VHE.
(ii) Intangible assets of $6.8 million and goodwill of $2.9 million are attributable to the acquisition of VHE on the contractual rights on licence.

(iii) In the year under review, the Company has invested approximately $0.4 million for 30.0% share in an associated company.
(iv) Higher revenue resulted trade and other receivables increase from $18.6 million to $26.0 million.
(v) Correspondingly, higher cost of sales increased trade and other payables from $14.8 million in FY2014 to $23.8 million in FY2015.
(vi) Bank borrowings decreased by $1.7 million from $9.9 million in FY2014 to $8.2 million in FY2015 after partial repayments were made.

CASH FLOW

As at 31 December 2015, the Group recorded net cash generated from operating activities of $2.8 million.

(i) Net decrease in Trade and other receivables amounting to $6.5 million in FY2015 due to collections from debtors are lesser compared to FY2014.
(ii) Amount due from contract customers recorded a net increase of $1.4 million due to faster collection in FY2015 and less project works recorded near year end compared to a year ago.
(iii) The net increase of $6.6 million in trade and other payables in FY2015 indicated more trade creditors and project costs were accrued at year end and less payment made compared to a year ago.

The Group recorded net cash used in investing activities amounted to approximately $16.0 million in FY2015 mainly for the purchase of property, plant and equipment of approximately $4.6 million and an amount of approximately $360,000 was invested into a newly set-up associated company. The Group has also paid $10.0 million purchase consideration for the acquisition of VHE.

The Group recorded net cash generated from financing activities of approximately $11.5 million in FY2015 mainly cash received from proceeds of Rights Issue of $15.7 million. There was drawdown of bank borrowings of $13.5 million which was offset by repayment of bank borrowings of $16.6 million. There was also a dividend pay-out of $0.9 million in May 2015.

EARNINGS PER SHARE ("EPS")

Earnings per share for FY2015 dropped to 0.7 cents, compared to 2.7 cents a year ago.

NET ASSET VALUE ("NAV") PER SHARE

As at 31 December 2015, net asset value per share dropped to 22.4 cents, down 21% from 28.4 cents at the previous year-end.

ENLARGED SHARE CAPITAL

EPS and NAV per share dropped were mainly due to enlarged share capital from the following transactions:

(i) Rights issue with issuance of 87,293,395 new ordinary shares at 18.0 cents per share; and
(ii) Issuance of 45.0 million new ordinary shares at 20.0 cents per share as part purchase consideration for the acquisition of VHE. These new shares have a fair value of 17.5 cents which is published price at the aquisition date.

As at 31 December 2015, the Group holds a total of 220,818,795 issued ordinary shares.

RISK MANAGEMENT

The Internal Audit function has been outsourced to JF Virtus Pte Ltd which provides independent checks on operational issues and risk controls and reports directly to the Audit Committee.

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 Management monitors its cash flow requirement closely and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations. Renewal or additional debt-financing on favourable terms is subject to prevailing external factors including global and local economic conditions, credit and capital market sentiments, etc. The Group ensures ample credit facilities and working capital lines are available at any point in time.

Credit Risk

Credit risk arises when counterparties default on their payment obligations resulting in financial loss to the Group. Standard operating procedures are in place which extending pre-approved credit terms to only credit-worthy customers and monitoring credit risk on a regular basis. Major collectability issues are highlighted in monthly operation reports.

Interest Rate Exposure

Fluctuations 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 regularly to minimise interest rate by taking into cash flow forecasts, term of debt obligation and market outlook.

Foreign Exchange Risk

Exchange gains or losses may arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore dollars for financial reporting or repatriation purposes. Natural hedging is used extensively including matching sale and purchase or matching asset and liability of the same currency and amount whenever practicable. Currency translation risk is inherent for operations outside Singapore, which is non-cash in nature and is therefore not hedged

TAX RISK

The Group is exposed to tax interpretations or changes at short notice in foreign jurisdictions. Tax provisions are made in strict compliance to the rules to reduce under provision. For active entities, external tax advisors are engaged to perform annual tax filings.

External tax consultants will be engaged to study the tax exposures and tax planning when undertaking overseas projects. This is to ensure the Group complies with all tax obligations under foreign jurisdiction.

RISK MANAGEMENT

OPERATING RISKS

Quality Control Measures

Our Group's businesses place huge importance and commitment to achieving high level quality of our products and services including promoting energy conservation, sustainable construction environment and reducing construction carbon emission and wastage. The subsidiary companies of the Group have been awarded with ISO9001, ISO14001, ISO18001 as well as Green and Gracious certifications. The Group has implemented the Integrated quality, health & safety management system as well as Environmental manual to apply all the policies and principles against each requirement of ISO 9001, 14001, 18001 and Green and Gracious, to all activities carried out in the Company that determine quality and environmental control, and lays down guidelines within which the Company can operate.

Reliability of Suppliers and Sub-contractors

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.

Control over Quality of merchandise

Our IP exhibitions grants a third party the right to carry out merchandising functions at the exhibitions. Hence, management has no control over the quality of the product. Any disruption in production or production of any sub-standard products, sales of these merchandises will be affected.

Timeliness in Completion of Projects

Our contracting business 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.

The IP exhibitions has outsources the setting up of exhibition spaces to external contractors and subcontractors. Any disruptions or changes to the operations of these external parties could result in delays in setting up the exhibition venue, which result in delay to the opening of new exhibition.

Alliance Risks

Business associates or joint venture partners' medium or long term interests may not be necessarily be aligned with the Group. We will ensure agreement with business associates in advance on well thought rights, duties and obligations of each party.

Human Resource Management

Keeping costs low and efficiency at peak, the Group relies on a 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.

BUSINESS RISK

Consumer Preference Risk

In organising the IP exhibitions, the Group is dependent on consumer preferences and spending trends. If the Group is unable to manage the IP exhibitions to appeal to consumers, or identify trends in consumer demand or preferences, reception of the Exhibition may be negatively affected.

Suitable Locations for New Exhibitions

As the IP exhibitions are mainly touring exhibitions which move from city to city globally after an average of six months, the Group is reliant on its ability to identify suitable locations for the exhibitions, and to successfully negotiate favourable terms for the use of the exhibition space. There can be no assurance that the Group will be able to run the exhibitions at its preferred location in any particular city, which could affect its target audience and accordingly, the performance of the exhibition, hence the Group.

CORPORATE GOVERNANCE

The Board of Directors ("Board") 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 2015 ("FY2015"), 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, assess and approval material contracts and transactions.

(d) review management performance;

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

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

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

Seven formal board meetings were held during FY2015 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.

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, material financial / funding arrangements and providing of corporate guarantee, the release of Group's half year's and full year's results, declaration of dividends, and any major decisions that may have an impact on the Group's reputation.

Delegation of Authority to Board Committees

The Board is supported by a number of committees to assist it in the discharge of its responsibilities and to enhance the Company's corporate governance framework. These committees include the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC"). Each Board committee has its own specific terms of reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Board committees and the Management via a structured Delegation of Authority matrix. This matrix is reviewed on a regular basis and accordingly revised when necessary. More details on the Board's delegation are presented below. The Board committees and the Management remain accountable to the Board.

Meetings of Board and Board Committees

The Board and its committees met regularly. On occasions when Directors were unable to attend meetings in person, telephonic means were used as allowed under the Company's Constitution.

The attendance of the Board members and its committees in FY2015 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 FY2015	**7**	**2**	**3**	**3**
Lew Weng Ho – *Note 1*	7	2	–	3
Ko Chee Wah – *Note 2*	7	–	2	–
Tan Aik Ti, Ron – *Note 3*	–	–	–	–
Tan Hup Foi @ Tan Hup Hoi – *Note 4*	7	2	3	3
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon - *Note 5*	1	–	1	–
Datuk Seri Wong Chun Wai	5	–	–	–
Lim Poh Hock	7	–	–	–
Tang Nai Soon – *Note 6*	6	2	–	–
Datuk Roger Tan Kor Mee – *Note 7*	2	–	1	1
Dr. Andreas Teoh – *Note 8*	2	–	1	1
Chan Shiang Chiat – *Note 9*	0	–	–	–
Lim Liat Hong – *Note 10*	0	–	–	–

Note:

1. *Mr Lew Weng Ho has stepped down as a Member of Remuneration Committee on 22 February 2016.*
2. *Mr Ko Chee Wah has stepped down as a Member of Nominating Committee on 22 May 2015.*
3. *Mr Tan Aik Ti, Ron was appointed as an Executive Director on 9 November 2015.*
4. *Mr Tan Hup Foi @ Tan Hup Hoi has stepped down as Chairman of Remuneration Committee on 22 February 2016.*
5. *Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon was appointed as Non-executive Director and a member of Nominating Committee on 22 May 2015 and a Member of Remuneration Committee on 22 February 2016.*
6. *Mr Tang Nai Soon was appointed as Chairman of Remuneration Committee on 22 February 2016.*
7. *Datuk Roger Tan Kor Mee was appointed as Independent Director and Chairman of Nominating Committee on 22 May 2015 and as a Member of Remuneration Committee on 22 February 2016.*
8. *Dr. Andreas Teoh retired as an Independent Director and ceased as Chairman of Nominating Committee and a Member of Remuneration Committee on 22 April 2015.*
9. *Mr Chan Shiang Chiat was appointed as Alternate Director to Datuk Seri Wong Chun Wai on 22 May 2015.*
10. *Mr Lim Liat Hong was appointed as Alternate Director to Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon on 5 November 2015.*

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.

Independent Element of the Board

The Board has maintained a strong and independent element, with three of the nine directors being independent and making up 33% 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.

Composition and Size of the Board

Annually, the Board's structure, size and composition is reviewed by the NC. For FY2015, the NC has evaluated the criteria of independence, of Mr Tan Hup Foi @ Tan Hup Hoi, Datuk Roger Tan Kor Mee 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.

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	–	–
Ko Chee Wah – *Note 2*	Group Managing Director	–	–	–
Tan Aik Ti, Ron – *Note 3*	Executive Director	–	–	–
Tan Hup Foi @ Tan Hup Hoi – *Note 4*	Lead Independent Director	Chairman	Member	–
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon - *Note 5*	Non-executive Director	–	Member	Member
Datuk Seri Wong Chun Wai	Non-executive Director	–	–	–
Lim Poh Hock	Non-executive Director	–	–	–
Tang Nai Soon – *Note 6*	Independent Director	Member	–	Chairman
Datuk Roger Tan Kor Mee – *Note 7*	Independent Director	–	Chairman	Member
Chan Shiang Chiat – *Note 8*	Alternate Director	–	–	–
Lim Liat Hong – *Note 9*	Alternate Director	–	–	–

Note:
1. *Mr Lew Weng Ho has stepped down as a Member of Remuneration Committee on 22 February 2016.*
2. *Mr Ko Chee Wah has stepped down as a Member of Nominating Committee on 22 May 2015.*
3. *Mr Tan Aik Ti, Ron was appointed as an Executive Director on 9 November 2015.*
4. *Mr Tan Hup Foi @ Tan Hup Hoi has stepped down as Chairman of Remuneration Committee on 22 February 2016.*
5. *Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon was appointed as Non-executive Director and a Member of Nominating Committee on 22 May 2015 and a Member of Remuneration Committee on 22 February 2016.*
6. *Mr Tang Nai Soon was appointed as Chairman of Remuneration Committee on 22 February 2016.*
7. *Datuk Roger Tan Kor Mee was appointed as Independent Director and Chairman of Nominating Committee on 22 May 2015 and as a Member of Remuneration Committee on 22 February 2016.*
8. *Mr Chan Shiang Chiat was appointed as Alternate Director to Datuk Seri Wong Chun Wai on 22 May 2015.*
9. *Mr Lim Liat Hong was appointed as Alternate Director to Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon on 5 November 2015.*

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 14 to 18 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 and the Executive Directors 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 and Mr Tan Aik Ti, Ron, the Executive Director cum Chief Executive Officer of Victory Hill Exhibitions Pte. Ltd..

Roles and Responsibilities of Chairman

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 require 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 fields.

Mr Tan Aik Ti, Ron is responsible for day-to-day executive management of the overall operations and business strategy of Victory Hill Exhibitions Pte. Ltd. Similarly, he is required to adhere and comply with regulatory standards or corporate governance guidelines.

Lead Independent Director

As recommended by the Code, the Board 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 Chief Financial Officer 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:

Datuk Roger Tan Kor Mee	–	Chairman (appointed on 22 May 2015)
Mr Tan Hup Foi @ Tan Hup Hoi	–	Member
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	–	Member (appointed on 22 May 2015)

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 Constitution, 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 Lew Weng Ho and Datuk Seri Wong Chun Wai will retire at the forthcoming AGM in accordance with Article 104 of the Constitution of the Company and will be eligible for re-election.

Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon, Datuk Roger Tan Kor Mee and Mr Tan Aik Ti, Ron will retire pursuant to Article 108 of the Constitution of the Company and will be eligible for re-election at the forthcoming AGM.

Mr Tan Hup Foi @ Tan Hup Hoi has decided to retire as a director of the Company at the forthcoming AGM. The NC and the Board have accepted his retirement as a Director of the Company at the forthcoming AGM. Upon his retirement, he will cease as the Chairman of the AC and member of the NC. The Company will find a replacement for Mr Tan Hup Foi @ Tan Hup Hoi and will announce the changes in the composition of the Board, AC and NC as soon as practicable.

During the year, the Board appointed two alternate directors namely Messrs Lim Liat Hong and Chan Shiang Chiat to Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and Datuk Seri Wong Chun Wai respectively. The NC and the Board had reviewed and conclude that Messrs Lim Liat Hong and Chan Shiang Chiat are familiar with the Company affairs and appropriately qualified as alternate directors. Alternate directors bear all the duties and responsibilities of a director.

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	22-Apr-15
Mr Tan Aik Ti, Ron	Executive Director	09-Nov-15	–
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	Non-Executive Director	22-May-15	–
Mr Tan Hup Foi @ Tan Hup Hoi	Lead 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	22-Apr-15
Mr Tang Nai Soon	Independent Director	24-Apr-14	22-Apr-15
Datuk Roger Tan Kor Mee	Independent Director	22-May-15	–
Mr Chan Shiang Chiat	Alternate Director to Datuk Seri Wong Chun Wai	22-May-15	NA
Mr Lim Liat Hong	Alternate Director to Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	05-Nov-15	NA

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 Constitution, 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.

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.

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 Tang Nai Soon	–	Chairman (appointed on 22 February 2016)
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	–	member (appointed on 22 February 2016)
Datuk Roger Tan Kor Mee	–	member (appointed on 22 May 2015)

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.

The independent and non-executive directors except for Datuk Seri Wong Chun Wai and Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon 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 directors do not receive any director's fee. The remuneration for the executive directors 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 packages of the executive directors are 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 FY2015 is shown as below:

Remuneration Band & Name of Directors	Salary	Director Fees	Bonus / Performance related bonus	Other benefits	Total
$500,000 to $750,000					
Ko Chee Wah	69%	–	30%	1%	100%
Below $250,000					
Mr Lew Weng Ho	–	100%	–	–	100%
Mr Tan Aik Ti, Ron (appointed on 9 November 2015)	85%	–	–	15%	100%
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon (appointed on 22 May 2015)	–	0%	–	–	0%
Mr Tan Hup Foi @ Tan Hup Hoi	–	100%	–	–	100%
Datuk Seri Wong Chun Wai	–	0%	–	–	0%
Mr Lim Poh Hock	–	100%	–	–	100%
Mr Tang Nai Soon	–	100%	–	–	100%
Datuk Roger Tan Kor Mee (appointed on 22 May 2015)	–	100%	–	–	100%
Dr Andreas Teoh (retired on 22 April 2015)	–	100%	–	–	100%

Note: Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and Datuk Seri Wong Chun Wai did not receive any Directors fees for the year 2015.

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.

The fees for Non-Executive Directors are subject to shareholders' approval at the AGM.

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 $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 FY2015, there is no employee who is an immediate family members of a Director, Chairman or the Group Managing Director and whose remuneration exceeded $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 FY2015, no option was granted by the RC to any employee.

Please refer to pages 92 to 95 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 on 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 processes:

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

The Board has received assurance from the Group Managing Director and the Chief Financial Officer 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 FY2015.

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

All members in the AC are non-executive directors and the AC Chairman is the Lead independent director. There were two 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 FY2015 as follows:

(a) Audit fees – $155,000

(b) Non-audit fees – $72,250

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 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 Constitution that limits the number of proxies for corporations which provide nominee or custodian services.

With effect from 1 August 2015, resolution(s) put to vote at any general meeting shall be decided by poll. 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.

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, the respective 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 (who is not relevant intermediary) 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.

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 were 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.

CORPORATE GOVERNANCE

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 2016, 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 2016 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

The following are details of the aggregate value of IPTs for FY2015 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 $100,000 and transactions conducted under Shareholders’ mandate pursuant to Rule 920 of the Listing Manual) $’000	Aggregate value of all IPTs conducted under Shareholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000) $’000
Star Media Group Berhad (formerly known as Star Publications (Malaysia) Berhad)	–	303

Use Of Proceeds

The Company had on 25 September 2015 completed the allotment of 87,293,395 new Shares pursuant to a Rights Issue first announced on 2 April 2015. The net proceeds of $15.7 million has been utilised in the following manner.

No.	Descriptions	Amount $’million
1.	Completion proceeds	10.00
2.	Expenses related to acquisition and Rights Issue	1.30
3.	Working Capital for the Company	4.40
		15.70

The use of proceeds was in accordance with the intended use as stated in the circular to shareholders dated 5 August 2015 and Offer Information Statement dated 1 September 2015. All proceeds have been fully utilised.

FINANCIAL STATEMENTS CONTENTS

DIRECTORS' STATEMENT

The directors of Cityneon Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

1. Opinion of the Directors

In the opinion of the Board of 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, 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.

2. Directors

The directors of the Company in office at the date of this statement are as follows:

Lew Weng Ho	
Ko Chee Wah	
Lim Poh Hock	
Tan Hup Foi @ Tan Hup Hoi	
Datuk Seri Wong Chun Wai	
Tang Nai Soon	
Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	(appointed on 22 May 2015)
Datuk Roger Tan Kor Mee	(appointed on 22 May 2015)
Chan Shiang Chiat (Alternate Director to Datuk Seri Wong Chun Wai)	(appointed on 22 May 2015)
Lim Liat Hong (Alternate Director to Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon)	(appointed on 5 November 2015)
Tan Aik Ti, Ron	(appointed on 9 November 2015)

3. Arrangements to enable directors to acquire shares or debentures

Except as disclosed under the section "Share options" of the Directors' statement, 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.

4. Directors' interest in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore 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	
Name of directors and companies in which interests are held	**At beginning of year/ At date of appointment, if later**	**At end of year**	**At beginning of year/ At date of appointment, if later**	**At end of year**
	Number of ordinary shares			
The Company				
Cityneon Holdings Limited				
Ko Chee Wah	10,486,265	265	–	–
Lim Poh Hock	10,885,168	885,168	–	1,000,000
Tan Aik Ti, Ron	–	–	45,000,000	45,000,000
	Number of ordinary shares of RM1.00 each			
Ultimate holding company				
Star Media Group Berhad (Formerly known as Star Publications (Malaysia) Berhad)				
Datuk Seri Wong Chun Wai	20,000	20,000	–	–

By virtue of Section 7 of the Act, Tan Aik Ti, Ron is deemed to have interests in all related corporations of the Company.

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 2016 in the shares of the Company has not changed from those disclosed as at 31 December 2015.

Except as disclosed above and under the "Share options" section of the Directors' statement, 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.

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, Tang Nai Soon, Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon and Datuk Roger Tan Kor Mee.

5. Share options (Continued)

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.

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	10.5.2010	0.312	100,000	–	(100,000)	–	–	10.5.2012 to 28.5.2015
			3,045,400	–	(100,000)	–	2,945,400	

5. Share options (Continued)

	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
		$						
Employees								
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	3.11.2008	0.48	195,000	–	(195,000)	–	–	3.11.2008 to 2.11.2015
Others	10.5.2010	0.312	770,000	–	(101,000)	–	669,000	10.5.2012 to 9.5.2017
			1,485,000	–	(556,000)	–	929,000	
			4,530,400	–	(656,000)	–	3,874,400	

Except as disclosed above, there were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations 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.

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

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.

6. Audit Committee (Continued)

The Audit Committee has held three meetings since the last Directors' statement. 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.

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. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of directors

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

Singapore
18 March 2016

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 pages 48 to 116, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and 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 financial statments 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.

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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, 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 subsidiary corporations 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
18 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Assets					
Non-current					
Property, plant and equipment	4	16,032,213	2,256,992	–	–
Goodwill	5	2,934,535	97,306	–	–
Other intangible assets	6	6,835,355	–	–	–
Subsidiaries	7	–	–	34,885,057	14,183,634
Associate	8	375,784	–	–	–
Prepayments	9	968,838	1,116,160	–	–
		27,146,725	3,470,458	34,885,057	14,183,634
Current					
Inventories	10	190,549	318,584	–	–
Amounts due from contract customers	11	6,906,315	8,268,425	–	–
Trade and other receivables	12	26,007,681	18,622,914	99,485	11,693
Deposits		601,119	962,291	4,530	4,530
Prepayments	9	2,386,622	638,323	900	3,460
Amounts owing by ultimate holding company	13	–	3,362	–	–
Amounts owing by subsidiaries	14	–	–	16,003,235	11,387,415
Amounts owing by related parties	15	55,043	3,642	–	–
Cash and cash equivalents	16	24,268,827	23,881,263	777,460	3,633,952
		60,416,156	52,698,804	16,885,610	15,041,050
Total assets		87,562,881	56,169,262	51,770,667	29,224,684
Equity and liabilities					
Equity					
Share capital	17	38,006,064	14,602,328	38,006,064	14,602,328
Reserves	18	11,560,530	10,509,701	552,327	2,002,138
Equity attributable to owners of the parent		49,566,594	25,112,029	38,558,391	16,604,466
Non-controlling interests		451,532	489,692	–	–
Total equity		50,018,126	25,601,721	38,558,391	16,604,466

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
		$	$	$	$
Liabilities					
Non-current					
Finance lease obligations	20	167,908	181,419	–	–
Deferred tax liabilities	21	936,516	35,259	–	5,000
		1,104,424	216,678	–	5,000
Current					
Amounts due to contract customers	11	849,329	1,857,329	–	–
Finance lease obligations	20	75,405	61,355	–	–
Bank borrowings	22	8,196,140	9,877,465	4,500,000	7,100,000
Loan from ultimate holding company	23	3,500,000	3,500,000	3,500,000	3,500,000
Amounts owing to ultimate holding company	13	5,802	–	–	–
Amounts owing to subsidiaries	14	–	–	2,737,181	1,497,721
Amounts owing to related parties	15	21,961	–	–	–
Trade and other payables	24	23,778,249	14,796,978	2,475,095	517,497
Income tax payables		13,445	257,736	–	–
		36,440,331	30,350,863	13,212,276	12,615,218
Total liabilities		37,544,755	30,567,541	13,212,276	12,620,218
Total equity and liabilities		87,562,881	56,169,262	51,770,667	29,224,684

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group 2015 $	Group 2014 $
Revenue	25	96,488,285	78,016,552
Cost of sales		(73,188,364)	(55,939,460)
Gross profit		23,299,921	22,077,092
Other items of income			
Other operating income	26	646,203	566,664
Interest income		43,141	76,949
Other items of expenses			
Marketing and distribution costs		(1,158,537)	(830,713)
Administrative and other operating expenses		(21,641,002)	(19,031,950)
Finance costs	27	(411,277)	(345,106)
Share of results of associate, net of tax		15,784	–
Profit before income tax	28	794,233	2,512,936
Income tax credit/(expense)	29	38,880	(198,391)
Profit for the year		833,113	2,314,545
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 (2014: $Nil)		1,064,810	968,600
Total comprehensive income for the year, net of tax		1,897,923	3,283,145
Profit attributable to:			
Owners of the parent		871,273	2,344,933
Non-controlling interests		(38,160)	(30,388)
		833,113	2,314,545
Total comprehensive income attributable to:			
Owners of the parent		1,936,083	3,313,533
Non-controlling interests		(38,160)	(30,388)
		1,897,923	3,283,145
Earnings per share (cents)			
Basic	30	0.70	2.65
Diluted	30	0.70	2.65

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	Total equity $	Equity attributable to owners of the parent $	Share capital $	Retained earnings $	Statutory reserve $	Premium paid on acquisition of non–controlling interests $	Share option reserve $	Currency translation reserve $	Non–controlling interests $
Group										
Balance at 1 January 2015		25,601,721	25,112,029	14,602,328	12,451,718	148,608	(10,000)	565,999	(2,646,624)	489,692
Profit for the year		833,113	871,273	–	871,273	–	–	–	–	(38,160)
Other comprehensive income:										
Exchange differences on translating foreign operations, net of tax		1,064,810	1,064,810	–	–	–	–	–	1,064,810	–
Total comprehensive income for the year		1,897,923	1,936,083	–	871,273	–	–	–	1,064,810	(38,160)
Issue of new shares	17	23,403,736	23,403,736	23,403,736	–	–	–	–	–	–
Transfer of share option reserve		–	–	–	303,899	–	–	(303,899)	–	–
Dividends	32	(885,254)	(885,254)	–	(885,254)	–	–	–	–	–
Total contributions by and distributions to owners		22,518,482	22,518,482	23,403,736	(581,355)	–	–	(303,899)	–	–
Balance at 31 December 2015		50,018,126	49,566,594	38,006,064	12,741,636	148,608	(10,000)	262,100	(1,581,814)	451,532
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)	–	–
Total contributions by and distributions to owners		–	–	–	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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Group	
	2015 $	2014 $
Operating activities		
Profit before income tax	794,233	2,512,936
Adjustments for:		
Depreciation of property, plant and equipment	1,282,122	1,235,180
Property, plant and equipment written off	53,446	36,129
Amortisation expense	189,871	–
(Gain)/Loss on disposal of property, plant and equipment	(20,673)	13,949
Interest income	(43,141)	(76,949)
Interest expense	411,277	345,106
Bad debts written off	–	2,047
Allowance for doubtful debts – trade	80,027	28,342
Allowance for doubtful debts no longer required – trade	–	(25,777)
Share of results of associate, net of tax	(15,784)	–
Bargain purchase	–	(58,157)
Operating cash flows before working capital changes	2,731,378	4,012,806
Inventories	128,035	(52,751)
Amounts due from contract customers, net	473,288	(1,546,797)
Trade and other receivables	(6,454,031)	4,983,513
Trade and other payables	6,647,708	2,462,179
Net cash generated from operations	3,526,378	9,858,950
Interest paid	(411,277)	(345,106)
Income taxes (paid)/refund, net	(224,742)	32,047
Net cash generated from operating activities	2,890,359	9,545,891
Investing activities		
Purchase of property, plant and equipment	(4,570,289)	(1,011,622)
Proceeds from disposal of property, plant and equipment	27,905	11,486
Acquisition of subsidiary, net of cash acquired	(10,000,000)	3,305
Investment in an associate	(360,000)	–
Increase in long-term fixed deposits	(1,117,890)	–
Interest received	43,141	76,949
Net cash used in investing activities	(15,977,133)	(919,882)
Financing activities		
Proceeds on issuance of share	15,712,811	–
Share issue expenses	(184,075)	–
Repayments of finance lease obligations	(64,153)	(41,292)
Repayments of bank borrowings	(16,573,292)	(3,178,654)
Proceeds from bank borrowings	13,501,967	4,408,387
Dividends paid to owners of the parent	(885,254)	–
Repayments of loan from ultimate holding company	–	(500,000)
Net cash generated from financing activities	11,508,004	688,441
Net change in cash and cash equivalents	(1,578,770)	9,314,450
Exchange differences on re-translation of cash and cash equivalents	848,444	390,294
Cash and cash equivalents at beginning of year	23,881,263	14,176,519
Cash and cash equivalents at end of year (Note 16)	23,150,937	23,881,263

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

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

1. General

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

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

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

The Company's immediate holding company is Laviani Pte. Ltd., a company incorporated in Singapore. The Company's ultimate holding company is Star Media Group Berhad (formerly known as 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 2015 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' statement.

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.

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

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

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	:	Disclosure initiative	1 January 2017
FRS 16 and 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 110 and FRS 28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 111 (Amendments)	:	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 115	:	Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs (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 disclosed 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.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

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.

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. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

The new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other receivables.

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.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 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 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 joint venture.

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

2. 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.

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.

2. Summary of significant accounting policies (Continued)

2.4 Intangible assets (Continued)

Goodwill (Continued)

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

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

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

Intangible assets acquired in a business combination

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

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

Other intangible assets-licence

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

2.5 Property, plant and equipment

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

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

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

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, 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
Licensed interactive exhibition assets	3 to 10 years

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

Construction-in-progress ("CIP") represents property, plant and equipment under construction and is stated at cost less impairment and is not depreciated. Cost comprises all direct costs and relevant professional fees. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

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 Associate

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

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

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

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the "first-in-first-out" method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.9 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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 statements of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

Progress billings not yet paid by customers and retentions are included within "Trade and other receivables".

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments.

Financial assets

The Group classifies its financial assets as loans and receivables.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding advances to suppliers and 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 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)

2.10 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 ("FVTPL") or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group and the Company has designated contingent consideration arising from business combination as financial liabilities at FVTPL upon initial recognition.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the consolidated statement of comprehensive income does not include any interest charged on these financial liabilities.

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.

2. Summary of significant accounting policies (Continued)

2.10 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 reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the 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.

2.11 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks and fixed deposits net of long term fixed deposits.

2.12 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.

2. Summary of significant accounting policies (Continued)

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as finance expense.

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

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Contracts revenue

Revenue from a contract to provide services is recognised as follows when the associated cost can be measured reliably and it is probable that the consideration will be received.

- Revenue on long-term projects is recognised by reference to the percentage-of-completion method, measured by reference to surveys of work performed or by reference to costs incurred to date against the total estimated costs for each contract.

- Revenue on short-term projects is recognised on the completion method.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Development fee

Development fee is recognised upon service performed in accordance with the terms and conditions of the agreement, when the amount of revenue can be measured reliably and when significant risks and rewards of the transactions have been transfered to the customer, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred can be measured reliably.

Rental income

The Group's policy for recognition of revenue from operating leases is described in Note 2.12.

2. Summary of significant accounting policies (Continued)

2.14 Revenue recognition (Continued)

Interest income

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

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.15 Employee benefits

Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is credited to retained earnings upon expiry of the share options. When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in share option reserve is transferred to share capital if new shares are issued, or to treasury shares account if the options are satisfied by the reissuance of treasury shares.

2.16 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2. Summary of significant accounting policies (Continued)

2.17 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.18 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (Continued)

2.18 Taxes (Continued)

Deferred tax (Continued)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.20 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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.

2. Summary of significant accounting policies (Continued)

2.20 Foreign currency transactions and translation (Continued)

On disposal of a foreign operation, the accumulated currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

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 in investments and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in 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 recoverable amount of the investment or fair value of a financial asset is less than its carrying amount 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 flows.

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 judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, management's evaluation is based on past experience and knowledge of the work specialists. The carrying amounts of assets and liabilities arising from construction contracts at the end of the financial year are disclosed in Note 11 to the financial statements.

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 impairment of 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 2015 were $26,062,724 (2014: $18,629,918) and $16,102,720 (2014: $11,399,108) respectively.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

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 amounts of the Group's property, plant and equipment at 31 December 2015 were $16,032,213 (2014: $2,256,992).

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 2015 were $13,445 (2014: $257,736) and $10,955 (2014: $12,596) respectively.

The carrying amount of the Group's and of the Company's deferred tax liabilities as at 31 December 2015 was $936,516 (2014: $35,259) and $Nil (2014: $5,000) respectively.

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 2015 was $2,934,535 (2014: $97,306).

Amortisation and impairment of other intangible assets

Intangible assets are amortised on a straight line method over the estimated useful life of 9.25 years. Changes in the expected level of benefits to be derived from the other intangible asset could impact the economic useful life and the residual value of the other intangible asset and therefore, future amortisation charges may be revised.

The Group also determines whether other intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the other intangible assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of other intangible assets as at 31 December 2015 was $6,835,355 (2014: $Nil).

4. Property, plant and equipment

	Office equipment, furniture and fittings	Motor vehicles	Machinery	Exhibition services assets	Licensed interactive exhibition assets	Construction in progress	Total
	$	$	$	$	$	$	$
Group							
2015							
Cost							
At 1 January 2015	4,023,728	1,012,081	93,750	6,074,580	–	–	11,204,139
Exchange difference on translation	46,721	(7,364)	–	69,010	(77,488)	(29,656)	1,223
Acquired on acquisition of a subsidiary (Note 7)	–	–	–	–	10,599,519	–	10,599,519
Additions	207,505	291,937	–	103,102	–	4,038,345	4,640,889
Disposals/write-offs	(5,816)	(71,112)	–	(328,417)	–	–	(405,345)
At 31 December 2015	4,272,138	1,225,542	93,750	5,918,275	10,522,031	4,008,689	26,040,425
Accumulated depreciation							
At 1 January 2015	3,580,267	516,845	93,750	4,756,285	–	–	8,947,147
Exchange difference on translation	46,753	4,181	–	64,681	7,995	–	123,610
Depreciation	397,266	154,711	–	453,431	276,714	–	1,282,122
Disposals/write-offs	(5,816)	(63,880)	–	(274,971)	–	–	(344,667)
At 31 December 2015	4,018,470	611,857	93,750	4,999,426	284,709	–	10,008,212
Carrying amount							
At 31 December 2015	253,668	613,685	–	918,849	10,237,322	4,008,689	16,032,213

4. Property, plant and equipment (Continued)

	Office equipment, furniture and fittings $	Motor vehicles $	Machinery $	Exhibition services assets $	Total $
Group					
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

	Office equipment, furniture and fittings $
Company	
2015	
Cost	
At 1 January 2015 and 31 December 2015	300,229
Accumulated depreciation	
At 1 January 2015 and 31 December 2015	300,229
Carrying amount	
At 31 December 2015	–
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	–

4. Property, plant and equipment (Continued)

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:

	2015 $	2014 $
Motor vehicles	412,403	423,963

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

	2015 $	2014 $
Motor vehicles	271,283	350,683

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $4,640,889 (2014: $1,210,122). Cash payments of $4,570,289 (2014: $1,011,622) were made to purchase property, plant and equipment.

5. Goodwill

	Group	
	2015 $	2014 $
Cost		
Balance at beginning of financial year	333,643	333,643
Acquisition of subsidiary (Note 7)	2,837,229	–
Balance at end of financial year	3,170,872	333,643
Impairment loss		
Balance at beginning and end of financial year	(236,337)	(236,337)
Carrying amount		
Balance at end of financial year	2,934,535	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	
	2015 $	2014 $
Exhibitions	50,146	50,146
Interior architecture	47,160	47,160
Intellectual property rights	2,837,229	–
	2,934,535	97,306

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

5. **Goodwill** (Continued)

The recoverable amounts of the CGUs are determined based on a value-in-use calculation using the cash flow projections based on financial budgets approved by management covering a five-year period.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGUs. The annual growth rates used are based on management's experience and best estimates from the forecasted growth rates of the industry relevant to the CGUs.

With regard to the assessment of value-in-use of the goodwill, the management believes that no reasonably possible change in any of the key assumption applied would cause the carrying values of the CGU to materiality exceed their recoverable amounts.

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

	Intellectual property rights	**Exhibitions**	**Interior architecture**
2015			
Growth rate (%)	17.8	4.7	5.0
Pre-tax discount rate (%)	14.5	6.2	6.2
2014			
Growth rate (%)	–	1.6	0
Pre-tax discount rate (%)	–	3.8	3.8

6. Other intangible assets

	Group 2015 $
Licence	
Cost	
Balance at beginning of financial year	–
Acquisition of subsidiary (Note 7)	7,025,226
Balance at end of financial year	7,025,226
Accumulated amortisation	
Balance at beginning of financial year	–
Amortisation during the year	189,871
Balance at end of financial year	189,871
Carrying amount	
Balance at end of financial year	6,835,355

The Group's other intangible assets pertain to the licence to produce and distribute Marvel's The Avengers related exhibitions. The licence is amortised over the estimated useful life of 9.25 years and has a remaining amortisation period of 9 years.

During the financial year, the amortisation expense of $189,871 (2014: $Nil) has been recognised under "administrative and other operating expenses" line item in profit or loss.

7. Subsidiaries

Investments in subsidiaries are as follows:

	Company	
	2015	2014
	$	$
Unquoted equity shares, at cost	35,286,441	14,585,018
Employee's share options investment, at cost	636,409	636,409
Allowance for impairment loss	(1,037,793)	(1,037,793)
	34,885,057	14,183,634

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

	Company	
	2015	2014
	$	$
Balance at beginning of financial year	1,037,793	1,652,497
Reversal of impairment loss during the financial year	–	(614,704)
Balance at end of financial year	1,037,793	1,037,793

As at the end of the financial year, the Company carried out a review of the recoverable amount of the investments in subsidiaries, as a result of indicators of impairment on investments in subsidiaries based on the existing performance of certain subsidiaries during the financial year. The 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 6.2% (2014: 3.8%). No impairment loss has been recognised for the financial year ended 31 December 2015.

In 2014, a reversal of an allowance for impairment loss of $614,704 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 amounts of the investments have been determined on the basis of its value-in-use. The discount rate used in measuring value in use was 3.8%.

The details of the subsidiaries are as follows:

Name of subsidiary	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	
			2015	2014	2015	2014
			%	%	%	%
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	–	–

7. Subsidiaries (Continued)

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

Name of subsidiary	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	
			2015 %	2014 %	2015 %	2014 %
Held by the Company (Continued)						
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	–	–
Dayspring Entertainment Pte. Ltd. (formerly known as Cityneon Concepts Pte Ltd)[1]	Singapore	Provision of event organising, management and event marketing services	100	100	–	–
Themewerks Pte. Ltd.[1]	Singapore	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	100	100	–	–
Cityneon (Middle East) W.L.L.[2]	Kingdom of Bahrain	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows	100	100	–	–

7. Subsidiaries (Continued)

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

Name of subsidiary	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	
			2015	2014	2015	2014
			%	%	%	%
Held by the Company (Continued)						
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	–	–
Victory Hill Exhibitions Pte. Ltd.[1]	Singapore	Exhibition producer and intellectual property	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	–	–
Cityneon Shanghai Co. Ltd.[12]	People's Republic of China	Provision of interior fit-out services, exhibition and event services, sports management services and conceptualisation design and build	100	100	–	–
Cityneon Myanmar Company Limited[10]	Republic of the Union of Myanmar	Provision of interior fit-out services, exhibition and event services	100	100	–	–

7. Subsidiaries (Continued)

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

Name of subsidiary	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	
			2015	2014	2015	2014
			%	%	%	%
Held by the Company (Continued)						
Cityneon Shelter Events (Shenzhen) Pte. Ltd.[11]	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	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 Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture[10]	India	Provision of interior designing	50	–	10	–
Cityneon Creations India Private Limited[10]	India	Provision of interior designing	50	–	10	–

7. Subsidiaries (Continued)

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

Name of subsidiary	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	
			2015	2014	2015	2014
			%	%	%	%
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
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

7. Subsidiaries (Continued)

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

Name of subsidiary	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	
			2015 %	2014 %	2015 %	2014 %
Held by Cityneon Exhibition Services Pte Ltd (Continued)						
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	–	–
Held by Cityneon Creations Pte Ltd						
Cityneon Creations India Private Limited[10]	India	Provision of interior designing	40	–	10	–
Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture[10]	India	Provision of interior designing	40	–	10	–
Held by Victory Hill Exhibitions Pte. Ltd.						
Station-LV, LLC[9]	United States of America	Provision of leasing space, planning and construction of an exhibition facility	100	–	–	–
Victory Hill Entertainment Group, LLC[9]	United States of America	Provision of worldwide administrative function, supporting the activities of affiliates	100	–	–	–
Victory Hill Exhibitions (UK) Limited[10]	United Kingdom	Exhibition producer and intellectual property	100	–	–	–

(1) Audited by BDO LLP, Singapore

(2) Audited by KPMG Fakhro, Kingdom of Bahrain

(3) Audited by A.D.Chun & Co., Malaysia

(4) Audited by Shanghai LSC Certified Public Accountants Co., Ltd, People's Republic of China

(5) Audited by BDO Audit Services Co., Ltd – Ho Chi Minh City Branch, a member firm of BDO International

(6) Audited by Mazars Chartered Accountants, Kingdom of Bahrain

7. Subsidiaries (Continued)

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

(7) Audited by Lee & Raman Certified Public Accountants, Brunei Darussalam

(8) Audited by Idris & Sudiharto Registered Public Accountant, Indonesia

(9) Audited by Moore Stephens Lovelace, P.A., United States of America

(10) Newly incorporated during the financial year and was not considered a significant subsidiary under Rule 718 of the Listing Manual

(11) Not considered a 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, Artscapes Themewerks Pte. Ltd., Cityneon Creation India Private Limited and Cityneon Holdings Limited & Cityneon Creation Pte Ltd & Cityneon DAG India Private Limited – Joint Venture are considered to be insignificant to the Group's financial statements.

Additional investment in subsidiaries

During the financial year ended 31 December 2015, the Company increased the paid-up capital of its wholly-owned subsidiary, Cityneon Vietnam Company Ltd by United States Dollar ("USD") USD330,000 (approximately $460,020), from USD50,000 (approximately $61,385) to USD380,000 (approximately $521,405).

On 31 March 2015, the Company increased the paid-up capital of its wholly-owned subsidiary, Cityneon Events Pte. Ltd. ("CEV") from $3,000,000 to $3,350,000 by the allotment of 350,000 ordinary shares at $1 each by way of capitalisation of amounts due from CEV.

Incorporation of subsidiaries

On 12 October 2015, the Company and its subsidiary, Cityneon Creations Pte Ltd (a wholly-owned subsidiary of the Company), incorporated Cityneon Creations India Private Limited in the Republic of India with $nil paid up share capital.

On 16 October 2015, the Company's subsidiary, Victory Hill Exhibitions Pte. Ltd., incorporated a wholly-owned subsidiary, Victory Hill Entertainment Group LLC, a company incorporated in the United States of America with $nil paid up share capital.

On 16 December 2015, the Company's subsidiary, Victory Hill Exhibitions Pte. Ltd., incorporated a wholly-owned subsidiary, Victory Hill Exhibitions (UK) Limited, a company incorporated in the United Kingdom with $nil paid up share capital.

7. Subsidiaries (Continued)

Acquisition of subsidiaries

Victory Hill Exhibitions Pte. Ltd.

On 1 April 2015, the Company entered into a sale and purchase agreement with Philadelphia Investment Ltd (the "Seller") to acquire 100% equity interest in Victory Hill Exhibitions Pte. Ltd. ("VHE"). The acquisition was completed on 30 September 2015 and VHE became a subsidiary of the Group. This acquisition will enable the Group to leverage on the highly popular and well-known comic characters for its future events and exhibitions. This acquisition is expected to diversify the Group's revenue stream and enhance performance in the foreseeable future.

As part of the sales and purchase agreement, a contingent consideration arrangement has been agreed. In the event (i) VHE's profit after tax for the 12-month period ending 30 June 2016 as set out in the audited accounts for the same period ("2015/2016 PAT") is equal to or greater than $2,800,000 ("Year 1 Profit Guarantee") and (ii) provided that the Guarantor (a director of the Seller) is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2016, the Seller shall be entitled to the following from the Company:

(a) the sum of $2,000,000 ("deferred payment") in cash; and

(b) a sum in cash, equivalent to 30% of the amount by which the 2015/2016 PAT exceeds the Year 1 Profit Guarantee ("incentive payment").

Should the 2015/2016 PAT be less than the Year 1 Profit Guarantee, the Seller shall pay the Company the shortfall payment in cash, being the difference between the 2015/2016 PAT and the Year 1 Profit Guarantee.

For the avoidance of doubt, the Seller shall not be entitled to the deferred payment and the incentive payment if the 2015/2016 PAT is less than the Year 1 Profit Guarantee and if the Guarantor is not in compliance, in any material respect, with the terms of his Management Agreement from 30 September 2015 to 30 June 2016.

The terms of the sales and purchase agreement further provides for the following:

(c) where (i) VHE's profit after tax for the 12-month period ending 30 June 2017 as set out in the audited accounts for the same period ("2016/2017 PAT") is equal to or greater than $4,500,000 ("Year 2 Profit Target") and (ii) the Guarantor is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2017, the Seller shall be entitled to the sum in cash equivalent to 30% of the amount by which the 2016/2017 PAT exceeds the Year 2 Profit Target from the Company, no later than 31 July 2017; and

(d) where (i) VHE's profit after tax for the 12-month period ending 30 June 2018 as set out in the audited accounts for the same period ("2017/2018 PAT") is equal to or greater than $5,500,000 ("Year 3 Profit Target") and (ii) the Guarantor is in compliance in all material respects with the terms of his Management Agreement from 30 September 2015 to 30 June 2018, the Seller shall be entitled to the sum in cash equivalent to 30% of the amount by which the 2017/2018 PAT exceeds the Year 3 Profit Target from the Company, no later than 31 July 2018.

As at the acquisition date, the fair value of the contingent consideration was estimated at $2,016,403.

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

Victory Hill Exhibitions Pte. Ltd. (Continued)

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

	Fair value recognised on date of acquisition $
Intangible assets	7,025,226
Property, plant and equipment	10,599,519
Other receivables and prepayments	1,737,686
	19,362,431
Borrowings	1,390,000
Deferred tax liabilities	918,257
	2,308,257
Net identifiable assets at fair value	17,054,174
Total consideration	(19,891,403)
Goodwill arising from the acquisition	(2,837,229)

The fair values of other receivables and prepayments approximate the gross contractual amounts as no amounts are expected to be uncollectable.

	$
Consideration for acquisition of 100% equity interest in VHE	
- Cash paid	10,000,000
- 45,000,000 ordinary share of the Company issued at $0.175 each	7,875,000
Total consideration transferred	17,875,000
- Contingent consideration recognised as at acquisition date	2,016,403
Total consideration	19,891,403

In connection with the acquisition of the 100% equity interest in VHE, the Company issued 45,000,000 ordinary shares with a fair value of $0.175 each. The fair value of these shares is the published price of the shares at the acquisition date.

From the date of acquisition, VHE and its subsidiaries have contributed $687,050 of revenue and $399,947 of loss, net of tax of the Group. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax would have been $96,488,285 and $639,200 respectively.

Goodwill of $2,837,229 arising from the acquisition is attributable to the intellectual property rights business and the expected synergies from combining the operations of the Group with those of VHE.

None of the goodwill is expected to be deductible for tax purposes.

Transaction costs related to the acquisition of $1,197,944 have been recognised under "administrative and other operating expenses" line item in the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2015.

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

Bahrain Cityneon Co. W.L.L.

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 had 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 to 31 December 2014, Bahrain Cityneon had 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 pervious financial year, the Group's revenue and profit, net of tax would have been $78,372,081 and $2,247,964 respectively for the financial year ended 31 December 2014.

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

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

The effects of acquisition on the cash flows were as follows:

	2015 $	2014 $
Cash and cash equivalents of subsidiary acquired	–	3,312
Less: Purchase consideration paid in cash	10,000,000	7
Net cash (outflow)/inflow on acquisition	(10,000,000)	3,305

8. Associate

	Group	
	2015 $	2014 $
Unquoted equity shares, at cost	360,000	–
Share of post-acquisition results	15,784	–
	375,784	–

On 27 April 2015, Cityneon Events Pte. Ltd., a wholly-owned subsidiary of the Company subscribed for 360 ordinary shares in Poh Wah Event Scaffolding Pte. Ltd. ("Poh Wah") for a total consideration of $360, which represented 30% of the issued and paid up capital of Poh Wah. Subsequently, on 4 June 2015, Poh Wah increased its issued and paid up capital from $1,200 to $1,200,000 by an allotment of 1,198,800 ordinary shares of $1 each. Cityneon Events Pte. Ltd. subscribed for 359,640 ordinary shares of $1 each in Poh Wah for a total consideration of $359,640 ("Subscription of Shares"). Following the Subscription of Shares, the equity interest remained at 30%.

The details of the associate are as follows:

Name of associate	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group	
			2015 %	2014 %
Held by Cityneon Events Pte. Ltd.				
Poh Wah Event Scaffolding Pte. Ltd.	Singapore	Event organisers	30	–

Poh Wah is a strategic partnership for the Group, acting as organisers of events or concert.

The financial statements of Poh Wah are made up to 31 May each year. This was the financial reporting date established when the associate was incorporated, and a change of reporting date was not made. For the purpose of applying the equity method of accounting, the management accounts since the date of incorporation (28 April 2015) to 31 December 2015 have been adopted.

8. Associate (Continued)

Summarised financial information (immaterial associate)

	Group 2015 $	Group 2014 $
Profit for the year, representing total comprehensive income	15,784	–

9. Prepayments

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Non-current				
Prepaid lease	968,838	1,116,160	–	–
Current				
Prepaid lease	878,487	532,159	–	–
Prepaid royalties	1,218,250	–	–	–
Others	289,885	106,164	900	3,460
	2,386,622	638,323	900	3,460
	3,355,460	1,754,483	900	3,460

Prepaid royalties pertain to payments made for the use of rights and licences in future exhibitions.

10. Inventories

	Group 2015 $	Group 2014 $
Trading goods, at cost	190,549	318,584

11. Amounts due from/(to) contract customers

	Group 2015 $	Group 2014 $
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	114,291,907	72,027,316
Less: Progress billings	(108,234,921)	(65,616,220)
	6,056,986	6,411,096
Comprising:		
Amounts due from contract customers	6,906,315	8,268,425
Amounts due to contract customers	(849,329)	(1,857,329)
	6,056,986	6,411,096

11. Amounts due from/(to) contract customers (Continued)

As at 31 December 2015, the retention monies held by customers for contract work amounted to $3,857,448 (2014: $3,621,249). Advance received from customers for contract work amounted to $1,060,819 (2014: $104,928) and they are presented as advances and deposits received from customers in Note 24.

12. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Trade receivables	12,943,782	11,470,679	50,741	3,085
Allowance for doubtful debts	(531,444)	(426,936)	–	–
	12,412,338	11,043,743	50,741	3,085
Other receivables	4,386,005	6,997,870	48,744	8,608
Unbilled receivables	8,450,993	334,617	–	–
Advances to suppliers	747,390	234,088	–	–
Income tax recoverable	10,955	12,596	–	–
Total trade and other receivables	26,007,681	18,622,914	99,485	11,693
Add:				
Deposits	601,119	962,291	4,530	4,530
Amounts due from contract customers (Note 11)	6,906,315	8,268,425	–	–
Amounts owing by ultimate holding company (Note 13)	–	3,362	–	–
Amounts owing by subsidiaries (Note 14)	–	–	16,003,235	11,387,415
Amounts owing by related parties (Note 15)	55,043	3,642	–	–
Cash and cash equivalents (Note 16)	24,268,827	23,881,263	777,460	3,633,952
Less:				
Advances to suppliers	(747,390)	(234,088)	–	–
Income tax recoverable	(10,955)	(12,596)	–	–
Total loans and receivables	57,080,640	51,495,213	16,884,710	15,037,590

Trade receivables are non-interest bearing and generally on 30 to 90 days (2014: 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	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	426,936	470,552
Allowance made during the financial year	80,027	28,342
Allowance for doubtful debts no longer required	–	(25,777)
Bad debt written off against allowance	(450)	(63,108)
Exchange differences on translation	24,931	16,927
Balance at end of financial year	531,444	426,936

12. Trade and other receivables (Continued)

Allowance for doubtful debts of $80,027 (2014: $28,342) 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 $Nil (2014: $25,777) 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	
	2015	2014	2015	2014
	$	$	$	$
Singapore Dollar	11,916,222	4,945,407	99,485	11,693
Omani Rial	4,128,453	492,945	–	–
Bahraini Dinar	3,801,478	6,939,375	–	–
Ringgit Malaysia	3,375,560	2,228,859	–	–
Chinese Renminbi	1,594,235	783,549	–	–
Vietnamese Dong	493,237	62,197	–	–
United States Dollar	625,471	3,084,630	–	–
Brunei Dollar	70,288	10,000	–	–
Euro	–	75,952	–	–
Others	2,737	–	–	–
	26,007,681	18,622,914	99,485	11,693

13. Amounts owing by/(to) ultimate holding company

The trade amounts owing by/(to) ultimate holding company are unsecured, non-interest bearing and generally on 60 days (2014: 60 days) credit terms.

Amounts owing by/(to) ultimate holding company are denominated in Ringgit Malaysia.

14. Amounts owing by/(to) subsidiaries

	Company	
	2015	2014
	$	$
Amounts owing by subsidiaries		
- non-trade	16,684,887	11,687,415
Less: Allowance for doubtful debts	(681,652)	(300,000)
	16,003,235	11,387,415
Amounts owing to subsidiaries		
- non-trade	(2,737,181)	(1,497,721)

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

14. Amounts owing by/(to) subsidiaries (Continued)

Movements in allowance for doubtful debts are as follows:

	Company	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	300,000	–
Allowance made during the financial year	381,652	300,000
Balance at end of financial year	681,652	300,000

An allowance for impairment loss on non-trade amounts due from subsidiary amounting to $381,652 (2014: $300,000) arose mainly from a subsidiary which has 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	
	2015	**2014**
	$	**$**
Amounts owing by subsidiaries		
- Singapore Dollar	13,423,829	11,387,415
- United States Dollar	2,579,406	–
	16,003,235	11,387,415
Amounts owing to subsidiaries		
- Singapore Dollar	(2,543,781)	(1,233,121)
- Indonesian Rupiah	(193,400)	–
- United States Dollar	–	(264,600)
	(2,737,181)	(1,497,721)

15. Amounts owing by/(to) related parties

	Group	
	2015	**2014**
	$	**$**
Amounts owing by related parties - trade	55,043	3,642
Amounts owing to related parties - non-trade	(21,961)	–

The trade amounts owing by related parties are unsecured, non-interest bearing and generally on 30 to 60 days (2014: 30 to 60 days) credit terms.

The non-trade amounts owing to related parties are unsecured, non-interest bearing and repayable on demand.

Amounts owing by related parties are denominated in Singapore Dollar.

Amounts owing to related parties are denominated in United States Dollar.

16. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Fixed deposits with banks	1,342,029	215,000	–	–
Cash and bank balances	22,926,798	23,666,263	777,460	3,633,952
Cash and cash equivalents as per statements of financial position	24,268,827	23,881,263	777,460	3,633,952
Less: Long-term fixed deposits	(1,117,890)	–		
Cash and cash equivalents as per consolidated statements of cash flows	23,150,937	23,881,263		

Short term fixed deposits have maturity period of 7 days (2014: 7 days) from the end of the financial year with the effective interest rate of 1.37% (2014: 1.40%) per annum.

Long-term fixed deposits have maturity period of 365 days (2014: nil) from the end of the financial year with the effective interest rate of 1.05% (2014: nil) per annum.

Included in the Group's cash and cash equivalents is an amount of $4,954,186 (2014: $4,527,678) 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.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore Dollar	3,540,866	5,730,656	625,117	3,615,092
United States Dollar	6,291,405	2,763,234	144,787	10,993
Chinese Renminbi	4,292,590	3,229,402	–	–
Bahraini Dinar	3,748,132	1,454,981	–	–
Omani Rial	3,702,113	3,256,547	–	–
Euro	1,409,267	2,488,204	7,556	7,867
Qatari Rial	712,379	4,238,771	–	–
Brunei Dollar	236,794	197,278	–	–
Ringgit Malaysia	229,674	361,259	–	–
Vietnamese Dong	39,723	80,880	–	–
Others	65,884	80,051	–	–
	24,268,827	23,881,263	777,460	3,633,952

17. Share capital

	Group and Company			
	2015	2014	2015	2014
	Number of ordinary shares		$	$
Issued and fully-paid				
At beginning of financial year	88,525,400	88,525,400	14,602,328	14,602,328
Rights issue during the financial year	87,293,395	–	15,712,811	–
Consideration shares issued (Note 7)	45,000,000	–	7,875,000	–
Share issue expenses	–	–	(184,075)	–
	132,293,395	–	23,403,736	–
At end of financial year	220,818,795	88,525,400	38,006,064	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.

On 25 September 2015, the Company issued 87,293,395 ordinary shares at $0.18 each for a total consideration of $15,712,811, to fund the acquisition of VHE and for the Group's working capital purposes. Share issue expenses relating to the rights issue amounted to $184,075. The newly issued shares rank pari passu in all respects with previously issued shares.

On 30 September 2015, in connection with the acquisition of the 100% equity interest in VHE, the Company issued 45,000,000 ordinary shares with a fair value of $0.175 each for a total consideration of $7,875,000. The fair value of these shares is the published price of the shares at the acquisition date.

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 19 to the financial statements.

18. Reserves

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Retained earnings	12,741,636	12,451,718	118,269	1,334,152
Statutory reserve	148,608	148,608	–	–
Premium paid on acquisition of non-controlling interests	(10,000)	(10,000)	–	–
Share option reserve	262,100	565,999	434,058	667,986
Currency translation reserve	(1,581,814)	(2,646,624)	–	–
	11,560,530	10,509,701	552,327	2,002,138

18. Reserves (Continued)

Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2015	**2014**
	$	**$**
Balance at beginning of financial year	1,334,152	1,623,267
Total comprehensive income for the financial year	(564,557)	(329,685)
Dividends (Note 32)	(885,254)	–
Transfer of share option reserve	233,928	40,570
Balance at end of financial year	118,269	1,334,152

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.

19. 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.

19. 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 2015	Group and Company Number of share options 2014
Outstanding at beginning of year	4,530,400	5,386,400
Lapsed during the year	(656,000)	(856,000)
Outstanding at end of year	3,874,400	4,530,400

Employees

	Balance at beginning of financial year	Granted during the financial year	Lapsed/ forfeited/ expired during the year	Balance at end of financial year	Remaining life	Exercise price $	Fair value $
At 31 December 2015							
2008 Options	455,000	–	(455,000)	–	–	–	–
2010 Options	1,030,000	–	(101,000)	929,000	17 months	0.312	0.12
	1,485,000	–	(556,000)	929,000			
Exercisable as at 31 December 2015				929,000			
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			

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.

19. Share-based compensation (Continued)

Share options (Continued)

Directors and non-executive directors (including former director)

	Balance at beginning of financial year	Granted during the financial year	Lapsed/ forfeited/ expired during the year	Balance at end of financial year	Remaining life	Exercise price	Fair value
						$	$
At 31 December 2015							
2007 Options	1,000,000	–	–	1,000,000	4 months	0.46	0.13
2008 Options	945,400	–	–	945,400	4 months	0.48	0.12
2010 Options	1,100,000	–	(100,000)	1,000,000	17 months	0.312	0.12
	3,045,400	–	(100,000)	2,945,400			
Exercisable as at 31 December 2015				2,945,400			
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			

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

19. Share-based compensation (Continued)

Share options (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 did not recognised total expenses related to equity-settled share-based compensation transactions during the year and prior year.

20. Finance lease obligations

	Group	
	2015	**2014**
	$	**$**
Minimum lease payments payable:		
Due not later than one year	84,606	70,622
Due later than one year and not later than five years	178,697	194,085
	263,303	264,707
Finance charges allocated to future periods	(19,990)	(21,933)
Present value of minimum lease payments	243,313	242,774
Present value of minimum lease payments		
Current		
Due not later than one year	75,405	61,355
Non-current		
Due later than one year and not later than five years	167,908	181,419
	243,313	242,774

The effective interest rates of finance lease arrangements are 3.57% to 4.68% (2014: 2.12% to 6.13%) per annum.

The lease terms are 5 years (2014: 5 years).

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

Finance lease obligations are denominated in the following currencies:

	Group	
	2015	**2014**
	$	**$**
Singapore Dollar	174,714	230,680
Ringgit Malaysia	68,599	12,094
	243,313	242,774

21. Deferred tax liabilities

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Balance at beginning of financial year	35,259	35,259	5,000	5,000
Arising from acquisition of subsidiary (Note 7)	918,257	–	–	–
Credited to profit or loss	(17,000)	–	(5,000)	–
Balance at end of financial year	936,516	35,259	–	5,000

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Excess of net book value over tax written down value of property, plant and equipment	17,000	46,029	–	5,000
Fair value adjustments	918,257	–	–	–
Provisions	(2,000)	(10,770)	–	–
Others	3,259	–	–	–
	936,516	35,259	–	5,000

22. Bank borrowings

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Current liabilities				
Short term bank loans	8,196,140	9,877,465	4,500,000	7,100,000

The Group's and the Company's short term bank loans bear effective interest from 2.39% to 6.56% (2014: 1.76% to 5.61%) per annum and are repayable by April 2016 (2014: March 2015).

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 the Company's borrowings approximate their fair values at the end of the financial year.

Bank borrowings are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Singapore Dollar	7,578,560	9,613,075	4,500,000	7,100,000
Ringgit Malaysia	617,580	264,390	–	–
	8,196,140	9,877,465	4,500,000	7,100,000

23. Loan from ultimate holding company

Loan from ultimate holding company is unsecured with interest of 3.8% (2014: 3.8%) per annum and repayable by 31 December 2016 (2014: 31 December 2015). It is denominated in Singapore Dollar.

24. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Trade payables	9,484,253	5,970,610	–	–
Accruals	8,814,787	5,251,142	391,321	315,386
Advances and deposits received from customers	1,240,589	1,907,238	–	–
Amounts owing to ultimate holding company	–	1,150	–	–
Amounts owing to a director of a subsidiary	308,687	188,272	–	–
Provision for unutilised leave	401,090	433,007	–	–
Contingent consideration at FVTPL (Note 7)	2,016,403	–	2,016,403	–
Provision of reinstatement cost	41,590	41,590	–	766
Other payables	1,470,850	1,003,969	67,371	201,345
Total trade and other payables	23,778,249	14,796,978	2,475,095	517,497
Add:				
Finance lease obligations (Note 20)	243,313	242,774	–	–
Bank borrowings (Note 22)	8,196,140	9,877,465	4,500,000	7,100,000
Loan from ultimate holding company (Note 23)	3,500,000	3,500,000	3,500,000	3,500,000
Amounts owing to ultimate holding company (Note 13)	5,802	–	–	–
Amounts owing to subsidiaries (Note 14)	–	–	2,737,181	1,497,721
Amounts owing to related parties (Note 15)	21,961	–	–	–
Less:				
Advances and deposits received from customers	(1,240,589)	(1,907,238)	–	–
Contingent consideration at FVTPL	(2,016,403)	–	(2,016,403)	–
Provision for unutilised leave	(401,090)	(433,007)	–	–
Provision of reinstatement cost	(41,590)	(41,590)	–	(766)
Total financial liabilities carried at amortised cost	32,045,793	26,035,382	11,195,873	12,614,452

Trade payables are generally repayable within 30 to 90 days (2014: 30 to 90 days).

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

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

24. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Singapore Dollar	13,611,849	6,972,080	2,460,422	517,497
Bahraini Dinar	5,690,033	4,889,977	–	–
Ringgit Malaysia	1,466,856	1,204,208	–	–
Chinese Renminbi	1,426,570	426,109	–	–
Euro	579,554	744,696	–	–
United States Dollar	399,537	244,397	14,673	–
British Pound	322,839	117,124	–	–
Vietnamese Dong	141,458	67,550	–	–
Brunei Dollar	68,654	110,257	–	–
Saudi Riyal	21,836	802	–	–
Others	49,063	19,778	–	–
	23,778,249	14,796,978	2,475,095	517,497

25. Revenue

	Group	
	2015	**2014**
	$	**$**
Sale of goods	493,615	1,590,747
Development fee	687,050	–
Contract revenue	95,307,620	76,425,805
	96,488,285	78,016,552

26. Other operating income

	Group	
	2015	**2014**
	$	**$**
Trade payable written back	27,259	102,947
Allowance for doubtful debts no longer required – trade	–	25,777
Bargain purchase	–	58,157
Gain on disposal of property, plant and equipment	20,673	–
Government grants		
- Productivity and Innovation Credit (“PIC”) grants	207,051	70,727
- Wage Credit Scheme (“WCS”) grants	103,568	52,270
- Others	62,892	42,980
Rental income	94,988	105,110
Miscellaneous income	129,772	108,696
	646,203	566,664

27. Finance costs

	Group	
	2015	2014
	$	$
Bank loans interest	268,235	188,712
Loan interest charged by ultimate holding company	133,000	149,032
Finance lease interest	10,042	7,362
	411,277	345,106

28. 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	
	2015	2014
	$	$
Cost of sales		
Depreciation of property, plant and equipment	215,677	364,070
Employee benefits expenses		
- salaries, bonuses and other short-term benefits	4,009,453	3,179,518
- contributions to the defined contribution plan	170,184	93,981
Administrative and other operating expenses		
Audit fees paid to auditors:		
- Auditors of the Company	155,000	126,000
- Other auditors	63,713	53,694
Non-audit fees paid to auditors:		
- Auditors of the Company	72,250	–
- Other auditors	2,015	8,966
Allowance for doubtful debts - trade	80,027	28,342
Amortisation expense	189,871	–
Bad debts written off	–	2,047
Depreciation of property, plant and equipment	1,066,445	871,110
Foreign exchange loss, net	349,361	115,875
Loss on disposal of property, plant and equipment	–	13,949
Operating lease expenses	1,688,142	1,573,889
Property, plant and equipment written off	53,446	36,129
Employee benefits expenses		
- salaries, bonuses and other short-term benefits	13,844,520	13,491,086
- contributions to the defined contribution plan	936,021	911,115

Employee benefits expenses include the amounts shown as Directors' remuneration in Note 35 to the financial statements.

29. Income tax (credit)/expense

	Group 2015 $	Group 2014 $
Current income tax		
- current financial year	27,206	198,391
- over provision in prior financial years	(49,086)	–
	(21,880)	198,391
Deferred tax		
- current financial year	(17,000)	–
	(38,880)	198,391

Reconciliation of effective income tax rate

	Group 2015 $	Group 2014 $
Profit before income tax	794,233	2,512,936
Income tax calculated at statutory tax rate of 17% (2014: 17%)	135,020	427,199
Different tax rates in other countries	(460,066)	(276,372)
Enhanced Productivity and Innovation Credit	(52,268)	(28,543)
Income not subject to tax	(46,377)	(21,290)
Expenses not deductible for income tax purposes	490,953	144,483
Utilisation of deferred tax assets not recognised in prior years	(374,000)	(258,000)
Deferred tax assets not recognised	310,000	316,000
Over provision of current income tax in prior years	(49,086)	-
Others	6,944	(105,086)
	(38,880)	198,391

Unrecognised deferred tax assets

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

	Group 2015 $	Group 2014 $
Property, plant and equipment	83,000	103,000
Unabsorbed capital allowances	43,000	39,000
Unutilised tax losses	851,000	899,000
Provisions	52,000	52,000
	1,029,000	1,093,000

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $254,000 (2014: $231,000) and $5,008,000 (2014: $5,290,000) respectively, which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate.

Deferred tax assets relating to certain subsidiaries have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.18 to the financial statements.

29. Income tax (credit)/expense (Continued)

Unrecognised deferred tax assets (Continued)

Included in unutilised tax losses are the following tax losses of Cityneon Vietnam Company Limited which are available for offset against future taxable income for a period of 5 years from the year incurred:

Year incurred	Year of expiry	2015	2014
		$	$
2011	2016	265,425	265,425
2012	2017	155,191	155,191
2013	2018	10,922	10,922
2014	2019	473,496	473,496
2015	2020	561,379	–
		1,466,413	905,034

30. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares in issue of 123,907,154 (2014: 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:

	2015	2014
	$	$
Profit for the year attributable to owners of the parent	871,273	2,344,933
Weighted average number of ordinary shares for basic and diluted earnings per share computation	123,907,154	88,525,400
Basic earnings per share (cents)	0.70	2.65
Diluted earnings per share (cents)	0.70	2.65

31. 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	
	2015	2014	2015	2014
	$	$	$	$
Not later than one year	4,809,021	1,435,845	698,731	661,815
Later than one year and not later than five years	21,315,513	2,014,902	533,586	1,158,176
More than five years	29,150,592	–	–	–
	55,275,126	3,450,747	1,232,317	1,819,991

The leases on the Group's and on the Company's office equipment and premises expire between 29 February 2016 to 30 April 2026 (2014: 5 January 2015 to 31 December 2018). The current rent payables under the leases are subject to revision after the expiry.

32. Dividend

	Group and Company	
	2015	2014
	$	$
Final tax-exempt dividend of $0.01 (2014: $Nil) per ordinary shares in respect of previous financial year	885,254	–

The Company did not recommend any dividend in respect of the financial year ended 31 December 2015.

33. Capital commitments

As at the end of the financial year, commitments in respect of capital expenditure as follows:

	Group	
	2015	2014
	$	$
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment	1,826,593	–

34. Contingent liabilities

The Group has given tender bonds and performance guarantees through banks to its landlord for office rental deposit amounting to $797,169 (2014: $1,307,130) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $15,783,731 (2014: $14,820,852) respectively. Certain tender bonds and performance guarantees are secured by cash collaterals amounting to $122,126 (2014: $294,722). In the opinion of the management, no losses are expected to arise pertaining to the aforesaid tender bonds and performance guarantees.

The Company has given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee 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 2015, the total banking facilities granted to certain subsidiaries amounted to approximately $12,493,000 (2014: $11,380,000) and the amount utilised by certain subsidiaries amounted to approximately $4,721,000 (2014: $5,149,000). The earliest period that the guarantee could be called is within 1 year (2014: 1 year) from the end of the reporting period. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

35. Significant related party transactions

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2015	**2014**
	$	**$**
With ultimate holding company		
- interest expense	133,000	149,032
- services rendered to	170,351	36,423
With related parties		
- services rendered to	55,043	14,500
- services rendered by	–	10,858

Related parties transactions with Cityneon Philippine Inc. of which Mr. Ko Chee Wah and Mr. Lim Poh Hock, directors of the Company have beneficial interests.

35. 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	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Directors of the Company				
Directors' fees	229,008	231,691	229,008	231,691
Short-term benefits	862,533	735,827	–	–
Contributions to defined contribution plan	5,100	4,200	–	–
	1,096,641	971,718	229,008	231,691
Directors of subsidiaries				
Directors' fees	22,459	35,593	–	–
Short-term benefits	1,778,321	1,540,442	–	–
Contributions to defined contribution plan	5,096	4,905	–	–
	1,805,876	1,580,940	–	–

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.

36. Segment information

For management purposes, the Group is organised into business units based on the nature of services the Group operates in and has five (2014: 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.

Exhibitions

Operations in the Exhibitions comprise design, fabrication, installation and project management of customised exhibition booths and pavilions, rental of re-usable exhibition booths, pavilion modules, furniture and furnishings and the provision of ancillary services in electrical services and environmental graphics, owners and exhibitors.

Events

Operations in the Events either assist in creating, developing, organising, hosting and managing events as a supporting service in collaboration with customers or on a turnkey basis where they undertake full responsibility of every aspect of the events from conceptualising the theme to execution and rolling-out.

36. Segment information (Continued)

Intellectual Property Rights

The Intellectual Property Rights (IP) segment focuses on delivering engaging and interactive experiences for the global markets. The in-house creative team produces innovative and captivating contents for audiences of all ages and distributes into global territories. The IP currently being created and marketed by this segment include the globally renowned AVENGERS brand under Marvel Characters B.V. and TRANSFORMERS brand under HASBRO, INC..

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

	Experiential environment $	Interior architecture $	Exhibitions $	Events $	Intellectual property rights $	Elimination $	Consolidated $
2015							
Revenue							
Revenue from external customers	21,729,555	18,317,714	27,106,437	28,647,529	687,050	–	96,488,285
Inter-segment sales	1,311,871	47,447	2,233,406	–	–	(3,592,724)	–
	23,041,426	18,365,161	29,339,843	28,647,529	687,050	(3,592,724)	96,488,285
Results							
Segment results	1,082,797	(1,330,196)	3,205,886	3,029,868	(399,947)	–	5,588,408
Unallocated expenses, net							(4,441,823)
Share of results of associate, net of tax							15,784
Interest income							43,141
Finance costs							(411,277)
Profit before income tax							794,233
Income tax credit							38,880
Profit after income tax but before non-controlling interests							833,113
Non-controlling interests							38,160
Profit attributable to owners of the parent							871,273

36. Segment information (Continued)

	Experiential environment $	Interior architecture $	Exhibitions $	Events $	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

36. Segment information (Continued)

	2015 $	2014 $
Capital expenditure		
Experiential environment	–	37,719
Interior architecture	159,371	78,840
Exhibitions	1,740,429	352,922
Events	58,764	319,235
Intellectual property rights	2,658,454	–
Unallocated	23,871	421,406
	4,640,889	1,210,122
Depreciation of property, plant and equipment		
Experiential environment	–	27,238
Interior architecture	124,665	79,544
Exhibitions	437,440	586,320
Events	237,633	366,751
Intellectual property rights	276,714	–
Unallocated	205,670	175,327
	1,282,122	1,235,180
Non-cash expenses other than depreciation and allowance for doubtful debts – trade and non-trade		
Experiential environment	–	–
Interior architecture	–	2,047
Exhibitions	53,446	36,129
Events	–	13,949
Intellectual property rights	189,871	–
Unallocated	–	–
	243,317	52,125
Allowance for doubtful debts – trade and non-trade		
Experiential environment	–	3,210
Interior architecture	–	–
Exhibitions	80,027	–
Events	–	25,132
Intellectual property rights	–	–
Unallocated	–	–
	80,027	28,342
Segment assets		
Experiential environment	8,982,828	5,375,002
Interior architecture	8,925,740	8,290,200
Exhibitions	30,740,209	29,264,463
Events	12,757,339	8,733,952
Intellectual property rights	14,999,870	–
Unallocated	11,156,895	4,505,645
Consolidated total assets	87,562,881	56,169,262

36. Segment information (Continued)

	2015 $	2014 $
Segment liabilities		
Experiential environment	3,505,092	3,093,408
Interior architecture	6,183,477	4,223,123
Exhibitions	7,296,409	7,604,369
Events	8,071,525	3,475,931
Intellectual property rights	2,153,025	–
Unallocated	10,335,227	12,170,710
Consolidated total liabilities	37,544,755	30,567,541

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:

	2015 $	2014 $
Revenue from external customers		
Singapore	43,359,513	32,601,405
Oman	15,336,905	4,691,259
Malaysia	13,156,779	5,103,749
China	9,413,279	16,011,607
Bahrain	4,957,191	4,053,752
Netherlands	4,086,758	6,220,084
Brunei	415,853	844,500
Laos	8,100	2,131,617
United States of America/Other European countries	2,896,565	2,923,960
Other Asia Pacific countries	2,345,633	2,731,234
Other Middle East countries	511,709	703,385
	96,488,285	78,016,552
Location of non-current assets		
Singapore	11,333,481	1,823,307
United States of America	12,961,892	–
Malaysia	1,495,613	204,717
Middle East countries	1,334,224	1,410,111
China	12,056	14,723
Vietnam	4,025	8,134
Brunei	5,434	9,466
	27,146,725	3,470,458

Major customers

Revenue of approximately 25% (2014: 25%) is derived from two (2014: two) external customers, which is attributable to the events and experiential environment segments (2014: events and experiential environment segments).

37. 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 Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

37.1 Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to bank borrowings. The Group and the Company maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and short term borrowings.

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

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2015						
Financial liabilities						
Bank borrowings	22	2.39 to 6.56	(8,196)	(8,196)	–	–
2014						
Financial liabilities						
Bank borrowings	22	1.76 to 5.61	(9,877)	(9,877)	–	–
Company						
2015						
Financial liabilities						
Bank borrowings	22	2.42 to 3.02	(4,500)	(4,500)	–	–
2014						
Financial liabilities						
Bank borrowings	22	1.76 to 2.31	(7,100)	(7,100)	–	–

37. Financial risk management (Continued)

37.1 Interest rate risk (Continued)

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

	Increase/(Decrease) Profit or loss	
	2015	**2014**
	$'000	**$'000**
Group		
Interest rate		
- decrease by 0.5% per annum	41	49
- increase by 0.5% per annum	(41)	(49)
Company		
Interest rate		
- decrease by 0.5% per annum	23	36
- increase by 0.5% per annum	(23)	(36)

37.2 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, Vietnamese Dong, Chinese Renminbi and Indonesian Rupiah.

During the financial year, the Group and the Company do not engage in hedging activities as the management is of the opinion that the net exposure to the foreign currency risks is not significant. Instead, the Group and the Company manages foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies are disclosed in the respective notes to the financial statements.

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

37. Financial risk management (Continued)

37.2 Foreign currency risk (Continued)

	Group Profit or loss $'000	Company Profit or loss $'000
31 December 2015		
Ringgit Malaysia	(7)	–
United States Dollar	652	271
Euro	83	1
Brunei Dollar	24	–
Omani Rial	783	–
British Pound	(32)	–
Chinese Renminbi	6	–
Qatari Rial	71	–
Indonesian Rupiah	2	(19)
31 December 2014		
Ringgit Malaysia	(3)	–
United States Dollar	559	(25)
Euro	182	7
Brunei Dollar	(11)	–
Omani Rial	375	–
British Pound	(12)	–
Chinese Renminbi	6	–
Qatari Rial	424	–
Vietnamese Dong	(2)	–

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.

37.3 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% (2014: 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 40% (2014: 37%) of the total trade receivables amount.

The Company has no concentration of credit risk other then the amounts owning by subsidiaries.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

37. Financial risk management (Continued)

37.3 Credit risk (Continued)

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	
	2015	**2014**
	$'000	**$'000**
By geographical areas		
Singapore	2,978	3,701
Middle East countries	4,207	1,201
Malaysia	2,887	2,141
China	1,484	869
Other Asia Pacific countries	714	1,124
United States of America/Europe/Others	142	2,008
	12,412	11,044

(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	**Impairment**	**Gross receivables**	**Impairment**
	2015	**2015**	**2014**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Past due 1 to 90 days	6,900	–	7,775	–
Past due over 90 days	5,266	531	2,449	427
	12,166	531	10,224	427

37. Financial risk management (Continued)

37.4 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group's and the Company's liquidity risk is minimal as the Group and the Company maintain sufficient cash and cash equivalents. The Group and the Company are also financed by bank borrowings and loan from ultimate holding company.

In addition, the Group maintains $53.8 (2014: $50.0) 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 38.

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:

	2015				2014			
	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	22,095	–	–	22,095	12,415	–	–	12,415
Amounts due to ultimate holding company	6	–	–	6	–	–	–	–
Amounts due to related parties	22	–	–	22	–	–	–	–
Fixed-interest bearing								
Loan from ultimate holding company	3,633	–	–	3,633	3,633	–	–	3,633
Finance lease obligations	84	179	–	263	71	194	–	265
Variable-interest bearing								
Bank borrowings	8,239	–	–	8,239	9,914	–	–	9,914
	34,079	179	–	34,258	26,033	194	–	26,227

37. Financial risk management (Continued)

37.4 Liquidity risk (Continued)

	2015				2014			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Company								
Financial liabilities								
Non-interest bearing								
Trade and other payables	2,475	–	–	2,475	517	–	–	517
Amounts owing to subsidiaries	2,737	–	–	2,737	1,498	–	–	1,498
Fixed-interest bearing								
Loan from ultimate holding company	3,633	–	–	3,633	3,633	–	–	3,633
Variable-interest bearing								
Bank borrowings	4,513	–	–	4,513	7,122	–	–	7,122
	13,358	–	–	13,358	12,770	–	–	12,770
Financial guarantees issued	4,721	–	–	4,721	5,149	–	–	5,149
	18,079	–	–	18,079	17,919	–	–	17,919

38. Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in Notes 17 and 18 to the financial statements respectively. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2014.

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.

38. Capital management policies and objectives (Continued)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Finance lease obligations	243	242	–	–
Bank borrowings	8,196	9,877	4,500	7,100
Loan from ultimate holding company	3,500	3,500	3,500	3,500
Total interest bearing debts	11,939	13,619	8,000	10,600
Total assets	87,563	56,169	51,771	29,225
Gearing ratio	14%	24%	15%	36%

As disclosed in Note 18 to the financial statements, a subsidiary of the Group is required by the Bahrain Commercial Companies Law 2001 ("Law") to contribute and maintain a statutory reserve. The statutory reserve is not normally distributable except in the circumstances stipulated in the Law.

The Group and the Company are in compliance with the above externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

39. 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 fair value of contingent consideration was determined based on valuations performed by external valuation experts.

The fair value of contingent consideration falls under Level 3 of the fair value hierarchy. The fair value measurement for the contingent consideration is sensitive to changes in unobservable inputs, i.e. estimated probabilities and discount rate, that may result in a significantly higher or lower fair value measurement. The higher the estimated probabilities, the higher the fair value; the higher the discount rate, the lower the fair value.

39. Fair value of financial instruments (Continued)

Valuation policies and procedures

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 Fair Value Measurement guidance.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

40. Events subsequent to the reporting date

On 21 January 2016, the Company and its ultimate holding company, Star Media Group Berhad entered into a Facility Agreement to provide corporate guarantee jointly and severally up to a total amount of USD10,000,000 (approximately $14,138,000) to a bank for banking facilities granted to a subsidiary.

ANALYSIS OF SHAREHOLDINGS

As at 23 March 2016

NO. OF SHARES ISSUED	:	220,818,795
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	0.29	1	0.00
100 - 1000	46	13.53	38,665	0.02
1,001 - 10,000	179	52.65	923,100	0.42
10,001 - 1,000,000	105	30.88	12,212,939	5.53
1,000,001 & ABOVE	9	2.65	207,644,090	94.03
TOTAL	340	100.00	220,818,795	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
LAVIANI PTE. LTD.	143,458,590	64.97
CITIBANK NOMINEES SINGAPORE PTE LTD	31,055,000	14.06
UOB KAY HIAN PTE LTD	16,265,000	7.37
STF INVESTMENTS LTD	5,838,200	2.64
MULTI-PURPOSE INSURANS BHD	4,000,000	1.81
BALHETCHET CAESAR KEVIN	1,950,000	0.88
RAFFLES NOMINEES (PTE) LTD	1,821,400	0.83
OCBC SECURITIES PRIVATE LTD	1,636,900	0.74
CIMB SECURITIES (SINGAPORE) PTE LTD	1,619,000	0.73
MAYBANK KIM ENG SECURITIES PTE LTD	992,000	0.45
LIM POH HOCK	885,168	0.40
DBS NOMINEES PTE LTD	605,500	0.27
TAN ANNIE	600,000	0.27
LIM YAO RONG RACHEL	590,000	0.27
DBS VICKERS SECURITIES (S) PTE LTD	583,000	0.26
BANK OF SINGAPORE NOMINEES PTE LTD	450,000	0.20
LEONG YUET PHENG	400,000	0.18
LEE CHUI MIE	300,000	0.14
OR LAY HUAT DANIEL	300,000	0.14
TEO SAY KUAN	300,000	0.14
	213,649,758	96.75

Based on the information available to the Company as at 23 March 2016, approximately 13.8% 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 2016

	No. of ordinary shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Lim Poh Hock	885,168	0.40	1,000,000	0.45
Laviani Pte. Ltd.	143,458,590	64.97	–	–
Tan Aik Ti, Ron[(1)]	–	–	45,000,000	20.38
Star Media Group Berhad[(2)]	–	–	143,458,590	64.97
Malaysian Chinese Association[(3)]	–	–	143,458,590	64.97
Philadelphia Investment Pte Ltd	–	–	14,000,000	6.34
IGV 33 Investments Ltd	–	–	31,000,000	14.04

Notes:-

(1) Mr. Tan Aik Ti, Ron is deemed to be interested in 14,000,000 Shares and 31,000,000 Shares held by Philadelphia Investments Ltd and IGV 33 Investments Ltd respectively by virtue of his 100% shareholding in Philadelphia Investments Ltd and IGV 33 Investments Ltd.

(2) Star Media Group Berhad (Formerly known as Star Publications (Malaysia) Berhad) is deemed to be interested in 143,458,590 Shares held by Laviani Pte. Ltd. by virtue of its 100% shareholding in Laviani Pte. Ltd.

(3) Malaysian Chinese Association is deemed to be interested in 143,458,590 Shares held by Laviani Pte. Ltd. By virtue of its 42.46% interest (direct and deemed) in Star Media Group 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 Friday, 22 April 2016 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To note the retirement of Mr Tan Hup Foi @ Tan Hup Foi as a Director of the Company.

   [See explanatory Note (i)]

3. To re-elect the following Directors of the Company, retiring pursuant to Article 104 of the Company's Constitution:

   (a) Mr Lew Weng Ho **(Resolution 2)**

   (b) Datuk Seri Wong Chun Wai **(Resolution 3)**

   [See explanatory Note (ii)]

4. To re-elect the following Directors of the Company, retiring pursuant to Article 108 of the Company's Constitution:

   (1) Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon **(Resolution 4)**

   (2) Datuk Roger Tan Kor Mee **(Resolution 5)**

   (3) Mr Tan Aik Ti, Ron **(Resolution 6)**

   [See explanatory Note (iii)]

5. To approve the payment of Directors' fees of S$229,008/- for the year ended 31 December 2015 (2014: S$231,691/-). **(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.

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;

   (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 Constitution 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 (iv)] **(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 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 (v)] **(Resolution 10)**

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

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(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 2016 (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");

(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 (vi)] **(Resolution 11)**

By Order of the Board

Cho Form Po
Company Secretary
Singapore
7 April 2016

Explanatory Notes:

(i) Mr Tan Hup Foi @ Tan Hup Hoi has decided to retire as a director of the Company at this annual general meeting. Upon his retirement, he will cease as the Chairman of the Audit Committee and member of the Nominating Committee.

(ii) Mr Lew Weng Ho will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered non-independent.

(iii) Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon will, upon re-election as a Director of the Company, remains as members of the Nominating and Remuneration Committees and will be considered non-independent.

Datuk Roger Tan Kor Mee 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 will be considered independent.

(iv) The Ordinary Resolution 9, 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.

(v) The Ordinary Resolution 10, if passed, will empower the Directors of the Company, from the date of this Meeting 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 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.

(vi) The Ordinary Resolution 11, 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) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.

3. 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 forty-eight (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 Meeting 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (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.

CITYNEON HOLDINGS LIMITED
Company Registration No. 199903628E
(Incorporated In Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. 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.
3. 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.

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 Friday, 22 April 2016 at 11.00 a.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' Statement and Audited Financial Statements for the year ended 31 December 2015.		
2	Re-election of Mr Lew Weng Ho as a Director.		
3	Re-election of Datuk Seri Wong Chun Wai as a Director.		
4	Re-election of Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon as a Director.		
5	Re-election of Datuk Roger Tan Kor Mee as a Director.		
6	Re-election of Mr Tan Aik Ti, Ron as a Director.		
7	Approval of Directors' fees amounting to S$229,008 for the year ended 31 December 2015.		
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 ______________ 2016

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

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 81SF of the Securities and Futures, Chapter 289), 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, who is not a relevant intermediary, 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. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. 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.

6. 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.

7. 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.

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 2016.

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 72 hours before the time appointed for holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CITYNEON HOLDINGS LIMITED

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