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FAITH

CITYNEON

ANNUAL REPORT 2017

Our Mission

We deliver compelling experiences that leave visitors with lasting memories by leveraging our comprehensive offer, expertise, and resources – from our design & creative process to strategic partnerships & financial standing

Our Vision

Be the global leader in providing large-scale, iconic experiences that transform the way our customers engage with their end-users

Our Values

Think big

We are a global leader with the right scale, resources, and expertise, so don't be constrained in creating large-scale, iconic experiences globally

Think different

We work together to tap on our collective experience & creative talent to come up with fresh, compelling ideas for immersive experiences

Be nimble

Given our scale and creative expertise, we're always looking at what's next, and seizing new opportunities whenever we can

Contents

Corporate Profile

Cityneon is a global leader at creating large-scale, iconic experiences that leave visitors with lasting memories. We leverage our years of experience, strong financial standing, and strategic partnerships to deliver projects of massive scale in four key areas: Events & Exhibitions, Thematic Attractions, Interior Architecture, and Intellectual Property Experiences. Our creative expertise and offer across the value chain mean we are always able to ensure our events and experiences are distinctive and memorable.

We started our journey as a supplier of electrical appliances in 1956, we have come a long way. Within a few years of our inception, we expanded our business to include the design and installation of shop displays and retail fronts. This is where we began our journey to transform customer touch points into holistic brand experiences, culminating in the incorporation of Cityneon Displays and Construction Pte. Ltd.

In early 70s, we were the appointed partner of Australian Trade Commission to erect booths and provide logistical support for their “Made in Australia” marquis exhibition – the first of its kind to be hosted in Singapore. It proved to be the turning point for our Company, as it enabled us to showcase our creative prowess at an international stage, thus opening doors to new frontiers.

Today, we have grown into Cityneon Holdings Limited – a full service ideas agency specialising in transforming customer and brand experiences. We are always looking to develop strategic partnerships that let us seize new bigger opportunities.

Events & Exhibitions

Events Management
Event Infrastructure
Sports Management
Consumer Shows
Trade Show

Thematic Attractions

Museums
Theme Parks
Expositions

Interior Architecture

Retail / Hospitality
Healthcare
Corporate

IP Experiences

Revolutionary Experience
Edutainment Transformed
Exclusive Showcasing

Our Network

Headquarters & Subsidiaries

SINGAPORE	Headquarters
MALAYSIA	*Kuala Lumpur*
BRUNEI	*Bandar Seri Begawan*
VIETNAM	*Hanoi, Ho Chi Minh City*
MYANMAR	*Yangon*
CHINA	*Shanghai, Hong Kong*
INDIA	*New Delhi*
BAHRAIN	*Manama*
UNITED KINGDOM	*London*
USA	*Las Vegas, Los Angeles*
SOUTH KOREA	*Jeju*

Affiliates

INDONESIA	*Jakarta*
THAILAND	*Bangkok*
PHILIPPINES	*Manila*
OMAN	*Muskat*
TURKEY	*Istanbul*
QATAR	*Doha*

Project Highlights

The Ubisoft Experience, Singapore

Avengers S.T.A.T.I.O.N. Las Vegas

Avengers S.T.A.T.I.O.N. Melbourne

Qatar Pavilion, Astana EXPO 2017

Transformers Autobots Alliance,
Chongqing China

Avengers S.T.A.T.I.O.N. Singapore

Jurassic World-
The Exhibition: Chicago USA

Resort World Sentosa:
The Maritime Experiential Museum

Jurassic World-
The Exhibition: T-Rex

Executive Chairman & Group CEO

Ron Tan
Executive Chairman & Group CEO

Dear Shareholders,

We concluded the financial year ended 31 December 2017 ("FY2017") on a high note with a stronger suite of financial results and a string of successful projects. In addition, our transformation toward creative and design have reached new milestones with the foundations for tomorrow's performance well in place.

Our work is the product of enthusiasm, experience and expertise, built on a foundation of faith. This belief from our staff, shareholders, and partners who drive us to achieve excellence. The annual report this year is a tribute to the faith they have placed in us and our pledge to continue delivering on that trust.

A GRAND PERFORMANCE

Against the backdrop of a volatile global economy, Group's total revenue grew by 20.7% to $116.7 million, breaking the $100 million mark for the first time, with a $19.9 million increase from the $96.8 million of the previous financial year. The rise was largely driven by our Intellectual Property Experience ("IP") segment, which had nearly tripled its contribution to Group revenue due to projects during the year. These include the opening of Marvel's Avengers S.T.A.T.I.O.N. Exhibitions in Chongqing, Taipei, Beijing and Moscow as well as the opening of our first Transformers Autobots Alliance Exhibition in Chongqing. Our traditional business segments saw lower sales as we transform the business from a traditional build shop to one of more creative and design led company. The traditional business segments, however, showed a better bottom line performance as compared to previous year due in part to the cost rationalization initiatives undertaken in the second half of 2016.

The Group's gross profit rose 83.6% to $63.8 million for FY2017. This was due to the momentum generated by the IP segment, which reported a higher gross profit margin of 91.6%. This in turn fuelled an aggregate gross profit margin of 54.7% in FY2017 as compared to the 36.0% of FY2016. Following suit, our net profit after taxes rose by 162.9% to $17.4 million, a historical record high for the Group.

Other markers of the Group's growing value include our net asset value which rose from 28.3 cents per share to 33.9 cents per share. The rise in our earnings per share closely rivalled the threefold growth of FY2016, leaping to 7.1 cents from 2.8 cents previously.

MEMORABLE MILESTONES

The IP segment made its maiden foray into China with a new Avengers S.T.A.T.I.O.N. in Beijing which features our first outdoor tent concept. Further southwest, the team also launched an Avengers S.T.A.T.I.O.N. in Chongqing, granting us access to two major cities within a year. In June 2017, we celebrated our seventh launch in Taipei. During the latter part of the year, we welcomed visitors into our latest Avengers S.T.A.T.I.O.N. in Moscow's AVIAPARK mall, lauded as the largest mall in Europe.

The succession of openings was challenging and exciting, but we were up to the task and applied ourselves fully to surmount obstacles through creativity, innovation and efficiency. We are not one to rest on our laurels and already have an order book of openings for 2018. We premiered Marvel's Avengers S.T.A.T.I.O.N. Melbourne in April, hot after the launch of Marvel's latest blockbuster superhero film to date, Black Panther, which has already raked in more than US$1 billion worldwide. Not too far behind is the launch at Sweden's Teknikhallen at Östgötaporten, the popular football stadium in Norrköping. It will be the Group's eleventh launch globally, following a string of successful runs in New York, Seoul, Paris, Las Vegas, Singapore, Beijing, Taipei, Chongqing, Moscow and Melbourne for Marvel's Avengers S.T.A.T.I.O.N..

With the IP segment leading the charge, our other segments also performed commendably. We took part in events such as the 2017 Formula 1 Singapore Grand Prix, the Singapore National Day Parade, and Housing Development Board's Home Improvement Programmes. Exhibitions of note for the year include the World Congress on Safety and Health at Work (WCHS) 2017, the Arabian Travel Market 2017, the Bahrain Shopping Festival, the Abu Dhabi Sustainability Week 2017 and the Qatar Pavilion for the Astana EXPO 2017.

AWARDS & ACCOLADES

For the year under review, we were presented with several awards in recognition of our work. The Singapore Business Review magazine awarded us with two wins, the International Business Award 2017 in Media & Entertainment for our Avengers S.T.A.T.I.O.N. and the National Business Award 2017 in Diversified Services for our Middle East Office, Oman Pavilion.

We also clinched the Outstanding Leader in Asia Award at the 4th Asia Corporate Excellence & Sustainability Awards, an achievement that is in truth a team effort. The above-mentioned Qatar Pavilion won the prestigious Gold Award for Best Exhibition Design in the category for medium-sized pavilions at the Astana EXPO 2017 in Kazakhstan. The Qatar Pavilion also won the People's Choice award in the Exhibitor Magazine Awards 2017 and an Honourable Mention in the Best Exterior Design category.

A PARADIGM SHIFT

As we manage the day-to-day running of the business, we stay attuned to the bigger picture. In doing so we have come to recognise the need to better distinguish ourselves as we had matured beyond the trappings of our traditional businesses.

Our transformation toward creative and design has made steady headway and we are now poised to enter the next phase. We have been steadily realigning the group's traditional core businesses with the intellectual property business, especially in the area of creative and design. This represents a core change that reflects on what we do, how we do it and who we are.

As such, we have undertaken a comprehensive rebranding exercise with consultants recommended by the Singapore government to better identify our values and direction moving forward. Our new logo and streamlined motherhood statements will form the pillars of identity for not only our customers and partners to recognise, but also our staff to rally behind.

"Our work is the product of enthusiasm, experience and expertise, built on a foundation of faith."

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STRENGTHENING THE FOUNDATIONS

As we redefine how we present ourselves, we also look into improving how it is done. Part of that plan includes the growing of our design team. To house our enlarged talent pool, we will be relocating to new location at 25 Tai Seng Avenue to expand our office space as a creative design suite. The new office will form the new identity of our new company moving forward.

To lead the creative team, we welcomed aboard Mr Welby Altidor, the former 16-year veteran of Cirque de Soleil's Executive Creative Director of Creations, to be our Group Chief Creative Officer. Welby was the youngest casting director in the Cirque de Soleil's history and worked on over 15 productions, including the Cirque du Soleil's Michael Jackson ONE showing at Mandalay Bay Resort and Casino, Las Vegas and the Cirque's traveling show - LUZIA. He currently helms our Creative Team of multidisciplinary talents and is spearheading the revitalisation of our existing projects, as well as the execution of new projects and business ventures. We look forward to tapping on his unique skills to create more unique and memorable experiences.

STANDING TALLER, SEEING FURTHER

At Cityneon, we are well acquainted with the concept of standing on the shoulders of giants. By leveraging on major international intellectual property licenses, we unlocked our potential and delivered.

As we continued to make strides with our existing IPs, we were already hunting for the next. For the year under review, we proudly secured our third IP: Jurassic World – The Exhibition, which sees us establishing our partnership with Universal Studios. The brand is undergoing a resurgence of interest with the latest movie, Jurassic World: The Fallen Kingdom, slated for a mid-2018 release. The exhibition has hosted over a million visitors since its inception in 2016 in Melbourne, followed by tours in Philadelphia and Chicago. Its next stop will be in Paris in April 2018 and we anticipate this new IP will be another roaring success.

For the year under review, Lucrum 1 acquired a 52.51% stake in the Group thus increasing its effective stake to 68.95% and is now its largest shareholder. This allows better implementation of strategies, expansion plans and coordinated actions that affect the future direction of the Group.

That cohesiveness will be critical in the months to come as we continue to align the group's traditional core business with the intellectual property licences business, especially in the area of creative and design. We will also be expanding our management team and going on more roadshows to build up the understanding of the rebranded Cityneon.

Moving forward, we believe the Group is on the right track for growth and we will continue exploring new business development opportunities including mergers and acquisitions activities to continue to enhance our shareholders value. To facilitate this, we have a US$60 million financing in place which will also be allocated into new exhibition traveling sets and intellectual properties. The Group will continue to align its traditional core business with that of the IP business as we continue to emerge Cityneon into a global and well-respected organisation.

IN APPRECIATION

Once again, I would like to enunciate my appreciation for the faith that our shareholders, customers, staff and partners have placed in us. We understand the value of your trust and will do our utmost to be worthy of that continued support. For the year under review, the Group has undergone a transition for its Board of Directors. We are thankful for the contributions of Non-Executive Chairmen Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan and Mr Lew Weng Ho, Non-Executive Directors Datuk Seri Wong Chun Wai and Mr Ng Fook Ai Victor. We would also like to thank Independent Non-Executive Directors Dato' Lee Yeow Chor, Datuk Roger Tan Kor Mee, Mr Tang Nai Soon and also Mr Ragesh Rajendran who was the Alternate Director to Datuk Seri Wong Chun Wai.

I would like to warmly welcome aboard Mr Hooi Hing Lee who joins as our Lead Independent Non-Executive Director, along with Mr Kwok Chi Shing and Mr Poon Lai Yin Michael as our two new Independent Non-Executive Directors. Also joining us is Ms Duan Mengying as Non-Executive Director. I am also honoured to take on the position as Executive Chairman & Group Chief Executive Officer. I look forward to another year of working together with you to pioneer, innovate and trailblaze our way through the industry.

Ron Tan

Executive Chairman & Group CEO

Board of Directors

Ron Tan

Executive Chairman and Group Chief Executive Officer

Former Government Scholar of the Republic of Singapore
4.0 GPA, Bachelor of Science (with Distinction), University of Hawaii at Manoa, Hawaii

Date of first appointment as Director: 9 November 2015
Date of last re-appointment as Director: 22 April 2016
Length of services as Director: 2 Years and 1 Month (as at 31 December 2017)
Date of appointment as Executive Chairman: 11 August 2017

Served on the following Board Committees

- Nil

Present Directorships in other listed companies

- Nil

Present Principal Commitments
(other than directorships in other listed companies)

- Nil

Directorships in other listed companies held over the preceding three (3) years

- Epicentre Holdings Limited, Singapore
- Mavshack AB, Sweden

Background and Experience

- A wealth of experience in the entertainment industry, having served as the Executive Director for Hi-5 Operations Pte Ltd, EMS Holdings Pte Ltd, and BASE Entertainment Asia.
- Producer of the Hi-5 TV Series and the first Hi-5 Movie that was sold and broadcasted in over 200 countries globally.
- Served as an Independent Board Member of CCFH Limited (formally known as Friven & Co.), a corporation listed on the Singapore Exchange and Mavshack AB, a Swedish corporation listed on NASDAQ OMX.
- Served as an International Director in First Alverstone Partners, an investment and consultancy firm.
- Served in management positions at various local and multinational firms.

Awards

- Outstanding Leader in Asia Award at the 4th Asia Corporate Excellence & Sustainability Awards (ACES) – Oct 2017

Duan Mengying

Non-executive Director

CPA (HKICPA)
Master of Science in Business Information System, City University of Hong Kong, Hong Kong
BBA, Accountancy, City University of Hong Kong, Hong Kong

Date of first appointment as Director: 11 August 2017
Date of last re-appointment as Director: -
Length of services as Director: 4 Months (as at 31 December 2017)
Date of appointment as Non-executive Director: 11 August 2017

Served on the following Board Committees

- Nil

Present Directorships in other listed companies

- Nil

Present Principal Commitments
(other than directorships in other listed companies)

- Teamway International Group Holdings Limited – CFO
- Red Coral Technology (M) Sdn. Bhd. – Director
- Red Coral International Holding Limited – Director

Directorships in other listed companies held over the preceding three (3) years

- Nil

Background and Experience

- Well versed in accounting and financial management – especially in the areas of mergers and acquisitions, initial public offerings (IPO), Group financing projects, forecasting and formulating of financial strategies, and in assessing new business opportunities for growth and profit potential.
- Served as the Investor Relations Manager of Sino Oil and Gas Holdings Limited from August 2014 to March 2017.
- Prior experience also includes working for international accounting firms and listed companies in Hong Kong.

Hooi Hing Lee
Lead Independent Non-executive Director

CPA (Aust.)
Fellow of the Hong Kong Institute of Directors
Bachelor of Commerce, University of Western Australia, Australia

Date of first appointment as Director: 11 August 2017
Date of last re-appointment as Director: -
Length of services as Director: 4 Months (as at 31 December 2017)
Date of appointment as Lead Independent Non-executive Director: 11 August 2017

Served on the following Board Committees
- Audit and Risk Committee – Chairman
- Remuneration Committee – Member
- Nominating Committee – Member

Present Directorships in other listed companies
- Nil

Present Principal Commitments
(other than directorships in other listed companies)
- pH Capital Limited, Hong Kong – Chairman

Directorships in other listed companies held over the preceding three (3) years
- Nil

Background and Experience
- With more than 20 years' experience in banking, real estate and finance in Asia and Australia.
- Currently running a boutique private equity company, pH Capital Limited since 2014.
- Managing Director, Investment Banking for Cushman & Wakefield Capital Asia Limited (CWCA), a dedicated Asian Investment Bank in 2006-2008.
- Chief Risk Officer for Standard Chartered Bank (Taiwan) Limited from 2010-2013.
- Deputy General Manager, Hong Kong and Head of Corporate Banking, North Asia for National Australia Bank (NAB); joined NAB in Australia in 1988 and until his departure in 2006, his professional career spanned across Australia and Greater China, including roles in corporate banking, property finance, and structured finance.

Poon Lai Yin Michael
Independent Non-executive Director

CPA (Aust.), FCPA (HKICPA)
Master of Practicing Accounting, Monash University, Australia
Bachelor of Administrative Studies, York University, Canada

Date of first appointment as Director: 11 August 2017
Date of last re-appointment as Director: -
Length of services as Director: 4 Months (as at 31 December 2017)
Date of appointment as Independent Non-executive Director: 11 August 2017

Served on the following Board Committees
- Nominating Committee – Chairman
- Audit and Risk Committee – Member
- Remuneration Committee – Member

Present Directorships in other listed companies
- China Uptown Group Company Limited
- Smartac Group China Holdings Limited

Present Principal Commitments
(other than directorships in other listed companies)
- True Way Consultants Limited – Director
- Integrity Partners Capital Company Limited – Director
- Gallizul Partners Capital Company Limited – Director
- Noah Capital Management Company Limited – Director
- Gallizul Healthcare Investments Incorporated – Director

Directorships in other listed companies held over the preceding three (3) years
- Vincent Medical Holdings Limited

Background and Experience
- Has over 20 years' experience in financial reporting, business advisory, auditing, taxation, accounting, mergers and acquisitions.
- Served as the Independent Non-Executive Director of Sun International Resources Limited, a corporation listed on the Stock Exchange of Hong Kong GEM Board during the period from September 2008 to August 2011.
- Served as the Executive Director and Non-Executive Director of Celebrate International Holdings Limited, a corporation listed on the Stock Exchange of Hong Kong Limited GEM Board during the period from October 2010 to July 2011 and from July 2011 to December 2011 respectively.
- Prior experience includes working for an international accounting firm and was responsible for providing business advisory and assurance services for some listed clients.

Board of Directors

Kwok Chi Shing
Independent Non-executive Director

CA, FCPA, CTA, CFP[CM]
MA (Hons) in Accountancy and Economics, University of Aberdeen, United Kingdom

Date of first appointment as Director: 11 August 2017
Date of last re-appointment as Director: -
Length of services as Director: 4 Months (as at 31 December 2017)
Date of appointment as Independent Non-executive Director: 11 August 2017

Served on the following Board Committees
- Remuneration Committee – Chairman
- Audit and Risk Committee – Member
- Nominating Committee – Member

Present Directorships in other listed companies
- Grand Ocean Advanced Resources Company Limited
- Speed Apparel Holding Limited
- Hang Chi Holdings Limited

Present Principal Commitments
(other than directorships in other listed companies)
- Tuen Mun District JPC Honorary President Council – President
- Park Oi Hospital – Director
- Scout Association of Hong Kong, The Friends of Scouting – Vice President
- Lion Club of Hong Kong New Territories West – Founding 2nd Vice President
- China Real Estate Chamber of Commerce Hong Kong Chapter Limited – Member of the Advisory Board
- CEPA Business Opportunities Development Alliance Chartered Chairman

Directorships in other listed companies held over the preceding three (3) years
- Nil

Background and Experience
- Has over 20 years' experience in handling audit assurance, cross border taxation assignments, financial management, consulting advisory, IPO arrangement, corporate finance, professional training, project financing and other professional services for the multi-nationals, local and Chinese Companies in Hong Kong and China.

- Founding Executive Committee Member and Honorary Treasurer of the Institute of Financial Planners of Hong Kong and has been actively involved in the promotion of financial and international taxation planning in Hong Kong and China for banks, financial institutions and universities.

- Founding Committee Member of the Hong Kong Institute of Certified Public Accountants – PRC Technical Committee in 1994 for the preparation and overseeing the first batch of nine PRC "H" share company's listings in Hong Kong.

Corporate Social Responsibility

At Cityneon, giving back to society is an integral part of our Company Ethos and is well integrated in our operations. We strongly believe in paying it forward to engage and benefit the lives of our people and the communities where we work and live.

Our Corporate Social Responsibility (CSR) Programme is committed to helping the communities in meaningful ways. Through the use of our unique resources as well as mobilisation of our active volunteerism, we aim to create a positive difference.

Over the years, we have been actively involved in various community schemes and initiatives that have positively impacted our local communities. This year, we have reached out to the community in the fields of ARTS; Scholarship; Community and Corporate.

ARTS

Dawn Kwan: SYNTHESIS, 8th Solo Art Exhibition

This exhibition by 20-year old artist Dawn Kwan comprised 28 pieces of Abstract Expressionist works that embody the notions of identity, relationship, interaction and creation. 20% of sales proceeds of the artworks and the full proceeds from sale of Dawn Kwan's "Art Awakening Book" were donated to The New Charis Mission (TNCM) who rehabilitates drug offenders and helps them integrate back into society. Concurrent to the exhibition, four complimentary art workshops were also conducted by Dawn for Care Corner's disadvantaged children and youths as well as Homeschool Singapore's children.

We showed our support for this charitable and meaningful cause through the provision of the street banners and its accompanying BCA license fees for this exhibition.

E-Invite for Dawn Kwan: SYNTHESIS

Dawn Kwan Sponsorship

Corporate Social Responsibility

Team Audacia 2017, F1 in Schools Singapore

F1 in Schools, an international Technology and Engineering programme that encourages innovation in today's youths, also aims to develop enterprise and business skills in youths with over 40 countries and 20 million student participants. The programme gives an unmatched and unprecedented connection for students to be more enterprising and bring out the talent in them.

The Company believes that everybody deserves a chance to discover their potential and creativity and stands by fostering creativity and innovation in people. Dedicated to nurturing talents of Singapore, Cityneon pitched our contributions through the sponsorship of funds to the Raffles Girls' School (Secondary) team of six members.

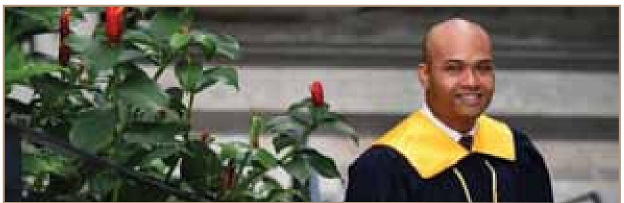
Team Audacia with Cityneon

SCHOLARSHIPS

Sponsorship of Course Medal (Gold) – School of Architecture & the Built Environment, Singapore Polytechnic

The Company believes in the importance of nurturing graduates and recognising deserving students for excelling in their course. In 2017, the Company has committed to a donation pledge for the purchase of course medal (Gold) for Diploma in Integrated Events & Project Management, which is closely linked to what we excel in.

28-year old Singapore Polytechnic graduate of a perfect 4.0 GPA Mr Muhammad Alfiz Kambali was the top student and was awarded the Tay Eng Soon Gold Medal and Cityneon Events Gold Medal.



Mr Muhammad Alfiz Kambali

COMMUNITY

Sponsorship for NDP 2017

As the saying goes "Home is where the heart lies.". Cityneon was proud to be able to show our love and affection for our nation, through the pledging of monetary contributions as a Co-Partner of NDP 2017 as part of nation building and rallying together as one nation to meet the challenges ahead.

Certificate of Appreciation

presented to

CITYNEON EVENTS PTE LTD

in recognition of your contribution towards

National Day Parade 2017

DR NG ENG HEN

Minister for Defence

NDP 2017

#OneNationTogether

Certificate of Appreciation for NDP 2017

NDP 2017 Float

Community Involvement Programme (CIP) 2017 – Christmas Card Art Project for Special Needs Students

Recognising the effects of positive empowerment, the Company partook in the Christmas Card Art Project for Special Needs Students and organised a visit to the AWWA Special Student Care Centre on 22 December 2017 as part of our CIP. The activity enabled some 50 students to create their very own personalised Christmas card to give to someone special. As means of empowerment, the tasks helped students develop skill sets such as choice making, design, colour knowledge and patterns. 16 employees from junior staff to Managers across all divisions participated in the activity, contributing a total of 40 man-hours.

Sponsorship to Science Centre Singapore's 40th Anniversary Charity Gala Dinner

A charity gala dinner was held at the Suntec Convention Centre on 28 November 2017 as part of the Science Centre Singapore's 40th anniversary celebrations. The Science Centre and its group of attractions help visitors experience the wonders of science, technology, engineering and mathematics ("STEM") through exhibitions, educational programmes and events. Proceeds from the dinner would be used towards the organisation of events and educational programmes for underprivileged beneficiaries identified by Community Chest and Cityneon supported the Science Centre Singapore by being a Gold Sponsor for the event.

Mr Ron Tan, Executive Chairman and Group CEO, receiving the Token of Appreciation

CORPORATE

Singapore's Corporate Governance Pledge

During the Singapore 2017 Corporate Governance Week, an initiative started by the Securities Investors Association (Singapore) (SIAS) since year 2010, Cityneon joined as one of the many Public Listed Companies and Organisations who had come forward in a joint undertaking of the Corporate Governance – Statement of Support by the SIAS, advocating our commitment to upholding high standards of Corporate Governance to enhance shareholder value.

Corporate Governance – Statement of Support 2017

Operating & Financial Review

CITYNEON'S BUSINESS SEGMENTS

The Group continues to redefine the itself and the industry with its highest-performing segment, IP Experiences ("IP"), leading the way. In addition to IP, the Group continues to leverage on the strengths of its existing integrated business segments which comprise of Events & Exhibitions, Thematic Attractions and Interior Architecture.

BUSINESS OVERVIEW

Total revenue for the year ended 31 December 2017 was 20.7% higher than the year before. The Group reported sales of $116.7 million for the year under review which was $19.9 million higher than in FY2016. The growth was largely driven by the strong performance of the IP segment.

REVENUE BY BUSINESS SEGMENTS

Events & Exhibitions

Our Exhibitions segment specialises in providing our customers with impactful solutions through creating innovative concepts and holistic experiences that reflect their brand ideology, enabling them to genuinely stand out amongst the crowd. The Exhibitions segment reported stable performance for the financial year with a 3.5% dip in sales to $28.6 million due to the absence of biennial shows such as the Food & Hotel Asia show which was held in FY2016.

The Events segment supports the organisation of various events and campaigns, with above, below and through-the-line solutions especially those pertaining to sports. This segment reported the largest dip in comparison to other segments at 33.4%, with sales amounting to $5.6 million for the year under review.

Thematic Attractions

The Thematic Attractions segment partners its customers through all stages of experiential design, specialising in transforming customers' visual branding into lasting, multi-sensory brand experiences. For FY2017, the Thematic Attractions segment also saw lower sales, softening to $13.2 million from $18.8 million the year before. This is due to a one-off contribution of a thematic project in the Asia Pacific region in FY2016.

Interior Architecture

Our Interior Architecture segment specialises in delivering riveting multisensory interior architectural design that exude beauty, form and function inside and out for our customers. The Group's Interior Architecture segment maintained its steady performance and contributed $18.6 million to the Group Revenue.

IP Experiences

Our strongest performing segment, IP, is where we focus on delivering engaging educational and interactive exhibitions for exclusive licence-held showcases. We use leading technologies to deliver revolutionary experiences that wow and enthral visitors. For the year under review we grew our portfolio of IPs with the addition of a third licence – Universal Studio's Jurassic World - The Exhibition which have toured in Melbourne, Australia, Philadelphia and Chicago, USA. Our other IPs are Marvel's Avengers S.T.A.T.I.O.N., which steadily rolled out new exhibitions globally, and Hasbro's Transformers Autobots Alliance which started their run in China. Due to the combination of above, sales for the segment was boosted by 187.3% to $50.7 million for FY2017.

PROFIT AND MARGINS

As the global economy gradually shakes off the effects of the previous slowdown, we foresee greater opportunities in the coming financial years. For FY2017, our profitability was heavily driven by the IP segment. Total gross profit increased by 83.6% from $34.8 million in FY2016 to $63.8 million in FY2017. This performance is achieved as a result of higher gross profit margin ("GPM") of 91.6% generated from the IP business. The segment was also key to the improvement in the aggregate GPM from 36.0% in FY2016 to 54.7% in FY2017. Our profit for the year nearly doubled, rising from $6.6 million in FY2016 to $17.4 million in FY2017.

FINANCIAL POSITION

Net assets value ("NAV") of the Group as at 31 December 2017 was $82.9 million. This translates into 33.9 cents per ordinary share representing an increase of 19.8% over FY2016 NAV per share.

Major movements in balance sheet items are summarised as follows:

(i) Property, Plant & Equipment ("PPE") increased from $43.4 million to approximately $80.2 million mainly due to acquisition of new office building at 25 Tai Seng Avenue in December 2017. In addition, the increase was also due to cost incurred in upgrading of the interactive exhibition travelling sets and construction of a new exhibition travelling set for Transformers Autobots Alliance in the existing IP business and the acquisition JP Exhibition LLC ("JPE") during the year.

(ii) The trade and other receivables increased from $24.0 million in FY2016 to $66.0 million in FY2017. The increase was mainly due to more projects' billings invoiced toward the end of financial year. The unbilled receivables mainly relates to the revenue earned from IP operating segment, which will be billed in accordance with the billing milestones stated in the exhibition agreements. Trade and other payables have increased from $19.6 million to $44.6 million mainly due to advances received from contract customers and accruals of project cost. There is also a deferred consideration in acquisition of JPE of amounting to $6.7 million contributed to the higher payables.

(iii) Amount due from contract customers increased from $12.7 million to $23.6 million mainly due to billing for works done in FY2017 are made subsequent to financial year end.

(iv) Current borrowings and loan increased by $41.8 million from $24.7 million in FY2016 to $66.5 million in FY2017. The increase was mainly due to loans drawn down from banks and institution for projects, operation purpose, funding the acquisition on JPE, and building of new travelling set for Transformers. Non-current borrowings of $23 million is assumed by the Group subsequent to the acquisition of Scorpio East Properties Pte. Ltd. This acquisition comprise of an office building located at 25 Tai Seng Avenue.

(v) During the year, major shareholder, Lucrum 1 Investment Limited has extended loan amount to $10.7 million to the Group to repay a bank borrowing.

(vi) Provision of income tax payables increased in correspondence with the higher net profit generated in FY2017.

CASH FLOW

As at 31 December 2017, the Group recorded net cash used in operating activities of $13.5 million.

(i) Net cash used in Trade and other receivables in FY2017 mainly due to slower collections from customers during the year and significant sales were billed in December compared to FY2016.

(ii) Amount due from contract customers recorded a net decrease in cash of $12.0 million due to more projects were recorded at year end.

(iii) The net increase in trade and other payables in FY2017 was due to higher project cost was recovered during the year compared to FY2016.

(iv) Higher interests amounting to $0.9 million was paid due to increase in bank borrowings in FY2017 compared to a year ago.

(v) Higher tax amount of $0.9 million was paid of which $0.5 million was related to withholding tax paid in FY2017.

The Group recorded net cash used in investing activities of approximately $42.2 million in FY2017. The cash was used for purchase of property, plant and equipment, construction and upgrading of interactive exhibition travelling sets. The Group has acquired JPE for $25.8 million during the financial year under review.

The Group recorded a net cash generated from financing activities of approximately $51.6 million in FY2017. This consists of borrowings drawn down from banks and institution of $75.0 million of which $31.8 million was repaid to the banks during the year. The funds were used to acquire JPE, upgrading of travelling exhibition set and building of new travelling set for Transformers. There was also a repayment of $3.5 million loan to Star Media Group Berhad. During the financial year, the major shareholder, Lucrum 1 Investment Limited, has extended a loan to the Group of $10.8 million to repay a bank borrowing.

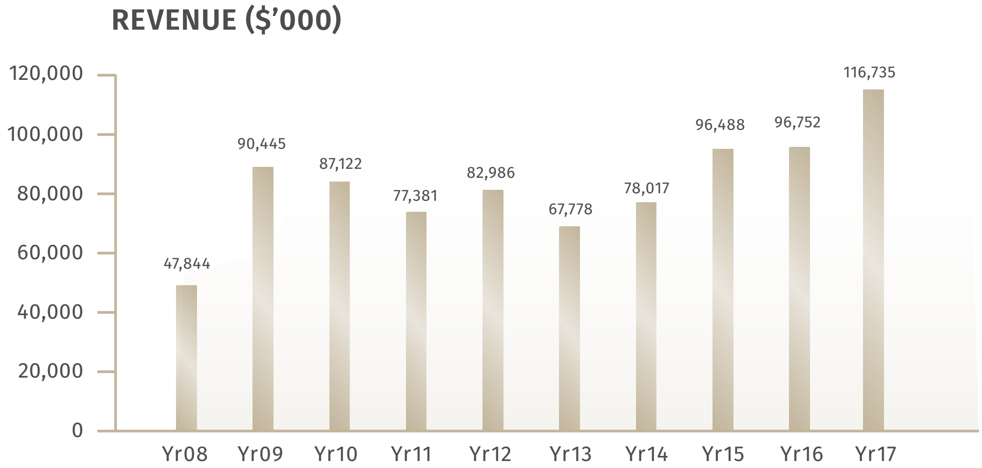
EARNINGS PER SHARE ("EPS")

The Group's earnings per share rose nearly threefold from 2.8 cents in FY2016 to 7.1 cents per share in FY2017.

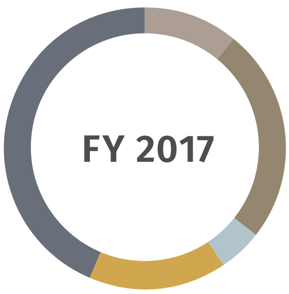
NET ASSET VALUE ("NAV") PER SHARE

As at 31 December 2017, our net asset value per share was 19.8% higher at 33.9 cents per share as compared to the 28.3 cents per share as at 31 December 2016.

Financial Highlights

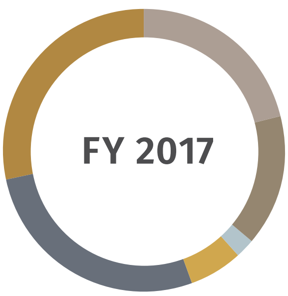


REVENUE BY BUSINESS SEGMENT



	FY2017		FY2016	
	$'000		*$'000*	
Thematic Attractions	13,234	11%	18,759	19%
Exhibition Services	28,629	25%	29,662	31%
Event Management	5,565	5%	8,355	9%
Interior Architecture	18,573	16%	22,316	23%
Intellectual Property Experience	50,734	43%	17,660	18%
Total	**116,735**	**100%**	**96,752**	**100%**

REVENUE BY GEOGRAPHICAL SEGMENT



	FY2017		FY2016	
	$'000		*$'000*	
Singapore	25,712	22%	26,314	27%
Middle East	17,131	15%	9,820	10%
Malaysia	2,783	2%	3,089	3%
China	7,476	6%	17,862	19%
Asia Pacific	31,436	27%	24,387	25%
USA/Europe/ Others	32,197	28%	15,280	16%
Total	**116,735**	**100%**	**96,752**	**100%**

Financial Results ($'000)	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	67,778	78,017	96,488	96,752	116,735
Gross profit	21,851	22,077	23,300	34,782	63,841
Gross profit margin	32.2%	28.3%	24.1%	36.0%	54.7%
Profit before tax	853	2,513	794	7,329	20,160
Profit after tax	829	2,315	833	6,610	17,376
Profit attributable to shareholders	894	2,345	871	6,681	17,393

Financial Position ($'000)	FY2013	FY2014	FY2015	FY2016	FY2017
Property, plant and equipment	2,333	2,257	16,032	43,437	80,176
Current assets	45,083	52,699	60,416	65,941	118,137
Other Non-current assets	1,393	1,213	11,115	10,645	43,884
	48,809	56,169	87,563	120,023	242,197
Current Liabilities	(26,392)	(30,350)	(36,440)	(49,567)	(114,339)
Non-current liabilities	(98)	(217)	(1,104)	(847)	(44,690)
	(26,490)	(30,567)	(37,544)	(50,414)	(159,029)
Minority Interest	(520)	(490)	(452)	(313)	(296)
Shareholders' equity	21,799	25,112	49,567	69,296	82,873
Cash and cash equivalents	14,176	23,881	24,269	23,779	17,930

Ratios	FY2013	Y2014	FY2015	FY2016	FY2017
Earnings per share (cents) - basic	1.0	2.7	0.7	2.8	7.1
Net asset per share (cents)	25	28	22	28	34

Investor Relations

The Group believes that good corporate governance is an essence for the Company for its added value, sustainable growth and competitiveness. Investor Relations ("IR") plays a key role in the Company's overall business operations- It reflects the efficient, transparent and verifiable management system of the Company, which strengthen the trust and confidence of shareholders.

We place high importance in nurturing good relations with our shareholders and our sell-side research analysts. We have embraced an internal IR structure to actively communicate with investors and analysts in the form of half-yearly presentations of results achieved as well as one-on-one meetings which enable the investors and analysts to be in direct communication with the Senior management.

The Company is also involved in participating and organising investor conferences. Examples of events organised is the Investors' Day as well as site visits to our Avengers S.T.A.T.I.O.N. exhibitions, when there are open interactions with the investment community on our business operations. This also enable shareholders and investors to better assess our performance in the different business divisions.

Cityneon adopts an elevated level of corporate governance with the practice of an organised and continuous provision of information on the Company, where announcements and press releases are disseminated via SGXNET to the SGX-ST and simultaneously up-loaded on our corporate website to ensure timely and fair disclosure. (http://cityneon.net/investorrelations/)

The Management and Investor Relations team engaged with more than 500 Fund managers and/or investors till date, through organised non-deal Roadshows in Singapore, Malaysia, Hong Kong, Taiwan, and United States of America.

Jan'17

- Investors Conference
- Non-Deal Roadshow SG

Feb'17

- Non-Deal Roadshow MY

Mar'17

- Non-Deal Roadshow SG
- Investors Conference

May'17

- Analysts' Site Visit- Beijing
- Non-Deal Roadshow- China

Coverage by equity research houses / analysts

(rated Reports)

- DBS Securities
- CIMB Securities
- KGI Securities
- UOB Kay Hian

(Un-rated)

- Daiwa Capital Market
- CLSA Research
- Maybank Kim Eng

IR Contact

Emily Choo
Head, Corporate Development & Investor Relations
Cityneon Holdings Limited
Email: emily.choo@cityneongroup.com

June'17

- Non-deal Roadshow- SG
- SG-Non-Deal Roadshow- Taipei
- Investors Site Visit Avengers S.T.A.T.I.O.N. Taipei

July'17

- Investor Conference- SG

Aug'17

- Half-Year Results Briefing
- Analysts -Non-Deal Roadshow- SG
- Non-Deal Roashow-KL

Oct'17

- Non-Deal Roadshow- HK

Nov'17

- Non-Deal Roadshow -SG
- Non-Deal Roadshow- KL

Corporate Information

Board Of Directors

Ron Tan
Executive Chairman
(appointed on 11 August 2017)
Group Chief Executive Officer
(appointed on 1 January 2017)

Duan Mengying
Non-executive Director
(appointed on 11 August 2017)

Hooi Hing Lee
Lead Independent Non-executive Director
(appointed on 11 August 2017)

Kwok Chi Shing
Independent Non-executive Director
(appointed on 11 August 2017)

Poon Lai Yin Michael
Independent Non-executive Director
(appointed on 11 August 2017)

Audit And Risk Committee

Hooi Hing Lee
Chairman
(appointed on 11 August 2017)

Kwok Chi Shing
(appointed on 11 August 2017)

Poon Lai Yin Michael
(appointed on 11 August 2017)

Remuneration Committee

Kwok Chi Shing
Chairman
(appointed on 11 August 2017)

Hooi Hing Lee
(appointed on 11 August 2017)

Poon Lai Yin Michael
(appointed on 11 August 2017)

Nominating Committee

Poon Lai Yin Michael
Chairman
(appointed on 11 August 2017)

Hooi Hing Lee
(appointed on 11 August 2017)

Kwok Chi Shing
(appointed on 11 August 2017)

Auditor

BDO LLP
Public Accountants and Chartered Accountants

600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

PARTNER-IN-CHARGE
Poh Chin Beng
(appointed since financial year ended 31 December 2014)

Share Registrar

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Company Secretary

Cho Form Po

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

Standard Chartered Bank (Singapore) Limited

Citibank N.A., Singapore Branch

DBS Bank Ltd

Resona Merchant Bank Asia Limited

BNP Paribas, Singapore Branch

Registered Office

84 Genting Lane
#06-01 Cityneon Design Centre
Singapore 349584
Tel: (65) 6571 6338
Fax: (65) 6749 3633
Email: info@cityneongroup.com

Company Registration Number

199903628E

The Board of Directors (the "Board") and the Management of Cityneon Holdings Limited (the "Company") or collectively with its subsidiaries (the "Group") recognise that good corporate governance provides the overarching framework required for enhancing corporate accountability and long-term sustainability, and are fully committed to maintaining high standards of governance within the Company.

This Corporate Governance Report (the "Report") sets out the Company's corporate governance processes and activities for the financial year ended 31 December 2017 ("FY2017"), with references to the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the "Code"). The Board is pleased to confirm that for FY2017, the Company has complied in all material aspects with the principles, guidelines and recommendations set out in the Code, and any deviations are explained in the Report.

BOARD MATTERS

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 Board's Conduct of Affairs

The Board is collectively responsible for the long-term success of the Company. Each Director exercises independent judgement to act in good faith and in the best interest of the Company for the creation of long-term value for shareholders. The principle duties of the Board, apart from its statutory duties, are as follows:

(a) To provide entrepreneurial leadership and guidance to Management on the Company's overall strategy, taking into consideration sustainability issues and the need to ensure necessary financial and human resources are in place;

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

(c) To review, assess and approve material contracts and transactions;

(d) To review management performance and oversee the Company's overall performance objectives, key operational initiatives, financial plans, financial performance reviews, budget, and material transactions;

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

(f) To 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) To consider and provide guidance on sustainability issues, such as environmental, social, and governance factors, as part of the Group's overall business strategy.

To assist the Board in the effective discharge of its responsibilities and provide independent oversight of Management, the Board has established a number of Board Committees with written Terms of Reference. These include the Nominating Committee ("NC"), the Remuneration Committee ("RC"), and the Audit and Risk Committee ("ARC"). Information on each of the three (3) Committees is set out in the Report. Special purpose committees are also established as dictated by business imperatives. The Board accepts that while these various Board Committees have the authority to examine particular issues and will report back to the Board with their recommendations, the ultimate responsibility on all matters lies with the Board.

The Directors and Executives Officers have each given an undertaking that in the exercise of their powers and duties as a Director or Executive Officer of the Company, they shall apply their best endeavours to comply with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST"), pursuant to or in connection with the SGX-ST Listing Manual from time to time in force.

In addition to the above, the Board is guided by the Code and Directors' Code of Professional Conduct ("SID Codes") issued by the Singapore Institute of Directors ("SID"). The link to the SID Codes has been included in the Company's website at www.cityneon.net. It sets out the Board's principles on dealing with conflict of interests, maintaining confidentiality, and compliance with prevailing laws and regulations. The Directors are committed to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company, and help nurture an environment where integrity and accountability are key.

Any Director who has a conflict of interest, or appears to have a conflict of interest, in relation to a particular agenda item or any matter, should immediately declare his interest at a meeting of the Directors or send a written notice to the Company containing details of his interest and the conflict, and recuse himself from participating in any discussion and decision on the matter. The Company has requested that all Directors sign a Declaration of Interest form yearly.

Board Approval and Delegation of Authority

The Company has adopted internal controls and guidelines that set out the financial authorisation and approval limit via a structured Delegation of Authority Matrix. This matrix is reviewed on a regular basis and revised accordingly when necessary. The Board continues to approve transactions in accordance with the Singapore Companies Act, Chapter 50, SGX-ST Listing Manual and any other applicable written law, regulation or the Code. Significant investments and transactions exceeding the threshold limits are approved by the Board. These include the Company's financial plans such as major financing/corporate financial restructuring plans, changes in the capital of the Company, annual budget, acceptance of bank facilities, major investment and divestment proposals, corporate strategies – joint ventures as well as mergers and acquisitions, material acquisitions and disposal of assets, interested person transactions of a material nature, major corporate policies on key areas of operations, declaration of dividends, appointment of Directors and Key Management Personnel ("KMP"), release of the Group's financial results, and any major decisions that may have an impact on the Group's business and reputation. Transactions below the threshold limits are approved by Management to facilitate operational efficiency. The Management, however, remains accountable to the Board.

Meetings and Attendance

The Board and its Committees meet regularly. Regular meetings are scheduled at the start of each year and ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. At the meetings, the Directors are free to discuss and openly challenge the views presented by Management and the other Directors. On occasions when Directors are unable to attend the meetings in person, telephonic means are used as allowed by the Company's Constitution. In lieu of physical meetings, written resolutions are also circularised for approval by the members of the Board or Board Committees.

The attendance of the Directors in FY2017 as well as the frequency of the meetings are set out below:

	Board	**ARC**	**NC**	**RC**
Total Number of Meetings Held	**5**	**3**	**2**	**2**
	Total Number of Meetings Attended			
Name of Director				
Mr Tan Aik Ti, Ron[1]	4	–	–	–
Mr Hooi Hing Lee[2]	2	2	1	1
Mr Kwok Chi Shing[3]	2	2	1	1
Mr Poon Lai Yin Michael[4]	2	2	1	1
Ms Duan Mengying[5]	2	–	–	–
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan[6]	3	1	–	1
Datuk Seri Wong Chun Wai[7]	2	–	1	–
Datuk Roger Tan Kor Mee[8]	3	–	1	1
Dato' Lee Yeow Chor @ Lee Yew Meng[9]	3	1	–	–
Mr Tang Nai Soon[10]	3	–	1	1
Mr Ng Fook Ai Victor[11]	3	1	–	–
Mr Ragesh Rajendran[12]	1	–	–	–
Mr Lew Weng Ho[13]	NA	NA	NA	NA

Note:

1. *Mr Tan Aik Ti, Ron was appointed as the Executive Chairman on 11 August 2017.*
2. *Mr Hooi Hing Lee was appointed as the Lead Independent Non-executive Director, Chairman of the Audit and Risk Committee, and Members of the Remuneration Committee and Nominating Committee on 11 August 2017.*
3. *Mr Kwok Chi Shing was appointed as an Independent Non-executive Director, Chairman of the Remuneration Committee, and Members of the Audit and Risk Committee and Nominating Committee on 11 August 2017.*
4. *Mr Poon Lai Yin Michael was appointed as an Independent Non-executive Director, Chairman of the Nominating Committee, and Members of the Audit and Risk Committee and Remuneration Committee on 11 August 2017.*
5. *Ms Duan Mengying was appointed as a Non-executive Director on 11 August 2017.*
6. *Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan resigned as the Non-executive Chairman of the Board, and ceased to be the Chairman of the Finance Committee and Members of the Audit and Risk Committee and Remuneration Committee on 11 August 2017.*
7. *Datuk Seri Wong Chun Wai resigned as the Non-executive Director, and ceased to be the Members of the Nominating Committee and Finance Committee on 11 August 2017.*
8. *Datuk Roger Tan Kor Mee resigned as an Independent Non-executive Director, and ceased to be the Chairman of the Nominating Committee and a Member of the Remuneration Committee on 11 August 2017.*
9. *Dato' Lee Yeow Chor @ Lee Yew Meng resigned as an Independent Non-executive Director and ceased to be a Member of the Audit and Risk Committee on 11 August 2017.*
10. *Mr Tang Nai Soon resigned as the Independent Non-executive Director, and ceased to be the Chairman of the Remuneration Committee and a Member of the Nominating Committee on 11 August 2017.*
11. *Mr Ng Fook Ai Victor resigned as the Non-executive Director and ceased to be a Member of the Finance Committee 11 August 2017.*
12. *Mr Ragesh Rajendran ceased to be an Alternate Director to Datuk Seri Wong Chun Wai on 11 August 2017.*
13. *Mr Lew Weng Ho resigned as the Non-executive Chairman, and ceased to be the Chairman of the Finance Committee and Members of the Audit and Risk Committee and Remuneration Committee on 7 February 2017.*

Board Orientation and Training

The NC exercises oversight on the training of Directors, including the induction for new Directors and a continuous development programme for all Directors.

The Company conducts a comprehensive orientation programme for newly appointed Directors to enable them to assimilate into their new roles. The programme includes briefings on Board policies and processes, an introduction to the members of Senior Management, and facility visits. It also covers presentations about the Company, its overall strategic plans and direction, financial performance and business activities in various segments.

All new Directors receive formal letters of appointment explaining the Company's governance policies and practices, as well as their duties and obligations as Directors. In addition, an information pack containing the Terms of Reference of Board Committees, SID Codes, the Code, the professional development curriculum for the year, guidelines on Directors' fees, and the Company's Constitution are provided. New Executive Director(s) are issued with a Service Contract setting out their duties and obligations.

As part of training and continuing professional development for the Board, new Directors will be provided with formal training where required or requested. The Company also encourages that the Directors are briefed from time to time on applicable accounting and relevant regulatory changes, as well as major industry and market developments. The Management will circulate a list of available courses and curriculum for the financial year at least once annually, and is responsible for arranging regular training for the Company's Directors in relevant skill areas and industry knowledge as appropriate. Relevant courses include programmes conducted by the SID and other training institutions. In addition, the Company Secretary also circulates to the Board, news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority which are relevant to Directors.

The training programmes attended by some of the Directors in improving themselves in the discharge of their duties for FY2017 are as follows:

S/N	Training Programme	Training Provider	Participant
1	The Business Times Leaders' Forum 2017: Disruption and Transformation	Standard Chartered Bank (Singapore) Limited	Mr Tan Aik Ti, Ron
2	Evening with Standard Chartered Bank PLC's Chairman, Mr José Viñals and Group Chief Executive, Mr Bill Winters: Global Economic Outlook and the Banks's Focus and Strategy	Standard Chartered Bank (Singapore) Limited	Mr Tan Aik Ti, Ron
3	Directors' Training & Listing Rules Compliance	Miji International Holdings Limited	Mr Hooi Hing Lee
4	UK Property Tax Matters	The Society of Chinese Accountants & Auditors	Mr Kwok Chi Shing
5	Big Data for Cloud Computing Internet and its Development in Guangdong, Hong Kong, Macau, and Taiwan	Guangdong Software Industry Association; Hong Kong Cyberport Management Company Limited; Macao Computer Society (MCS); Guangdong Province Association of Large Data	Mr Kwok Chi Shing
6	China Market Raiders and Domestic Development Fund BUD	Source Network Media Group	Mr Kwok Chi Shing
7	Regulatory Overview of The Hong Kong Financial Industry	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
8	Principles of Relevant Hong Kong Law and the New Companies Ordinances	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
9	Securities and Futures Ordinance	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
10	Licensing and Registration, and Subsidiary Legislation	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
11	Business Conduct and Client Relations	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
12	Business Operations and Practices	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
13	Participating in Hong Kong Exchanges	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
14	Corporate Finance and Securities Future Commission Authorized Products	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
15	Market Misconduct and Improper Trading Practices	Kaplan Financial, Hong Kong	Mr Poon Lai Yin Michael
16	Asset Classes and Investing	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying

S/N	Training Programme	Training Provider	Participant
17	Annual Taxation Update 2017	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying
18	Mainland Tax Conference 2017	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying
19	Securitization – Asset-Backed Securities (ABS)	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying
20	Annual Auditing Update 2016 – Time for Change	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying
21	Updates on Hong Kong Financial Reporting Standard and Hong Kong Standard on Auditing (Audio)	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying
22	Annual Accounting Update 2016 "Implementing New Accounting Standards"	Hong Kong Institute of Certified Public Accountants	Ms Duan Mengying

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 current Board comprises five (5) Directors, of which three (3) are Independent Non-executive Directors. The Company maintains a strong and independent element on the Board by going beyond what has been set out in the Code, with Independent Non-executive Directors constituting more than half of the Board.

No Director qualifies as independent unless the Board affirmatively determines that the Director has no material relationship with the Company. Any re-designation of Directors from Non-independent to Independent will be subject to the three (3) year cooling-off period as specified in the Code.

The independence of each Director is reviewed by the NC annually, or as and when circumstances require. Each Independent Non-executive Director is required to complete a checklist annually to confirm his/her independence based on the guidelines as set out in the Code. Each Director must also confirm in the checklist whether he/she considers himself/herself independent despite not having any relationships identified in the Code. Thereafter, the NC reviews the checklist completed by each Director, assesses the independence of the Directors and recommends its assessment to the Board.

The Independent Non-executive Directors have confirmed that they do not have any relationship with the Company or its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from the Management and its 10% shareholders. The NC is also satisfied that in FY2017, sixty percent (60%) of the Board comprised Independent Non-executive Directors.

Given that the majority of Directors are non-executive and independent of Management in terms of character and judgement and that no individual or small group of individuals is able to dominate the Board's decision making, the Board is of the view that objectivity on issues deliberated is assured.

Composition and Size of the Board

The Board's policy is to ensure that it has the required mix of expertise and diversity, including gender diversity to support the Company's growth. In addition to their valuable expertise and insights, the Directors also bring to Board deliberations independent and objective perspectives to allow balanced and well-considered decisions to be made.

The Board comprises respected individuals from various backgrounds, who on a whole, provide core competencies such as business and risk management, industry knowledge, accounting, corporate finance as well as strategic planning. In terms of gender diversity, the Company has one (1) female Director, Ms Duan Mengying on the Board. The Company benefits from her membership in terms of improved discussions, debates and decision making at the Board. There is also balance in the Board because of the presence of Independent and Non-executive Directors of the calibre necessary to carry sufficient weight in Board decisions. They have constructively challenged and helped develop proposals on strategy and reviewed the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. When warranted, Non-executive Directors meet without the presence of Management or the Executive Chairman and Group Chief Executive Officer to review any matter that may be raised privately. In FY2017, the Non-executive Directors have met at least once a year without the presence of the Management.

Annually, the Board's structure, size and composition are reviewed by the NC and presented to the Board. For FY2017, the NC has evaluated 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 each Director is able to provide effective governance and stewardship for the Company, and that the current size of the Board is optimal, taking into account the nature of the scope of the Company's operations as well as to facilitate effective decision making. The profile of each Director is presented in pages 12 to 14 under the section named "Board of Directors".

The NC has also reviewed and confirmed, as set out under the guidelines of the Code, the criteria of independence of Mr Hooi Hing Lee, Mr Kwok Chi Shing and Mr Poon Lai Yin Michael, who are the Independent Non-executive Directors. None of the Independent Non-executive Directors have served on the Board for more than nine (9) years from the date of their first appointment.

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

Name of Director	Designation in the Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee
Mr Tan Aik Ti, Ron[1]	Executive Chairman	–	–	–
Mr Hooi Hing Lee[2]	Lead Independent Non-executive Director	Chairman	Member	Member
Mr Kwok Chi Shing[3]	Independent Non-executive Director	Member	Chairman	Member
Mr Poon Lai Yin Michael[4]	Independent Non-executive Director	Member	Member	Chairman
Ms Duan Mengying[5]	Non–executive Director	–	–	–

Note:

1. *Mr Tan Aik Ti, Ron was appointed as the Executive Chairman on 11 August 2017.*
2. *Mr Hooi Hing Lee was appointed as the Lead Independent Non-executive Director, Chairman of the Audit and Risk Committee, and Members of the Remuneration Committee and Nominating Committee on 11 August 2017.*
3. *Mr Kwok Chi Shing was appointed as an Independent Non-executive Director, Chairman of the Remuneration Committee, and Members of the Audit and Risk Committee and Nominating Committee on 11 August 2017.*
4. *Mr Poon Lai Yin Michael was appointed as an Independent Non-executive Director, Chairman of the Nominating Committee, and Members of the Audit and Risk Committee and Remuneration Committee on 11 August 2017.*
5. *Ms Duan Mengying was appointed as a Non-executive Director on 11 August 2017.*

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

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.

Mr Tan Aik Ti, Ron is the Executive Chairman and Group Chief Executive Officer of the Company, responsible for formulating and implementing corporate strategies, leading the Group's business initiatives and ensuring its smooth operations. With the assistance of the Company Secretary, he also ensures that Board meetings are held as and when required, sets the agenda for the Board meetings, ensures effective communication with shareholders, and maintains the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders.

Coupled with an in-depth knowledge of the Company's daily operations, the dual role held by Mr Tan Aik Ti, Ron fosters cohesive leadership, alignment, more effective communication between Management and the Board, and promotes a culture of openness and debate at Board meetings. He also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management at Annual General Meeting ("AGM") and other shareholders meeting, and takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance.

The balance of power that shareholders seek is achieved by designating a Lead Independent Non-executive Director on the Board. Mr Hooi Hing Lee has been appointed as the Lead Independent Non-executive Director, and is available to address shareholders' concerns where contact through the normal channels of the Executive Chairman and Group Chief Executive Officer and/or the Chief Financial Officer ("CFO") has failed to resolve, or where such contact is inappropriate. In addition, the role of the Lead Independent Non-executive Director includes meeting with the Non-executive Directors without the Executive Chairman and Group Chief Executive Officer present at least once annually to discuss matters of significance. These are then reported to the Executive Chairman and Group Chief Executive Officer accordingly.

In consideration of the above, and with the establishment of three (3) Board Committees, the Board is of the view that there are adequate safeguards in place to ensure unfettered decision making, and to prevent an uneven concentration of power and authority in a single individual. Further, it is in the best interests of the Group to adopt a single leadership structure, whereby the Chairman of the Board and Chief Executive Officer is the same person, so as to ensure that the decision making process of the Group would not be unnecessarily hindered.

BOARD MEMBERSHIP

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

Nominating Committee

The NC comprises three (3) Non-executive Directors, all of whom are independent. The NC members are as follows:

Mr Poon Lai Yin Michael	–	Chairman (appointed on 11 August 2017)
Mr Hooi Hing Lee	–	Member (appointed on 11 August 2017)
Mr Kwok Chi Shing	–	Member (appointed on 11 August 2017)

The NC is responsible for reviewing the Board to ensure strong, independent and sound leadership to drive the continued success of the Company and its businesses.

The key roles and responsibilities of the NC are as follows:

(a) To ensure that the Board has the right balance of skills, attributes, knowledge and experience in business, finance and related industries, as well as management expertise critical to the Company's businesses;

(b) To review the composition and size of the Board and its committees and recommend new appointments, re-appointments and re-elections to the Board and Board Committees as appropriate;

(c) To review the independence of Directors based on the criterion of independence under the guidelines provided in the Code including any other salient factors and the number of years served by each Independent Non-executive Director;

(d) To review succession planning for Directors, in particular, the Executive Chairman and the Group Chief Executive Officer;

(e) To ensure that all Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) 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;

(g) To ensure that the Independent Non-executive Director notify the Board immediately, if, as a result of change in circumstances, he/she no longer meets the criteria for independence. The NC shall then review the change in circumstances;

(h) To develop a process for evaluating the Board, its committees and Directors, and conduct the assessment annually or as and when required;

(i) To review the training and professional development programmes for the Board; and

(j) To make recommendations on any changes deemed appropriate to the Board for approval.

Succession Planning, Appointment and Re-Appointment of Directors

Appointments and re-appointments to the Board are made on merit and measured against objective criteria. In its search and selection process for new Directors, the NC considers the attributes of the existing Board members and reviews the composition of the Board including the diversity of skills, knowledge and experience. Other considerations include, but are not limited to background, gender, age and ethnicity. The short-listed candidates, who are identified from an extensive network of contacts and external databases, would be required to furnish their curricula vitae stating in detail their qualifications, 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 newly appointed Directors will hold office until the next AGM and, if eligible, can stand for re-election.

Succession planning is an important part of the governance process. The NC reviews succession plans for KMP and members of the Board, which are subsequently approved by the Board.

In the year under review, no alternate Directors were appointed by the current directors. In keeping with the principle that a Director must be able to commit time to the affairs of the Company, the NC will generally avoid approving the appointment of alternate Directors except for limited periods in exceptional cases such as when a Director has a medical emergency.

The NC also oversees the re-appointment of Directors as and when their tenure of appointment is due. Each Director submits himself/herself 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 (1/3) of the Directors for the time being shall retire from office by rotation at each 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. Each member of the NC abstains from voting on any resolutions and from making any recommendations and/or participating in any deliberations in respect of his/her re-election as a Director.

Mr Hooi Hing Lee, Mr Kwok Chi Shing, Mr Poon Lai Yin Michael and Ms Duan Mengying will retire pursuant to Article 108 of the Constitution of the Company and will be eligible for re-election at the forthcoming AGM.

The dates of appointment and last re-election of the Directors are set out in pages 12 to 14 under the section named "Board of Directors".

Review of Directors' Time Commitments

The NC, in reviewing the re-appointment and re-election of Directors, and in assessing their performance, considers whether sufficient time and attention has been given by each Director to the affairs of the Company, specifically in relation to his/her attendance and participation at Board and Board Committee Meetings. It also has regard to the Director's other Board memberships and commitments, and recognises the valuable understanding of the Company that he/she has developed over time.

Having considered each Director's known commitments and his/her contributions, the NC, is of the opinion that the Directors have devoted sufficient time and attention to the affairs of the Company, and have discharged their duties adequately during FY2017.

There is therefore no limit on the number of Board representations which a Director may hold, as the 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.

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.

Board Evaluation Process and Performance Criteria

While Board performance is ultimately reflected in the long-term performance of the Company, the Board believes that engaging in a regular process of self-assessment and evaluation of Board performance in order to identify key strengths and areas for improvement is essential for effective stewardship and for attaining success for the Company.

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 Company's business. It has also ensured that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Each year, the NC undertakes a process to evaluate the effectiveness of the Board and its Board Committees. The NC 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, internal control and accountability, Board performance in relation to discharging its principal responsibilities, succession planning for the Executive Chairman and Group Chief Executive Officer, Senior Management and the Directors' standards of conduct. As part of the appraisal process, each Director has to complete the questionnaire drawn up based on the guidelines provided in the Code and submit it directly to the Company Secretary who collates the responses and produces a summary of the findings for review and deliberation by the NC. The NC Chairman then reports the findings to the Board for discussion. Key areas for improvement are highlighted during the meeting, and an appropriate course of action will be agreed upon, where applicable.

In respect of individual Directors, formal evaluation is carried out by the NC as and when a Director is due for retirement by rotation and is seeking re-election, and feedback is provided to the Executive Chairman and Group Chief Executive Officer. The Executive Chairman and Group Chief Executive Officer, in consultation with the NC, proposes new Directors to be appointed to the Board or seeks the resignation of Directors. Some factors taken into consideration include interactive skills, industry and business knowledge including experience, preparedness, Director's duties, value of contribution to the development of strategy, and availability at Board meetings (as well as informal contribution via email and telephone). Contributions by an individual Board member can take different forms including providing objective perspectives on issues, as well as facilitating business opportunities and strategic relationships.

In the case for Executive Chairman and Group Chief Executive Officer, the criterion differs slightly – It is based on his ability to lead, whether he establishes proper procedures to ensure the effective functioning of the Board, whether he ensures that the time devoted to Board meetings are appropriate for effective discussion and decision making by the Board, whether he ensures that information provided to the Board is adequate for the Board to make informed and considered decisions, whether he guides discussions effectively so that there is timely resolution of issues, whether he ensures that meetings are conducted in a manner that facilitate open communication and meaningful participation, and whether he ensures that Board Committees were formed where appropriate, with clear Terms of Reference, to assist the Board in the discharge of its duties and responsibilities.

The Director's independence in accordance with the Code is also considered and assessed by the NC as part of its periodic reviews. A Director of the Company is considered independent if he/she has no relationship with the Company, 10% Shareholders of the Company, Directors or officers of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interest of the Company.

No external facilitator was appointed to assist in the formal assessment for the financial year under review. The NC has also reviewed the training needs for the Directors in FY2017 and encouraged Directors to attend the relevant training courses that could enhance the knowledge of Directors to perform their duties as Directors of the Company. The NC is satisfied with the effectiveness of the Board as a whole and also the contribution by each Director to the effectiveness of the Board. The Board as a whole also possesses the necessary core competencies to direct the Company and Management to perform efficiently and effectively.

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.

Complete, Adequate and Timely Information

The Company recognises that Directors should be provided with complete, adequate and timely information on an on-going basis that enables them to make informed decisions, discharge their duties and keep abreast of the Company's business affairs. Members of the Board have free, separate and independent access to Management and Senior Executives of the Company at all times so as to obtain insights into matters under discussion and address any queries that the Directors may have. The Board sets aside time during each scheduled meeting to meet without the presence of Management.

Prior to each Board and Board Committee meeting, the Management provides the Board with Board papers and related materials containing information relevant to matters on the agenda items for the meeting. Sufficient background information and/or explanatory information on financial, business and corporate issues are provided where required, to enable the Board to have a comprehensive understanding of the issues to be deliberated upon, thereby making an informed decision. On-going management reports relating to the operational and financial performance of the Company and information relating to the Company's competitors, industry and technological developments are also provided to the Board at least once every quarter.

Informal meetings, if necessary, are also held for the Management to brief Directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

Company Secretary

The Board has separate and independent access to the advice and services of the Company Secretary. Under the Company's Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole. The Company Secretary or his representative attends all Board and Board Committees meetings of the Company and prepares minutes of meetings, and is accountable directly to the Board. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

During FY2017, the Company Secretary or his representative attended all meetings of the Board and Board Committees and the minutes of such meetings were promptly circulated to all members of the Board and Board Committees.

Independent Professional Advice

Where decisions to be taken by the Board require special knowledge or expert opinion, the Board may seek independent professional advice at the Company's expense, if deemed necessary, to enable effective discharge of its responsibilities.

REMUNERATION MATTERS

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.

Remuneration Committee

The RC comprises three (3) Non-executive Directors, all of whom are independent. The RC members are as follows:

Mr Kwok Chi Shing	–	Chairman (appointed on 11 August 2017)
Mr Hooi Hing Lee	–	Member (appointed on 11 August 2017)
Mr Poon Lai Yin Michael	–	Member (appointed on 11 August 2017)

The RC is responsible for developing, reviewing and recommending to the Board the framework of remuneration for the Board and KMP as set out in the Code. It assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain, and motivate without being excessive, and thereby maximizing shareholders' value.

The key roles and responsibilities of the RC are as follows:

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

(b) To 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, industry standards and the countries where the staff was posted;

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

(d) To review the Company's obligations arising in the event of termination of the Executive Directors and KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

With the assistance of the RC, the Board ensures that a formal policy and transparent procedure for determining remuneration of Directors and KMP are in place. The Company has in place a remuneration framework for the Directors and KMP. KMP includes, but is not limited to, the Executive Chairman and Group Chief Executive Officer and Senior Management. On an annual basis, the RC reviews the annual increments and year-end bonuses, if any, to be granted to the KMP fairly and reasonably, taking into consideration the prevailing industry practices and compensation norms. In addition, the RC also reviews the Company's obligation arising in the event of termination of the Executive Chairman and Group Chief Executive Officer and KMP's contracts of service, to ensure that such contracts contain fair and reasonable termination clauses. The RC also aims to be impartial and avoid rewarding poor performance.

The Executive Chairman and Group Chief Executive Officer recuses himself from the discussions relating to his own compensation, terms and conditions of service, or the review of his performance. In addition, no RC member or any Director is involved in deliberations in respect of any remuneration, compensation, or any form of benefits to be granted to himself/herself. The overriding principle is that no Director should be involved in deciding his/her own remuneration.

The RC has the authority to seek expert advice and views on remuneration matters for Directors and Senior Management from both within and outside the Company periodically or as appropriate. The RC will ensure that existing relationships, if any, between the Company and its appointed external consultants will not affect the independence and objectivity of the external consultants. The Company will also disclose the names and firms of the external consultants and its relationships, if any, in the annual remuneration report.

In FY2017, no external consultant in respect of the remuneration matters of Directors was engaged.

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) KMP to successfully manage the Company. However, Companies should avoid paying more than necessary for this purpose.

An annual review is carried out by the RC to ensure that the remuneration of the Executive Directors and KMP commensurate with the Company's and his/her performance, with due consideration to the financial and commercial health and business needs of the Company, as well as industry benchmarks and relevant comparative remuneration in the market. The Board concurred with the RC that the Executive Directors and KMP have met its performance objectives in FY2017, and is of the opinion that the level and structure of remuneration is aligned with the long-term interest of shareholders and Company as well as the risk policies of the Company.

To align itself with and embrace local trends and best practices in compensation, the Company has introduced a new compensation scheme known as the Cityneon Performance Share Plan ("Share Plan") which has been approved at an Extraordinary General Meeting ("EGM") held on 26 October 2017 ("Date of Adoption"). This Share Plan is a long-term incentive based on the principle of pay-for-performance and is designed to enable the Company to reward, retain and motivate employees to achieve superior performance. It seeks to give the Company greater flexibility to align the interests of employees with the long-term interests of shareholders. Non-executive Directors (including Independent Non-executive Directors), controlling shareholders of the Company (except for directors and employees of Lucrum 1 Investment Limited Group) and their associates are eligible to participate in the Share Plan.

The Independent Non-executive Directors and Non-executive Directors are paid a basic retainer fee and additional fees for appointment to Board Committees. For FY2017, these Directors except for Datuk Seri Wong Chun Wai received Director's fees, in accordance with their contributions, taking into account factors such as effort and time spent, and responsibilities. These fees are subject to approval by shareholders at the AGM of the Company. In addition, there are no retirement benefit schemes or performance related remuneration in place for the Independent Non-executive Directors and Non-executive Directors.

The Company has one Executive Director, who is the Executive Chairman and Group Chief Executive Officer, who receives a basic retainer fee for being the Chairman of the Board. The Executive Chairman and Group Chief Executive Officer has a service agreement with the Company that is renewed every three (3) years subject to the Board's approval. Aside from the basic salary component and benefits-in-kind, the Executive Chairman and Group Chief Executive Officer's remuneration is linked to performance via an incentive bonus based on profit after tax. The RC ensures that the remuneration package of the Executive Chairman and Group Chief Executive Officer is comparable to industry practices and norms, and that it serves to align his interests with those of shareholders. The RC also believes that profit after tax is an appropriate measure as it reflects overall earnings performance and requires Management to be responsible for, and manage every line item on, the consolidated income statement.

KMP remuneration comprises a basic salary and a variable bonus which is based on individual and the Company's performance for the year under review. The basic salary of a KMP is determined based on the scope, criticality and complexity of his/her role, individual performance, as well as market factors, such as comparisons against peers of similar experience and competencies with similar responsibilities. The variable bonus of a KMP is linked to the achievement of pre-agreed financial and non-financial performance targets, comprising strategy, business processes and organization and people development. The actual performance of each individual, his/her business unit, and the Company as a whole are contributing factors to a KMP's variable bonus as well. In order to enhance shareholder value through the delivery of annual financial strategy and operational objectives, the Company continually defines and evaluates key performance indicators and eligibility criteria, as required.

In relation to claw back provisions recommended by the Code, the Company does not have contractual provisions to allow the reclaim of incentive components of remuneration from Executive Directors and KMP. The RC, together with the Board, will monitor and re-assess at an appropriate juncture on whether such contractual provisions are necessary.

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 KMP, and performance.

Remuneration of Directors

During FY2017, there was no change in the fee structure for Directors. The framework below adopted by the Company is based on a scale of fees divided into basic retainer fees and for service on Board Committees:

Basic Retainer Fee
Board Chairman - $50,000 per annum
Independent Non-executive Director - $35,000 per annum
Lead Independent Non-executive Director - $5,000 per annum

Fee for Appointment to Audit and Risk Committee
Committee Chairman - $10,000 per annum
Committee Member - $5,000 per annum

Fee for Appointment to Remuneration and Nominating Committee
Committee Chairman - $5,000 per annum
Committee Member - $2,500 per annum

If the Director occupies a position for part of the financial year, the fee or allowance payable will be prorated accordingly.

The remuneration of the Directors for FY2017 is as follows:

Name of Director	Director fees ($)
Mr Tan Aik Ti, Ron (Appointed as Chairman on 11-Aug-17)	19,452
Mr Hooi Hing Lee (Appointed on 11-Aug-17)	21,397
Mr Kwok Chi Shing (Appointed on 11-Aug-17)	18,479
Mr Poon Lai Yin Michael (Appointed on 11-Aug-17)	18,479
Ms Duan Mengying (Appointed on 11-Aug-17)	13,616
Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan (Resigned on 11-Aug-17)	29,144
Datuk Seri Wong Chun Wai (Resigned on 11-Aug-17)	–
Mr Ng Fook Ai Victor (Resigned on 11-Aug-17)	26,726
Datuk Roger Tan Kor Mee (Resigned on 11-Aug-17)	25,966
Mr Tang Nai Soon (Resigned on 11-Aug-17)	25,966
Dato' Lee Yeow Chor @ Lee Yew Meng (Resigned on 11-Aug-17)	24,438
Mr Lew Weng Ho (Resigned on 07-Feb-17)	5,986
Total	**229,649**

Remuneration of Key Executives

For FY2017, no termination, retirement and post-employment benefits were granted to the Directors and KMP.

Remuneration of Executive Chairman and Group Chief Executive Officer

The compensation table for the Executive Chairman and Group Chief Executive Officer for FY2017 is as follows:

Name of Director	Fixed Remuneration[1]	Variable Bonus[2]	Provident Fund[3]	Other Benefits[4]	Total Cash and Benefits[5]	
	%	%	%	%	%	$
Mr Tan Aik Ti, Ron	30.45	66.19	0.45	2.91	100	2,746,179

Note:

1. *Fixed remuneration refers to base salary earned for the FY2017.*
2. *Variable bonus varies according to business unit and/or performance objectives for the FY2017.*
3. *Provident fund refers to payments in respect of company statutory contributions to the Singapore Central Provident Fund Board.*
4. *Benefits include, but not limited to car benefits, flexible allowances, and other non-cash benefits such as paid leave, where applicable.*
5. *Total cash and benefits earned is the sum of fixed remuneration, provident fund, benefits and variable bonus paid out for the FY2017.*

Remuneration of Top Five (5) KMP

Given the highly competitive industry conditions and in the interest of maintaining good morale and a strong spirit of teamwork within the Group, the Company has not disclosed the remuneration in bands of $250,000 or in more detail of the top five (5) KMP (who are not Directors or Chief Executive Officer of the Company) for FY2017. Remuneration for KMPs commensurate with their performance and contributions.

Please refer to details under Note 34 of the Financial Statements in page 127 of this Annual Report for the aggregate remuneration paid to the top five (5) KMP.

Immediate Family Member of a Director or the Executive Chairman and Group Chief Executive Officer

For FY2017, there is no employee who is an immediate family member of a Director or the Executive Chairman and Group Chief Executive Officer and whose remuneration exceeded $50,000. “Immediate family member” refers to spouse, child, adopted child, stepchild, brother, sister and parent.

Cityneon Performance Share Plan

The Company has the Share Plan, administered by the RC, for granting awards to the 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 awards may be granted shall not exceed fifteen percent (15%) of the issued share capital of the Company. For FY2017, no award was granted by the RC to any employee.

ACCOUNTABILITY AND AUDIT

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

The Company believes that presenting a balanced view of the Company's performance, position and prospects is imperative to maintaining shareholder's confidence and trust. In order to have an open and honest communication with shareholders, the Company releases its half-year and full year financial results as well as announcements on other matters as prescribed by the relevant rules and regulations through SGXNet in a timely manner. Negative assurance statements supported by the Executive Chairman and Group Chief Executive Officer and the CFO were issued to accompany the Company's half-yearly financial results announcements, confirming that to the best of its knowledge, nothing had come to its attention which would render the Company's half-yearly results false or misleading.

In ensuring compliance with legislative and regulatory requirements, the Board reviews the relevant compliance reports prepared by the Management. Qualified personnel are tasked to oversee key laws and regulations for compliance, specifically in the areas of listing, contracts and corporations, as well as to observe ethical standards and industry best practices.

The Group also recognises the importance of providing the Board with accurate and relevant information on a timely basis in order that it may effectively discharge its duties. To support the Board, the Management provides all members of the Board with management accounts which comprises the consolidated profit and loss accounts, sales order, sales analysis, operating profit, profit before tax and attributable profit by major regions and segments followed by explanations of significant variances for the half-year and year-to-date, and other relevant disclosure documents where appropriate. In addition, queries by individual Directors on circulated papers are directed to the Management who will respond accordingly. Where relevant, Directors' queries and Management's responses are circulated to all Board members for their information. Consequently, the Board is able to make a balanced and informed assessment of the Company's performance, position and prospects.

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 Board has overall responsibility for the governance of the Group's risk management and internal controls, and is fully committed to maintaining a sound risk management and internal control systems for the safeguarding of shareholders' interests and the assets of the Group on an on-going basis. The Board also determines the Group's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of risk management and internal control systems.

Establishment of an Audit and Risk Committee

The Company has renamed its Audit Committee ("AC") to ARC since 15 September 2017 as part of the Company's efforts to strengthen its risk management processes and framework as well as to better reflect its role in assisting the Board for overseeing the Company's risk management. The ARC is headed by the same members of the AC before its renaming. The additional principal functions relating to risk management and internal controls endorsed by the Board are as follows:

(a) To review and endorse the risk management framework of the Group;

(b) To review and approve Company-wide risk policies, guidelines and limits;

(c) To review the adequacy and effectiveness of the risk management and internal control systems;

(d) To monitor the independence of risk management functions throughout the Company;

(e) To review risk-related reports submitted to it by Management as well as actions taken to monitor and manage such exposure/issues; and

(f) To review the adequacy of infrastructure and resources in establishing and maintaining the risk management framework across the Company.

Adequate and Effective System of Internal Controls

Enterprise Risk Management ("ERM") Framework

The Company has put in place an ERM framework where key risks identified are deliberated by Management and reported at least once annually to the ARC. The ownership of these risks lies with the respective business and corporate executive heads with stewardship residing with the Board.

Supporting the ERM framework is a system of internal controls comprising of formal instructions, standard operating procedures and financial authority limits embedded in the business process. It is designed to enhance Management's ability in addressing the operational, financial, compliance and information technology ("IT") risks of key business units. In addition, it allows the Group to be in compliance with the Code, addresses the on-going changes and challenges, and manages and reduces uncertainties in the business environment, facilitate the shareholder value creation process and assists the ARC and Board in discharging their responsibilities.

The ERM framework incorporates 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 risks 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.

Control Self-Assessment ("CSA") Process

The ERM framework is complimented by a risk-based CSA process. CSA has been established since 2012 to obtain feedback on the state of internal controls. The process is facilitated by the outsourced Internal Audit Function, in which the Company's participants must review and report annually on the effectiveness of controls and the control environment. The findings will then be presented to the ARC and Board. The findings are also communicated to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The key components include:

- Risk assessment – Risks that the Company is exposed to are identified, assessed and updated in the risk register. The risks are rated and ranked in accordance to the likelihood and its impact. Top risks are highlighted for extra emphasis; and
- Risks monitoring – Risks are monitored through internal audits, internal reviews, questionnaires circulated to Management and the CSA Process.

The key risk factors identified by the Company are as follows:

1) Disruption in operations due to war and political instability

A sudden outbreak of war and political unrest in the Middle East would impact business operations in the areas of loss of assets, sales and customers, and investment. The Company regularly monitors political developments, diversifies sources of revenue streams, purchases insurance, and includes a partial reimbursement clause in contractual conditions to minimise loss.

2) Sudden outbreak of pandemic diseases

Outbreak of pandemic diseases are not controllable by the Company and unfavourable outcomes may occur during that period for the Meetings, Incentives, Conventions and Exhibitions ("MICE") businesses. The Company has a flexible wage system to cater for manpower reorganization where required. The Company also maintains sufficient reserve funds, and uses web-based systems so that staff can continue daily operations from home.

3) Regulatory risks for overseas projects

Though potential financial rewards are achieved by venturing overseas, unique international risks are inevitable and must be managed. For example, changes in political decisions, political events or societal events in a country will impact the business climate, which may lead to late collection of monies or delays in project execution. The Company continually seeks to understand and appreciate local culture and practices, performs stringent client selection, keeps track of regulatory requirements, and allocates risks through contracts to minimise exposure to international risks .

4) Misalignment of investors' and Company's expectations

The Company's share price is driven by changes in investor expectations and not just the Company's actual performance. For example, the Company may underperform vis-à-vis the level of business performance expected by retail and institutional shareholders, as well as the investment community, which in turn, may result in a dip in share price. Through continuous long-range, robust and strategic planning, the Company is able to guide a strong and adequately staffed Management team to deliver business performance. A regular dialogue with shareholders is also established to enhance alignment of expectations.

Assurance and Confirmation

For the year under review, the Board has been assured by the Executive Chairman and Group Chief Executive Officer and the CFO of the following:

(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;

(b) that the Group's risk management and internal control systems are in place and effective; and

(c) that Internal and External Auditors have conducted audits which involve testing the effectiveness of the material internal controls in the Group, and addressing financial, operational, compliance and IT risks.

Opinion on the Adequacy and Effectiveness of Internal Control and Risk Management Systems

The ARC had reviewed the Group's risk management framework during the reporting period and was satisfied that it continued to be sound. The Board, with the concurrence of the ARC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and IT risks were adequate as at 31 December 2017. This assessment is based on the internal controls established by the Company, work performed by Internal and External Auditors, and reviews performed by the Management, various Board Committees and the Board. The Company has complied with Rule 1207(10) of the SGX-ST Listing Manual.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no internal control system could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud, or other irregularities. The systems are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Company's assets. In this regard, the Board will ensure that necessary remedial actions will be taken by the Company should any significant internal control failings or weaknesses arise.

AUDIT AND RISK COMMITTEE (F.K.A. AUDIT COMMITTEE)

Principle 12: The Board should establish an Audit Committee with written Terms of Reference which clearly set out its authority and duties.

The ARC comprises three (3) Non-executive Directors, all of whom are independent. The ARC Chairman is also the Lead Independent Non-executive Director. The ARC members are as follows:

Mr Hooi Hing Lee	–	Chairman (appointed on 11 August 2017)
Mr Kwok Chi Shing	–	Member (appointed on 11 August 2017)
Mr Poon Lai Yin Michael	–	Member (appointed on 11 August 2017)

The members bring with them invaluable recent, relevant and practical managerial and professional expertise in accounting and related financial management domains. All members are Chartered Accountants, among other professional affiliations. During FY2017, the ARC attended external trainings on changes in accounting standards, business climate, taxation, corporate governance and regulatory topics. Details are found under Principle 1 – Board Orientation and Training in pages 27 to 29. As such, the Board is of the view that the members of the ARC have recent and relevant accounting or related financial management expertise or experience to discharge the ARC's functions. None of the members of the ARC are a former partner or Director of the Company's external audit firm within the last 12 months, or holds any financial interest in the audit firm.

Authority and Duties of the ARC

The ARC assists the Board in fulfilling its fiduciary responsibilities relating to internal controls, financial accounting, reporting practices of the Group, and matters pertaining to regulatory compliance. The ARC shall also review any potential conflicts of interest and shall ensure that each member of the ARC abstain from voting on any resolutions in respect of matters in which he/she is interested in.

The key responsibilities of the ARC are as follows:

Internal Control

(a) To revise the Company's Whistleblowing Policy, whenever required, and oversee the Company's Whistleblowing Policy;

(b) To review the Company's procedures for detecting fraud and whistleblowing, and ensure that arrangements are in place by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(c) To review and report to the Board, at least annually, the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and IT controls and risk management policies and systems;

(d) To review the statements included in the Annual Report on the Company's internal controls and risk management framework; and

(e) To review reports from Management and Internal Auditors on the effectiveness of the systems for internal control, financial reporting and risk management.

External Audit

(a) 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;

(b) To review the scope and results of the audit, including significant financial reporting issues, and the independence and objectivity of the External Auditor, as well as the assistance given by the Management to the External Auditors;

(c) 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, independence, and value for the money;

(d) To meet with the External Auditors, without the presence of the Company's Management, at least once annually, or when required, to discuss issues arising from the audit, including the assistance given by the Management to the External Auditors;

(e) To make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditor, and approve the remuneration and terms of engagement thereof;

(f) To review financial results announcements as well as the financial statements of the Group and the adequacy and accuracy of information disclosed prior to submission to the Board for approval;

(g) To report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;

(h) To undertake such other reviews and projects as may be requested by the Board; and

(i) To undertake such other functions and duties as may be required by statutes or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

Internal Audit

(a) To review the adequacy and effectiveness of the Company's internal audit functions, its scope and results to ensure that the internal audit resources are adequate and that the internal audits are performed effectively;

(b) To review and report to the Board, at least annually, on the adequacy and effectiveness of the Company's risk management and internal controls, including financial, operational, compliance and IT controls;

(c) To review and monitor Management's responsiveness to the internal audit findings and recommendations;

(d) To meet with the Internal Auditors, without the presence of the Company's Management, at least once annually, or when required;

(e) To make recommendations to the Board on the appointment, re-appointment and removal of the Internal Auditor, and approve the remuneration and terms of engagement thereof; and

(f) To ensure that the Internal Auditor has direct and unrestricted access to the Chairman of the Board and the ARC.

Interested Person Transactions ("IPT")

(a) To approve the control procedures and arrangements for all future related party transactions to ensure that they are carried out on arm's length basis and on normal commercial terms;

(b) To review and approve IPTs falling within the Scope of Chapter 9 of the SGX-ST Listing Manual;

(c) To consider the need for a general mandate for IPT and obtain independent advisory support, if required;

(d) To consider if the basis of determining transaction process is adequate in ensuring fair transaction terms, if a general mandate for IPT is to be renewed; and

(e) To receive report from Management on IPT.

The ARC has explicit authority to investigate any matter within its Terms of Reference. It has full access to and co-operation from Management, and full discretion to invite any Director or executive officer to attend its meetings, and has been given the resources required for it to discharge its functions.

There were three (3) ARC meetings held during the financial year under review. The ARC had met the Internal and External Auditors separately, by setting aside time at each scheduled meeting, at least once during the year without the presence of Management, and had unfettered access to any information that it may require. These meetings enabled the Internal and External Auditors to raise issues encountered in the course of their work directly to the ARC.

During the FY2017, the ARC has reviewed with Management and External Auditors the results of the Company prior to submission for Board's approval and the announcement of financial results. The ARC has also reviewed and monitored, amongst other matters, the Company's financial condition, debtor ageing, exposure to risks, the effectiveness of the Company's system of accounting and internal controls, as well as the findings of the Internal and External Auditors and the assistance given to the them by the Management. More information on the Key Audit Matters are found in pages 62 to 65 of the Annual Report. In its review of the financial statements for FY2017, the ARC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

Material changes to the accounting standards and accounting issues in relation to the Company's business were reported to and discussed with the ARC at its meetings by the Company's External Auditors. Directors are also encouraged to attend relevant seminars on changes in accounting standards and issues by leading accounting firms.

External Auditors

The ARC manages the relationship with the Group's External Auditors, on behalf of the Board. During the year, the ARC had reviewed and considered the proposal from the incumbent auditors using audit quality indicators recommended by the Accounting and Corporate Regulatory as a reference, and was satisfied with the audit quality and independence of the incumbent auditors. The ARC then made a recommendation to the Board that BDO LLP be nominated for re-appointment as External Auditors for the Group. The Board accepted this recommendation and has proposed a resolution, as set out on page 43 to shareholders for the re-appointment of BDO LLP.

Both the ARC and the Board have also reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

In order to maintain the independence of External Auditors, the Company enforces that cumulative fee for non-audit services must not exceed fifty percent (50%) of audit fees, and has the approval process in place regarding the engagement of the non-audit services. The ARC had reviewed the non-audit services provided by the external auditors, BDO LLP and is of the opinion that the provision of such services does not affect their independence and objectivity. Moreover, the ARC is satisfied that these services were provided efficiently by the External Auditors as a result of their existing knowledge of the business.

The aggregate amount of fees paid to BDO LLP during FY2017 are as follows:

Audit fees	–	$185,034
Non-audit fees	–	$35,578
Total fees	–	$220,612

In appointing auditors for the Company, subsidiaries and significant associated companies, the Group confirms that it has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

Whistleblowing Policy

The Group has in place a Whistleblowing policy since 11 August 2009, where employees can report, in confidence and in good faith, concerns about suspected fraud, corruption, dishonest practices or any other misdemeanors. Employees are provided with an independent feedback channel and are protected from reprisal to the extent possible.

The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistleblowing matters are reviewed by the ARC. Matters requiring immediate or urgent attention are reported immediately to the ARC Chairman.

As part of the Whistleblowing policy, a Board Escalation Process has been established. Major incidents and violations including major/material operational loss events and potential breaches of laws and regulations by the Company, key officers, and/or employees are required to be reported to the ARC immediately to facilitate the investigations and actions taken. The ARC will then submit the reports received and actions taken to the Board. The Board reserves the right to make any decision based on the findings by the ARC. Both the ARC and Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

The existing members of the Whistleblower Committee are Mr Hooi Hing Lee, Mr Kwok Chi Shing and Mr Poon Lai Yin Michael. Details of the policy and arrangements have been disseminated and made available to all employees of the Company. On an on-going basis, the Whistleblowing policy is covered during staff induction as part of the Group's efforts to promote awareness of fraud control.

Every year, employees are required to submit a Declaration From requiring disclosure of any conflicts of interest or raising any issues or concerns of possible irregularities of the Company's or Group's affairs. A 'nil' return is also required from the employees.

During FY2017, there was no report of any whistleblowing incidents being made to the Whistleblower Committee.

The Company places emphasis on sustainability and in the midst of implementing the appropriate policies and programme in compliance with Singapore Exchange (SGX-ST) Listing Manual. The Company's inaugural sustainability report is expected to be issued and published on the Company's website before December 2018.

INTERNAL AUDIT

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

Professional Standards and Competency

At present, the size of the existing operations does not warrant the Company to have an in-house Internal Audit Team. The internal audit function is outsourced to Virtus Assure Pte. Ltd., an independent assurance services provider that specialises in enterprise risk management, internal auditing, business continuity planning, and information security management.

The Company believes that having and outsourced Internal Audit service provider has many advantages as it offers short and long-term cost flexibility and scalability, a consultative mind-set on a range of risks and issues, and industry-specific leading practices and knowledge acquired by working with other clients which the Company may not be privy to. Virtus Assure Pte. Ltd. is guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors ("IIA") in the conduct of its audit practices. In performing the internal audits effectively, the team comprises suitably qualified professional staff with the requisite skill sets and experience, thereby ensuring that the internal audit function is adequately resourced and has the appropriate standing.

Adequacy and Effectiveness of the Internal Audit Function

The Board is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Group's businesses and assets, while Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the Internal Auditor is therefore to assist the ARC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the ARC and conduct regular in-depth audits of high risk areas.

The Internal Auditor's primary line of reporting is to the Chairman of the ARC which is tasked to oversee and review the adequacy of the overall systems of risk management and internal controls within the Company. Administratively, the Internal Auditor reports to the Executive Chairman and Group Chief Executive Officer. The Internal Auditor has unfettered access to the ARC, the Board and Management, as well as the right to seek information and explanation.

The Internal Auditor plans its internal audit schedules in consultation with, but independent of the Management. Based on risk assessments performed, greater emphasis and appropriate internal reviews are planned for high risk areas and material internal controls, including compliance with Company's policies, procedures and regulatory responsibilities. The audit plan is then submitted to the ARC for approval prior to the commencement of the internal audit. The ARC reviews the activities of the Internal Auditor on a regular basis, including overseeing and monitoring of the implementation of the improvements required on risk management and internal control weakness identified.

During FY2017, there were no major and material weaknesses in internal controls highlighted by the Company's External Auditor or the Internal Auditor for the attention of the ARC.

The ARC is satisfied that the internal audit function is adequately resourced to perform its function effectively. The ARC is further satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

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, 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 Company. The Board also strongly encourages shareholders' participation during general meeting(s) ("GMs"). Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business related matters, and to put forth any questions they may have on the motions to be debated and decided upon.

Any notice of a GM to shareholders is issued fourteen (14) clear days before the scheduled date of such meeting. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The rules, including the voting process and vote tabulation procedures are clearly explained by the third-party polling agent before the GM proceeds.

A shareholder, who is not a relevant intermediary, can vote in person or appoint not more than two (2) proxies to attend and vote on his/her behalf at every GM in the event that the shareholder is 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. In addition, shareholders who hold shares through custodian institutions may attend the GMs as observers.

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 Company advocates high standards of corporate transparency and disclosure and believes that shareholders should have easy access to clear, reliable, meaningful and timely information. In line with the Corporate Disclosure policy of the SGX-ST, the Group's policy is that all shareholders should be equally informed on a timely basis of all major developments that impact the Company. A formal Investor Relations Policy has been devised since FY2016 to promote regular, effective and fair communications with its shareholders. Further details on the Investor Relations Policy may be found at the Company's website, www.cityneon.net.

Disclosure of Information on a Timely Basis

Information is communicated to shareholders through various channels including, but not limited to, announcements, news releases, shareholder circulars and Annual Reports. Price-sensitive and material information, including the Company's latest developments, is disseminated via SGXNet on a non-selective basis and in a timely and consistent manner. These announcements are then uploaded on the Company's website after dissemination on SGXNet.

The half-year and full year results are released within 31-60 days from the Company's financial year ending 30 June and 31 December. The Company will release its quarterly results announcements to SGX-ST via SGXNet from year 2018 onwards. On the date of announcement, the financial statements as well as the accompany news release are first uploaded to SGXNet and then on the Company's website. Results briefing by Management will also be jointly held for the investors and analysts. The Investor Relations Team ("IR Team") is available by email or telephone to answer queries from shareholders, investors (retail and institutional), analysts, media and the financial community as long as the information requested does not conflict with SGX-ST's rules of fair disclosures.

The Company also maintains a dedicated Investor Relations section on its website to cater to the needs of various shareholders. It comprises announcements released via SGXNet, Annual Reports, financial highlights, information on the Board of Directors, stock information, analyst coverage, reports by independent media, and the Investor Relations email alert contact.

Establishing and Maintaining Regular Dialogue with shareholders

In addition to its results briefings, the Company also establishes and maintains regular dialogue with its shareholders through analysts and media briefings, press conferences, invites to opening ceremonies and previews to project set-ups and events, investor roadshows, day briefings, investor luncheons, local/overseas roadshows and conferences, and one-on-one/group meetings or conference calls. When opportunities arise, the Executive Chairman and Chief Executive Officer conducts media interviews to give its shareholders and the investors a profound prospective of the Group's business prospects. These platforms offer opportunities for the Company, Directors, Management, and senior spokespersons to solicit and understand shareholders' views, gather feedback, and address concerns.

The Group has a dedicated IR Team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns. The shareholders of the Company, investors, analysts, media and the financial community may submit their feedback and raise question(s) to the IR Team via the Company's website, email or telephone. The IR Team has procedures in place for responding to such queries as soon as practicable.

Please refer to page 22 of the Annual Report for more information.

Dividend Policy

The Company does not have a formal dividend policy. The Company, however is committed to achieving sustainable growth and enhancing total shareholder return.

The form, frequency and amount of dividends declared will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Any dividend payouts will be clearly communicated to shareholders in the public notices and announcements via SGXNet as part of the disclosure of its financial results.

As the Company has to conserve its cash for its business operations, expansion plans, and working capital, the Board is of the view that no final dividend is to be declared for FY2017.

CONDUCT OF SHAREHOLDER MEETINGS

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

The Board welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at the Company's GMs. As a public company listed on SGX-ST, all GMs of the Company are held in Singapore. Information on GMs are disseminated through notices in its Annual Reports or circulars, and announced through SGXNet ahead of time for shareholders to review the documents. These notices are also published in the local newspapers within the same period and posted on the Company's website.

The Company's Constitution allows all shareholders the right to appoint (through proxy forms sent in advance) up to two (2) proxies to attend, speak and vote at the GMs on their behalf. Under the new multiple proxy regime, specified intermediaries, such as banks and capital markets services license holders which provide custodial services, are allowed to appoint more than two (2) proxies. This will enable indirect investors, including Central Provident Fund Investment Scheme (CFPIS) investors, to be appointed as proxies to attend and vote during shareholders' meetings. Indirect investors will be given the same rights as direct investors to vote at the shareholders' meetings. 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.

All resolutions put to every GM of the Company are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal. Each item of special business included in the notice of the GM will be accompanied by a full explanation of the effects of a proposed resolution. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolutions before the resolutions are voted on. The Board, in particular, the Chairman of the Board, and respective Chairman of ARC, NC and RC, and Management are in attendance to address these queries or concerns and obtain feedback from shareholders. External Auditors are also present to assist the Board as necessary, in particular, shareholders' queries about the conduct of audit and the preparation and contents of the auditor's report.

The resolutions are voted by way of poll and the Company will consider electronic polling as and when necessary. Shareholders or proxies are briefed prior to the commencement of the GM by the appointed third-party polling agent on the poll voting and vote tabulation procedures used. An independent scrutineer will review the proxy verification process and ensure that information is compiled adequately. During the GM, the third-party polling agent will ensure that procedures are carried out effectively. The results of the poll indicating the number of votes cast for and against each resolution and the respective percentage will be announced to the SGX-ST after trading hours on the same day as the GM, and be made available on the Company's website.

The Company secretary records minutes of these shareholders' meetings which incorporates substantial and relevant comments or questions from shareholders and responses from the Board and Management, where relevant. The minutes are available upon request by shareholders.

OTHER CORPORATE GOVERNANCE MATTERS

Dealings in Securities

The Company has put in place a Code of Conduct of Share Dealings by Directors and Officers ("Internal Code") setting out the implication of insider trading and guidance on such dealings. The Internal Code is in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

Directors and Officers are prohibited from dealing in the Company's securities whilst in possession of unpublished price-sensitive information and during the periods commencing at least one (1) month before the announcement of the Company's half-year and full year results. The notice on blackout/closed window period is circulated via email to all Directors, Officers and staff, and pasted on the Company's notice board.

Directors, Officers and employees are advised not to deal in the Company's securities on short-term considerations, and to be mindful to observe insider trading laws at all times, even when dealing in the Company's securities outside the prohibited trading period. Directors are required to notify the Company of their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNet within one (1) business day of receiving such notifications.

Material Contracts

Except for the revised service agreement entered into between the Executive Chairman and Group Chief Executive Officer and the Company, there were no other material contracts entered into by the Company and its Subsidiaries involving the interest of the Executive Chairman and Group Chief Executive Officer, each Director, or controlling shareholder which were either subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

IPT and IPT Mandate

Under Chapter 9 of the SGX-ST Listing Manual, where the Company or any of its subsidiaries or associated companies that are defined as an "entity at risk" proposes to enter into a transaction with an "interested person", an immediate announcement or an immediate announcement and shareholders' approval is required in respect of that transaction if its value is equal to, or more than, certain financial thresholds. In addition, Rule 920 permits the Company to seek a general mandate, which is subject to annual renewal, from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the Company's interested persons.

To ensure compliance with Chapter 9, the ARC, as well as the Board, will review if the Company will be entering into any IPT. If the Company is intending to enter into an IPT, the ARC and the Board will ensure that the transaction is carried out based on normal commercial terms which will not be prejudicial to the interest of the Company and its minority shareholders. For each material IPT, the Company will identify all related parties and its relationship with each party, and disclose the nature and value of each transaction. When a potential conflict of interest arises, the Director does not participate in the discussions and refrains from exercising any influence over other members of the Board.

The Company has a general mandate from shareholders for transacting IPTs with the previous controlling shareholder, Laviani Pte Ltd's holding company, Star Media Group Berhad and its subsidiaries and associates pursuant to Rule 920. As there was a change of controlling shareholder of the Company to Lucrum 1 Investment Ltd in August 2017, the Company will not renew this general mandate at the forthcoming AGM.

The following are details of the aggregate value of IPTs for FY2017 undertaken pursuant to the Rule 920 of the SGX-ST Listing Manual 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 SGX-ST Listing Manual) $'000	Aggregate value of all IPTs conducted under Shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than $100,000) $'000
Lucrum 1 Investment Ltd (interest on Shareholders' loan)	267	–

GOVERNANCE DISCLOSURE GUIDE

In line with the Company's commitment towards high standards of corporate governance and disclosure, the Company has completed a questionnaire with reference to the disclosure guide released by the Singapore Exchange in 2015.

The Company's responses are as follows:

Guidelines	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(a) The Company has complied in all material aspects with the principles and guidelines set out in the code, and any deviations are stated alongside. (b) Not applicable. The Company did not adopt any alternative corporate governance practices in FY2017.
Board Responsibility		
Guideline 1.5	What are the types of transactions which require approval from the Board?	Refer to details under Principle 1 – The Board's Conduct of Affairs in page 25.
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying Director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(a) Refer to details under Principle 2 – Composition and Size of the Board in page 30. (b) Yes, the current composition of the Board has the critical skills and expertise needed in the strategic direction and planning of the business of the Company. There is 1 female director on the Board.

	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	(c) The NC reviews the Board Composition and its contributions at least annually, to determine the appropriateness in the mix of expertise, independence, professional judgement. The current nature and scope of Company's operations and requirements are also taken into consideration. The NC also places an emphasis on having Independent Directors on board, as their role is to ensure that strategies proposed by Management are constructively challenged, to review performance of Management in meeting agreed goals and objectives, and to monitor the reporting of performance. When the need for a new Director arises the NC identifies a list of potential candidates. These are sourced through an extensive network of contacts and external database where appropriate, based on skill sets, experience, knowledge and attributes, amongst others, required to lead the growth of the Company. The NC will then interview the candidates and make its recommendation to the Board for approval. All appointments are made on merit and measured against objective criteria.
Guideline 4.6	Please describe the Board nomination process for the Company in the last financial year for: (a) Selecting and appointing new Directors; and (b) Re-electing incumbent Directors.	(a) The NC reviews the composition of the Board and identifies the skill sets which will enhance the overall effectiveness of the Board. Initial assessment will be conducted to review the expertise, background and skill sets of a candidate prior to recommendation to the Board. On the recent appointment the four (4) Directors, the Board sought for candidates externally and internally with extensive financial accounting/ management, corporate finance, risk management, and listed company experience. ● Ms Duan Mengying stood out based on her financial accounting background and listed-company experience.

		• Mr Hooi Hing Lee stood out based on his extensive working experience in the finance industry, including risk management. • Mr Poon Lai Yin Michael stood out based on his listed company exposure in Asia, and extensive experience in IPO arrangement, accounting, auditing, M&A and financial management. • Mr Kwok Chi Shing stood out based on his extensive experience in finance, auditing, international tax planning, financial management, consulting advisory, IPO arrangement, corporate finance and professional training. (b) Refer to details under Principle 4 – Review of Directors' Time Commitments in page 33.
Guideline 1.6	(a) Are new Directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	(a) Yes. The Company conducts a comprehensive orientation programme for new Directors. (b) The Board is encouraged to attend seminars and training programmes for betterment in the discharge of their duties as fiduciaries of the Company, and to be kept abreast in their fields of knowledge. Refer to details under Principle 1 – Board Orientation and Training in pages 27 to 29.
Guideline 4.4	(a) What is the maximum number of listed company Board representations that the Company has prescribed for its Directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of Directors?	(a) No restriction has been set. (b) Refer to details under Principle 4 – Review of Directors' Time Commitments in page 33. (c) Existing commitments (total time commitment required for involvement in the Board and Board Committees' Meetings, as well as for their appointments outside the Company) and past working experiences and/or interaction with the Director are the main considerations in determining their capacity.

Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) Refer to details under Principle 5 – Board Evaluation Process and Performance Criteria in page 33. (a) Yes. The last Board of Directors' evaluation was conducted in February 2018 for FY2017, and the results were tabled by the Company Secretary to the NC for discussion. The NC was satisfied that the Board had been effective as a whole and that the Directors have contributed to the effective functioning of the Board. The NC was also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations and other principal commitments.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of Independent Non-executive Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Refer to details under Principle 2 – Independent Element of the Board in page 29.
Guideline 2.3	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. Refer to details under Principle 2 – Independent Element of the Board in page 29. (b) Not applicable.
Guideline 2.4	Has any Independent Non-executive Director served on the Board for more than nine (9) years from the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	No. Refer to details under Principle 2 – Composition and Size of the Board in page 30.

Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. The Directors' and Executive Chairman and Group Chief Executive Officer's remuneration have been disclosed in dollar terms. Refer to details under Principle 9 – Remuneration of Directors and Remuneration of Key Executives in pages 37 to 38.
Guideline 9.3	(a) Has the Company disclosed each KMP's remuneration, in bands of $250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	(a) No. This is to maintain good morale and a strong spirit of teamwork within the Company. (b) Refer to details under Note 34 of the Financial Statements in page 127 of this Annual Report.
Guideline 9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	No. Refer to details under Principle 9 – Immediate Family Member of a Director or the Executive Chairman and Group Chief Executive Officer in page 38.
Guideline 9.6	(a) Please describe how the remuneration received by Executive Directors and KMP has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) Refer to details under Principle 8 – Level and Mix of Remuneration in pages 36 to 37. (b) Individual key performance indicators and overall Company performance such as profit before tax for the year were used to determine their entitlement. Refer to details under Principle 8 – Level and Mix of Remuneration in pages 36 to 37. (c) Yes. Bonus paid out for FY2017 was based on the performance of the individual and the Company.

Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to Independent Non-executive Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The types of information provided in the Board papers include, but not limited to: ● agenda; ● notice of meeting; ● minutes of previous meeting; ● financial results announcements; ● reports from Internal Auditors, External Auditors, and Management; and ● reports or papers relating to investment proposals. The information is provided at least four (4) times a year. Refer to details under Principle 6 – Complete, Adequate and Timely Information in pages 34 to 35 and Principle 10 – Accountability and Audit in page 39.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	No. The size of existing operations does not warrant the Company to have an in-house Internal Audit Team. In addition, the outsourced Internal Audit Function has a ready pool of expertise and is cost effective. Refer to details under Principle 13 – Internal Audit in pages 45 to 46.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, IT and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past twelve (12) months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) The Company has put in place an ERM framework. In addition, the Board, with the assistance of the outsourced Internal Audit Function, has identified risks in relation to the Company and its businesses, through the CSA process. The CSA process covers risk assessment and risk monitoring. These self-assessments are validated by an independent reviewer, Virtus Assure Pte. Ltd. Decisions made by the Board in relation to material or major initiatives are based on the foreknowledge of such risks. Refer to details under Principle 11 – Risk Management and Internal Controls in pages 39 to 42. (b) Yes. Refer to details under Principle 11 – Risk Management and Internal Controls in pages 39 to 42.

Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the External Auditors for audit and non-audit services for the financial year. (b) If the External Auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the External Auditors.	(a) In FY2017, the cumulative fees for non-audit services provided by BDO LLP did not exceed fifty percent (50%) of audit fees. Refer to details under Principle 12 – External Auditors in page 44. (b) Not applicable.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated Investor Relations Team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNet announcements and the annual report?	(a) Yes. Details of shareholder meetings, including the frequency and types of meetings, are available in the Investor Relations Chapter in pages 22 to 23 and under Principle 15 – Disclosure of Information on a Timely Basis, and Establishing and Maintaining Regular Dialogue with Shareholders in page 47. (b) The Investor Relations Team performs this role to support the Executive Chairman and Group Chief Executive Officer as well as the CFO in maintaining a close and active dialogue with shareholders/investors (retail and institutional). Refer to the Company website at http://cityneon.net/investor-relations/ or page 23 of the Annual Report for the contact information. (c) Refer to details under Principle 15 – Disclosure of Information on a Timely Basis, and Establishing and Maintaining Regular Dialogue with Shareholders in page 47.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Cash is required for working capital requirements, business operations and business expansion encompassing the exploration of new intellectual property rights and/or of mergers and acquisitions. Hence, no final dividend is to be declared for FY2017.

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 2017 and the statement of financial position of the Company as at 31 December 2017.

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 consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated 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:

Tan Aik Ti, Ron	
Duan Mengying	(Appointed on 11 August 2017)
Hooi Hing Lee	(Appointed on 11 August 2017)
Kwok Chi Shing	(Appointed on 11 August 2017)
Poon Lai Yin Michael	(Appointed on 11 August 2017)

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 Director 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 Director and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
	Number of ordinary shares			
The Company				
Cityneon Holdings Limited				
Tan Aik Ti, Ron	–	–	40,000,000	168,692,268
Immediate holding company				
Lucrum 1 Investment Limited				
Tan Aik Ti, Ron	–	–	–	16

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

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 2018 in the shares of the Company has not changed from those disclosed as at 31 December 2017.

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. Performance share plan

At an Extraordinary General Meeting held on 26 October 2017, shareholders approved the Cityneon Performance Share Plan, administered by the Remuneration Committee, for granting awards to the 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 awards may be granted shall not exceed fifteen percent of the issued share capital of the Company. No performance shares have been granted pursuant to the performance share plan.

6. Share options

At an Extraordinary General Meeting held on 15 September 2005, shareholders approved the Cityneon Employee Share Option Scheme (the "Scheme"). This Scheme had expired during the current financial year.

The Scheme is administered by the Company's Remuneration Committee, comprising three Directors, Kwok Chi Shing, Hooi Hing Lee, and Poon Lai Yin Michael.

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.

6. **Share options** (Continued)

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

	Date of grant of options	Exercise price	Options outstanding at the beginning of the financial year	Options granted during the financial year	Exercised during the financial year	Options not accepted/ lapsed/ forfeited/ expired	Options outstanding at the end of the financial year	Exercise period
		$						
Employees	10.5.2010	0.312	29,000	–	–	(29,000)	–	10.5.2012 to 9.5.2017

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.

There were no shares issued during the financial year by virture of the exercise of options to take up unissued shares of the Company or its subsidary corporations.

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.

7. **Audit and Risk Committee**

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

Hooi Hing Lee (Chairman)	(Appointed on 11 August 2017)
Kwok Chi Shing	(Appointed on 11 August 2017)
Poon Lai Yin Michael	(Appointed on 11 August 2017)

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

The Audit and Risk Committee has held three meetings since the last Directors' Statement. In performing its functions, the Audit and Risk 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 and Risk Committee also reviewed the following:

– The audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

– Assistance provided by the management to the internal and external auditors;

– The statement of financial position of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

– The half-yearly and full-year announcements as well as the related press releases on the results and financial position of the Company and the Group;

– Interested person transactions (as defined in Chapter 9 of the SGX Listing Manual);

7. Audit and Risk Committee (Continued)

- The Group's financial and operating results and accounting policies;
- The re-appointment of the external auditor of the Company.

The Audit and Risk 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 and Risk Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

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

8. Independent auditor

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

On behalf of the Board of Directors

Tan Aik Ti, Ron	**Hooi Hing Lee**
Director	Director

28 March 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Cityneon Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cityneon Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 68 to 139, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1 **Recognition of revenue**	

The Group has two major revenue streams, being revenue from contracts to provide services and licencing fee from exhibition agreements, which account for 57% and 32% of the Group's total revenue respectively.

When the Group enters into long-term contracts with customers to provide services, revenue is recognised based on the percentage-of-completion method. We focused our audit on these types of contracts due to the high level of management estimation and judgement involved, in particular, in estimating the total contract revenue and contract costs and determining the stage of completion.

The Group's licencing fee, derived from the intellectual property experiences operating segment, relates to contributions from the use of the Group's acquired intellectual property rights. The recognition of licencing fee is an area of complexity and requires judgement as the contractual terms vary for each exhibition agreement. Management has performed detailed assessment, including the terms and conditions, the remaining obligations to perform and other pertinent factors in each of the exhibition agreements signed between the Group and exhibition promoters, to determine the appropriate point of revenue recognition.

Revenue recognition was therefore one of the most significant matters in the audit of the current year financial statements.

Refer to notes 2.14, 3.1, 3.2 and 25 of the accompanying financial statements.

Our audit procedures included, amongst others, the following:

- For revenue from contracts to provide services, we assessed the reasonableness of management's estimated total contract revenue, estimated total contract costs and the stage of completion at the end of the financial year on a sample basis, by:
  - o Agreeing the initial contract revenue to the letter of award of the contract, and checking variation orders to customers' acceptance and approval.
  - o Checking the actual costs incurred to supplier invoices.
  - o Agreeing the revenue computed to certifications by architects acknowledged by customers or certifications by external quantity surveyors.
- For licencing fee, we challenged management's timing of revenue recognition by:
  - o Considering the substance of the exhibition agreements and assessing the reasonableness of management's interpretation of these contractual terms. Where applicable, we obtained correspondences from the lawyer of the Group to corroborate key judgements applied by management.
  - o Evaluating significant contractual terms for the conditions that underpin revenue recognition.
  - o Checking that management could demonstrate that persuasive evidence exists at the point of revenue recognition.

INDEPENDENT AUDITOR'S REPORT

To the members of Cityneon Holdings Limited

KEY AUDIT MATTER	AUDIT RESPONSE

2 Impairment assessment of goodwill

The carrying amounts of the Group's goodwill as at 31 December 2017 were $12.5 million. Management is required to undertake an impairment review at least annually by comparing the carrying amounts of these goodwill against the recoverable amounts of the cash generating units for which these goodwill belong to.

Management has determined the recoverable amounts using the value-in-use method, which requires management to estimate the present value of the future cash flows from these cash generating units. Based on management's assessment, no impairment is required for the current financial year.

The determination of the recoverable amounts of the cash generating units requires the application of significant judgement in deriving key assumptions such as revenue growth rates, operating margins and discount rates and therefore this matter was considered one of the most significant in the audit of the current year financial statements.

Refer to notes 3.2 and 5 of the accompanying financial statements.

Our audit procedures included, amongst others, the following:

- We evaluated management's key assumptions used in the impairment testing for goodwill, including the revenue growth rates, operating margins and discount rates.
- We performed sensitivity analysis on two key assumptions, being the revenue growth rates and discount rates.
- We tested the integrity and mathematical accuracy of the value-in-use calculations.
- We assessed the adequacy of the Group's disclosure in respect of its goodwill impairment testing, including whether the disclosures about the sensitivity of the outcome of the impairment assessments to reasonably possible changes in key assumptions properly reflect the risks inherent in such assumptions.

3 Recoverability of trade receivables

The Group operates in a number of geographical locations with customers from the Group's five business units which increases the Group's inherent exposure to credit risk. The Group's policy for impairment of trade receivables is on a case-by-case basis and specific impairment allowances are made when an impairment event has occurred.

As at 31 December 2017, total third party trade receivables, net of allowance for doubtful debts, amounted to $57.6 million, of which balances past due but not impaired amounted to approximately $29.3 million.

For the financial year ended 31 December 2017, the Group recorded an allowance for impairment loss on trade receivables of $2.0 million in the profit or loss.

We focused on this area as a key audit matter due to the significant trade receivables that are past due their respective credit period and the significant judgement involved in management's assessment on the recoverability of these outstanding trade receivables.

Refer to notes 3.2, 12 and 36.3 of the accompanying financial statements.

We have evaluated management's assessment of the recoverability of the Group's trade receivables, particularly those which are past due but not impaired. Our audit procedures included, amongst others, the following:

- We enquired with management on the reasons for the delay in payment, tested the trade receivables aging report used by management in the assessment of impairment of trade receivables and assessed the recoverability of a sample of outstanding trade receivables by checking to receipts subsequent to year end.
- We also evaluated management's assessment of the recoverability of overdue amounts by checking the historical payment patterns and ongoing business relationship and perusing customer correspondences and other relevant documents.

KEY AUDIT MATTER	AUDIT RESPONSE
4 Acquisition of JP Exhibition LLC – purchase price allocation	
In September 2017, the Group completed the acquisition of JP Exhibition LLC for a purchase consideration of $34.0 million, with contingent consideration arrangements. Management, assisted by an external valuation specialist, performed a purchase price allocation ("PPA"). In carrying out the PPA, significant judgement and estimation are required in the determination of the fair values of the contingent consideration, identified assets acquired and liabilities assumed, including the identification and valuation of intangible assets acquired and the resultant goodwill. The goodwill and intangible assets recognised amounted to $9,578,498 and $26,022,240 respectively. Due to the size of the acquisition and complexities inherent in business combinations, this matter was considered one of the most significant in the audit of the current year financial statements. Refer to notes 3.2, 5, 6 and 7 of the accompanying financial statements.	Our audit procedures included, amongst others, the following: ● We examined the sale and purchase agreement to understand the key terms and conditions. ● We evaluated the competence, capabilities and objectivity of management's external valuation specialist, and evaluated the appropriateness of the work on the PPA. ● We involved our internal valuation specialists to evaluate the appropriateness of the valuation methodologies and key assumptions applied in the PPA report, including forecasted revenue, operating profits, discount rate and cash flows. ● Assessed the adequacy of the Group's relevant disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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 statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

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

Note A: Reconciliation of liabilities arising from financing activities

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

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

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

1. General

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

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

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

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

FRS 7 (Amendments) *Disclosure Initiative*

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

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

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

Full IFRS convergence

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

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

FRS issued but not yet effective

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

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

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

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

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

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

Classification and measurement

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

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

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

Impairment

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

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

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

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments* (Continued)

Transition

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

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

FRS 115 *Revenue from Contracts with Customers*

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

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

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

FRS 116 *Leases*

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

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

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

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 116 *Leases* (Continued)

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

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

2.2 Basis of consolidation

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

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

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

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

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

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

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

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

2.2 **Basis of consolidation** (Continued)

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

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

2.3 **Business combinations**

<u>Business combinations from 1 January 2010</u>

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.

<u>Business combinations before 1 January 2010</u>

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

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

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

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

2. Significant accounting policies (Continued)

2.4 Intangible assets

Goodwill

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

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

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

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

Intangible assets acquired in a business combination

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

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

Other intangible assets - Licences

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

2.5 Property, plant and equipment

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

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

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

2. Significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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

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

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

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

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

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

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

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

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

2.6 Impairment of non-financial assets excluding goodwill

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

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

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

2. Significant accounting policies (Continued)

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

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

2.7 Associate

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

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

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

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

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

2.8 Inventories

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

2.9 Construction contracts

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

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

2. Significant accounting policies (Continued)

2.9 Construction contracts (Continued)

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the consolidated statements of financial position as "Amounts due from contract customers". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as "Amounts due to contract customers".

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

2.10 Financial instruments

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

Effective interest method

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

Financial assets

The Group classifies its financial assets as loans and receivables.

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

Loans and receivables

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

The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding advances to suppliers and goods and services tax ("GST") and value-added tax ("VAT") receivables), deposits, amounts owing by subsidiaries, amounts due from contract customers and cash and cash equivalents.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2. Significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classified ordinary shares as equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

Financial liabilities at fair value through profit or loss

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

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

2. Significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing borrowings, loan from immediate holding company and loan from former ultimate holding company are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Cash and cash equivalents

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

2. Significant accounting policies (Continued)

2.12 Leases

When the Group is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

When the Group is the lessor

Operating leases

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.13 Provisions

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

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

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

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

2. Significant accounting policies (Continued)

2.14 Revenue recognition

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

Contracts revenue

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

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

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

Sale of goods

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

Development fee

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

Licencing fee

The Group acquires intellectual property experiences and grant such rights to third party promoters. Revenue from such licencing arrangements is recognised when an assignment is granted to the promoter which permits the promoter to begin its immediate use, to exploit without restriction and when the Group has no remaining obligations to perform.

Rendering of services

- Production fee

  Production fee from the production of exhibit is recognised in the period in which the relevant services are rendered in accordance to the contractual terms. Production fee charged to customer includes the installation and removal of the exhibit at the exhibition venue.

- Admissions fee

  Admissions fee from the exhibition held is recognised upon the sales of admission ticket for the exhibition venue.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalty arrangements that are based on sales and other measures are recognised by reference to the underlying arrangement.

2. Significant accounting policies (Continued)

2.14 Revenue recognition (Continued)

Rental income

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

Interest income

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

Dividend income

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

2.15 Employee benefits

Retirement benefit costs

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

Employee leave entitlements

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

Share-based compensation

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

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

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

Provision for employees' leaving indemnities

Expatriate employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector of 2012, based on length of service and final remuneration. Provision for this unfunded commitment which represents a benefit has been made by calculating the notional liability had all employees left at the reporting date.

2. Significant accounting policies (Continued)

2.16 Government grants

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

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

2.18 Taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

2. Significant accounting policies (Continued)

2.18 Taxes (Continued)

Deferred tax (Continued)

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

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

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

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

Sales tax

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

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

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

2.19 Dividends

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

2.20 Foreign currency transactions and translation

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

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

2. Significant accounting policies (Continued)

2.20 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

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

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

2.21 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.22 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1 Critical judgements in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Revenue recognition of licencing fee

The Group has recognised licencing fee amounting to $37,833,972 (2016: $9,565,987) from exhibition agreements signed between the Group and the exhibition promoters, in relation to the Group's intellectual property experiences segment. As the terms and conditions for each exhibition agreement vary, a considerable amount of judgement is required in determining the point of revenue recognition. Management has performed detailed assessment, including the terms and conditions, the remaining obligations to perform and other pertinent factors in each of the exhibition agreements signed between the Group and exhibition promoters, to determine the appropriate point of revenue recognition.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

The Group and the Company follow the guidance of FRS 36 in determining when an investment in subsidiary is impaired. This determination requires significant judgement. The management's assessment is based on the estimation of the value-in-use of the cash-generating units by forecasting the expected future cash flows for a period of up to 5 years including terminal value, where appropriate, using a suitable discount rate in order to calculate the net present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 December 2017 was $52,447,002 (2016: $34,512,554).

Allowance for impairment of trade and other receivables

The provision policy for allowance for impairment loss of trade and other receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables on a case-by-case basis. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables including the amounts owing by subsidiaries as at 31 December 2017 were $65,981,902 (2016: $24,028,471) and $79,967,534 (2016: $29,478,170) respectively.

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

3.2 Key sources of estimation uncertainty (Continued)

Construction contracts

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

- the proportion of contract costs incurred for work performed to date against the total estimated costs for each contract; or
- the value of work performed as certified by the architects acknowledged by customers or external quantity surveyors.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, management's evaluation is based on past experience and knowledge of the work specialists. The carrying amounts of the Group's amounts due from contract customers and amounts due to contract customers as at 31 December 2017 were $23,640,469 (2016: $12,715,033) and $358,746 (2016: $1,280,842) respectively.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2017 was $80,176,052 (2016: $43,437,102).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group's current tax payable as at 31 December 2017 was $2,687,003 (2016: $436,550). The carrying amount of the Group's deferred tax liabilities as at 31 December 2017 was $10,521,447 (2016: $809,168).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of the Group's goodwill as at 31 December 2017 was $12,513,033 (2016: $2,934,535).

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

3.2 Key sources of estimation uncertainty (Continued)

Amortisation and impairment of other intangible assets

Intangible assets are amortised on a straight-line method over the estimated useful life of 6 to 9.25 years. Changes in the expected level of benefits to be derived from the other intangible asset could impact the economic useful life and the residual value of the other intangible asset and therefore, future amortisation charges may be revised.

At the end of each financial year, other intangible assets are assessed for indicators of impairment. This requires an estimation of the value-in-use of the other intangible assets. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's other intangible assets as at 31 December 2017 was $31,298,391 (2016: $6,954,859).

Estimated fair value of contingent consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is estimated by considering possible scenarios of forecast sales contracts and other performance criteria, the amount to be paid under each scenario, and the probability of each scenario, which is then discounted to a net present value. Actual outcomes could vary from these estimates as new facts emerge and each scenario develops. The carrying amount of the Group's contingent consideration at fair value through profit or loss as at 31 December 2017 was $6,690,500 (2016: $Nil).

Accounting for business combination

In September 2017, the Group completed the acquisition of 100% equity interest in JP Exhibition LLC for a purchase consideration of $34 million, with contingent consideration arrangements. Management engaged an external valuation specialist to assist in the purchase price allocation. Significant judgement and estimation are required in the determination of the fair values of the contingent consideration, identified assets acquired and liabilities assumed. Details of the contingent consideration, the assets acquired and liabilities assumed at the acquisition date are disclosed in Note 7 to the financial statements.

4. Property, plant and equipment

	Leasehold land and building	Office equipment, furniture and fittings	Motor vehicles	Machinery	Exhibition services assets	Licensed interactive exhibition assets	Construction in progress	Total
	$	$	$	$	$	$	$	$
Group								
2017								
Cost								
At 1 January 2017	–	9,309,825	847,450	173,423	9,281,392	34,799,214	2,476,592	56,887,896
Exchange difference on translation	–	(491,648)	(30,653)	(2,418)	(160,349)	(3,116,043)	(137,267)	(3,938,378)
Acquired on acquisition of subsidiary (Note 7)	–	–	–	–	–	6,150,439	–	6,150,439
Additions	25,518,185	3,143,387	646,540	47,222	122,602	7,431,060	3,448,154	40,357,150
Transfer	–	83,111	–	–	–	5,421,035	(5,504,146)	–
Disposals/write-offs	–	(79,211)	(71,100)	–	(427,880)	(9,875)	–	(588,066)
At 31 December 2017	25,518,185	11,965,464	1,392,237	218,227	8,815,765	50,675,830	283,333	98,869,041
Accumulated depreciation								
At 1 January 2017	–	4,470,407	563,771	102,797	5,654,787	2,659,032	–	13,450,794
Exchange difference on translation	–	(123,436)	(19,476)	(227)	(101,950)	(326,459)	–	(571,548)
Depreciation	–	782,836	182,232	24,493	651,503	4,575,055	–	6,216,119
Disposals/write-offs	–	(79,211)	(71,100)	–	(251,899)	(166)	–	(402,376)
At 31 December 2017	–	5,050,596	655,427	127,063	5,952,441	6,907,462	–	18,692,989
Carrying amount								
At 31 December 2017	25,518,185	6,914,868	736,810	91,164	2,863,324	43,768,368	283,333	80,176,052

4. Property, plant and equipment (Continued)

	Office equipment, furniture and fittings $	Motor vehicles $	Machinery $	Exhibition services assets $	Licensed interactive exhibition assets $	Construction in progress $	Total $
Group							
2016							
Cost							
At 1 January 2016	4,272,138	1,225,542	93,750	5,918,275	10,522,031	4,008,689	26,040,425
Exchange difference on translation	258,859	8,189	1,681	55,899	1,439,656	(3,506)	1,760,778
Additions	4,507,121	43,859	77,992	2,058,905	20,587,091	2,337,199	29,612,167
Transfer	326,935	–	–	1,288,419	2,250,436	(3,865,790)	–
Disposals/write-offs	(55,228)	(430,140)	–	(40,106)	–	–	(525,474)
At 31 December 2016	9,309,825	847,450	173,423	9,281,392	34,799,214	2,476,592	56,887,896
Accumulated depreciation							
At 1 January 2016	4,018,470	611,857	93,750	4,999,426	284,709	–	10,008,212
Exchange difference on translation	38,445	6,310	88	30,229	129,580	–	204,652
Depreciation	468,455	173,377	8,959	659,622	2,244,743	–	3,555,156
Disposals/write-offs	(54,963)	(227,773)	–	(34,490)	–	–	(317,226)
At 31 December 2016	4,470,407	563,771	102,797	5,654,787	2,659,032	–	13,450,794
Carrying amount							
At 31 December 2016	4,839,418	283,679	70,626	3,626,605	32,140,182	2,476,592	43,437,102

4. Property, plant and equipment (Continued)

	Office equipment, furniture and fittings $
Company	
2017	
Cost	
At 1 January 2017 and 31 December 2017	263,671
Accumulated depreciation	
At 1 January 2017 and 31 December 2017	263,671
Carrying amount	
At 31 December 2017	–
2016	
Cost	
At 1 January 2016	300,229
Disposals	(36,558)
At 31 December 2016	263,671
Accumulated depreciation	
At 1 January 2016	300,229
Disposals	(36,558)
At 31 December 2016	263,671
Carrying amount	
At 31 December 2016	–

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $40,357,150 (2016: $29,612,167). Property, plant and equipment of $25,856,926 were purchased via the acquisition of Scorpio East Properties Pte. Ltd., and $13,919,972 (2016: $29,612,167) via cash payments.

The carrying amounts of property, plant and equipment of the Group acquired under finance lease agreements are as follows:

	2017 $	2016 $
Motor vehicles	852,081	88,719

The carrying amounts of motor vehicles of the Group registered in the name of a Director and held in trust are as follows:

	2017 $	2016 $
Motor vehicles	549,559	–

4. Property, plant and equipment (Continued)

The Group's leasehold land and building with carrying amount of $25,518,185 were pledged as security for banking facilities granted to the Group as disclosed in Note 19 to the financial statements.

Particulars of the leasehold land and building held by the Group are as follows:

Location	Description	Tenure
25 Tai Seng Avenue, Singapore 534104	7-storey light industrial building with ancillary office	30 years from 25 December 2007

On 29 December 2017, the Company completed the acquisition of Scorpio East Properties Pte. Ltd. ("SEP") from KOP Limited through direct acquisition of the leasehold land and building and acquisition of the entire equity interest in SEP for a total cash consideration of $2,875,000.

The acquisition of SEP has been accounted for as acquisition of assets and liabilities as it does not meet the definition of a business combination. Details of the acquisition are as follows:

	Direct acquisition of leasehold land and building $	Acquisition of subsidiary $	Total $
Leasehold land and building	25,518,185	–	25,518,185
Property, plant and equipment	–	338,741	338,741
Trade and other receivables and prepayments	–	39,752	39,752
Cash and bank balances	–	794,460	794,460
Borrowings	–	(23,000,000)	(23,000,000)
Trade and other payables	–	(816,138)	(816,138)
Total consideration, satisfied by cash	25,518,185	(22,643,185)	2,875,000
Net cash outflow arising on acquisition			
Cash consideration paid	(25,518,185)	22,643,185	(2,875,000)
Cash and bank balances acquired	–	794,460	794,460
Less: Long-term fixed deposit	–	(500,000)	(500,000)
	(25,518,185)	23,937,645	(2,580,540)

5. Goodwill

	Group 2017 $	Group 2016 $
Cost		
Balance at beginning of financial year	3,170,872	3,170,872
Acquisition of subsidiary (Note 7)	9,578,498	–
Balance at end of financial year	12,749,370	3,170,872
Impairment loss		
Balance at beginning and end of financial year	(236,337)	(236,337)
Carrying amount		
Balance at end of financial year	12,513,033	2,934,535

5. Goodwill (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the following CGUs:

	Group	
	2017	2016
	$	$
Exhibitions	50,146	50,146
Interior architecture	47,160	47,160
Intellectual property experiences – Marvel	2,837,229	2,837,229
Intellectual property experiences – Jurassic	9,578,498	–
	12,513,033	2,934,535

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

The recoverable amounts of the CGUs are determined based on a value-in-use calculation using the cash flow projections based on financial budgets approved by management. The Group had used cash flow projections of five years for both the exhibitions and interior architecture CGUs. For the intellectual property experiences – Marvel CGU, the Group used cash flow projections over the remaining licence term of seven years. For the intellectual property experiences – Jurassic CGU, the Group used cash flow projections of thirteen years, which consist of the existing remaining licence term of six years and the option to extend the licence term by seven years.

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

The pre-tax discount rate applied to the cash flow projections and the forecasted revenue growth rates used for the seven years and thirteen years cash flow projections of the intellectual property experiences – Marvel CGU and intellectual property experiences – Jurassic CGU respectively are as follows:

	Intellectual property experiences - Marvel	Intellectual property experiences – Jurassic
2017		
Revenue growth rate (%)	1.1	1.4
Pre-tax discount rate (%)	5.9	7.8
2016		
Revenue growth rate (%)	21.0	–
Pre-tax discount rate (%)	7.7	–

5. Goodwill (Continued)

Sensitivity analysis

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

Intellectual property experiences – Marvel

The impairment assessment carried out at the end of the financial year indicated that the recoverable amount exceeded its carrying amount by approximately $2,171,000 (2016: $8,643,000). Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting period had been 3 percent point less favourable than management's estimates at the end of the financial year, there would be a need to reduce the recoverable amount of goodwill by approximately $1,527,000 (2016: $3,818,000). Management performed a simulation of discount rates of up to 7.3% (2016: 15.0%) before recoverable amount of the CGU would equal to the carrying amount.

Intellectual property experiences - Jurassic

The impairment assessment carried out at the end of the financial year indicated that the recoverable amount exceeded its carrying amount by approximately $13,053,000. Actual outcomes could vary from these estimates. If the revised estimated revenue growth rate at the end of the reporting period had been 3 percent point less favourable than management's estimates at the end of the financial year, there would be a need to reduce the recoverable amount of goodwill by approximately $1,444,000. Management performed a simulation of discount rates of up to 14.0% before recoverable amount of the CGU would equal to the carrying amount.

6. Other intangible assets

	Group	
	2017	**2016**
	$	**$**
Licences		
Cost		
Balance at beginning of financial year	8,036,186	7,025,226
Exchange difference on translation	(66,721)	41,160
Additions	–	969,800
Acquisition of subsidiary (Note 7)	26,022,240	–
Balance at end of financial year	33,991,705	8,036,186
Accumulated amortisation		
Balance at beginning of financial year	1,081,327	189,871
Exchange difference on translation	(8,688)	4,575
Amortisation during the year	1,620,675	886,881
Balance at end of financial year	2,693,314	1,081,327
Carrying amount		
Balance at end of financial year	31,298,391	6,954,859

6. Other intangible assets (Continued)

The Group's other intangible assets pertain to the licences to produce and distribute Hasbro's Transformers Autobots Alliance, Marvel's Avengers S.T.A.T.I.O.N. and Jurassic World related exhibitions. The licences are amortised over the estimated useful life of 6 to 9.25 years (2016: 6 to 9.25 years) and have a remaining amortisation period of 4 to 7 years (2016: 5 to 8 years).

During the financial year, amortisation expense of $1,620,675 (2016: $886,881) has been recognised under "administrative and other operating expenses" line item in profit or loss.

7. Subsidiaries

Investments in subsidiaries are as follows:

	Company	
	2017	2016
	$	$
Unquoted equity shares, at cost	52,695,830	34,528,909
Employee's share options investment, at cost	636,409	636,409
Allowance for impairment loss	(885,237)	(652,764)
	52,447,002	34,512,554

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

	Company	
	2017	2016
	$	$
Balance at beginning of financial year	652,764	1,037,793
Impairment loss during the financial year	339,452	–
Write off of impairment loss during the financial year	(106,979)	(385,029)
Balance at end of financial year	885,237	652,764

As at the end of the financial year, the Company carried out a review of the recoverable amount of its investments in subsidiaries, as a result of indicators of impairment on investments in subsidiaries based on the existing performance of certain subsidiaries during the financial year. The estimates of the recoverable amount are determined based on value-in-use calculations. The discount rates used in measuring value-in-use were 5.9% (2016: 7.7%). Based on the review, full impairment of $339,452 (2016 $Nil) was made in respect of two subsidiaries during the current financial year.

7. **Subsidiaries** (Continued)

The details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Cityneon Creations Pte Ltd[1]	Singapore	Provision of design and build services for custom built exhibition pavilions and road shows	100	100	–	–
Cityneon Events Pte. Ltd.[1]	Singapore	Provision of management, projects, logistics and ownership service for events and festivals	100	100	–	–
Comprise Electrical (S) Pte Ltd[1]	Singapore	Provision of electrical services for exhibitions and event management industries	100	100	–	–
Cityneon Exhibition Services Pte Ltd[1]	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	100	100	–	–
Cityneon Contracts Sdn. Bhd.[3]	Malaysia	Provision of exhibitions and event management services, including rental of reusable modules and furnishings, road shows and custom-built pavilions	100	100	–	–
Dayspring Entertainment Pte. Ltd.[1]	Singapore	Provision of event organising, management and event marketing services	100	100	–	–
Themewerks Pte. Ltd.[1]	Singapore	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	100	100	–	–
Cityneon (Middle East) W.L.L.[2]	Kingdom of Bahrain	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows	100	100	–	–
Cityneon Ventures Pte. Ltd.[1]	Singapore	Provision of fabrication, installation and removal of exhibitions setup	100	100	–	–

7. **Subsidiaries** (Continued)

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

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Cityneon Management Services Pte. Ltd.[(1)]	Singapore	Provision of management, human resource and general office administration services	100	100	–	–
Victory Hill Exhibitions Pte. Ltd.[(1)]	Singapore	Exhibition producer and intellectual property	100	100	–	–
Cityneon Exhibition Services (Vietnam) Co., Ltd[(5)]	Socialist Republic of Vietnam	Provision of interior and exterior decoration for offices, commercial buildings, shop, museums and theme parks	100	100	–	–
Cityneon Vietnam Company Limited[(5)]	Socialist Republic of Vietnam	Provision of project management services (other than for construction) and to engage in the installation, assembly, building completion and finishing works	100	100	–	–
Victory Hill Exhibition (Shanghai) Pte Ltd [(11)]	People's Republic of China	Provision of interior fit-out services, exhibition and event services, sports management services and conceptualisation design and build	100	100	–	–
Cityneon Myanmar Company Limited[(11)]	Republic of the Union of Myanmar	Provision of interior fit-out services, exhibition and event services	100	100	–	–
Bahrain Cityneon Co. W.L.L.[(6)]	Kingdom of Bahrain	Interior designs for offices and homes, and third grade décor contracts	100	100	–	–
Interbuild Construction Company Sdn Bhd[(7)]	Brunei Darussalam	Provision of general, civil engineering and building contractors	90	90	10	10
Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture[(9)]	India	Provision of interior designing	90	90	10	10
Cityneon Creations India Private Limited[(9)]	India	Provision of interior designing	90	90	10	10
Cityneon Hong Kong Company Limited[(11)]	Hong Kong	Provision of interior designing	100	100	–	–

7. Subsidiaries (Continued)

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

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
Artscapes Themewerks Pte. Ltd.[1]	Singapore	Design, build, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	65	65	35	35
C.N. Overseas Services W.L.L.[6]	Kingdom of Bahrain	Provision of contracting, designing and executing exhibition decoration and structure; renting services for international exhibitions fixtures, import, export and sales of décor materials	100	100	–	–
E-Graphics Displays Pte Ltd[1]	Singapore	Designer and production of environmental graphic materials including banners, posters, bill-boards and general signages for event and exhibition venues	60	60	40	40
Shanghai Cityneon Exhibition Services Co., Ltd.[4]	People's Republic of China	Designer and provider of services for trade fairs, exhibitions and displays	100	100	–	–
Station-LV, LLC[8]	United States of America	Provision of leasing space, planning and construction of an exhibition facility	100	100	–	–
Victory Hill Entertainment Group, LLC[8]	United States of America	Provision of worldwide administrative function, supporting the activities of affiliates	100	100	–	–
Victory Hill Exhibitions (UK) Limited[11]	United Kingdom	Exhibition producer and intellectual property	100	100	–	–
VHE (HK) Limited[11]	Hong Kong	Provision of worldwide administrative function, supporting the activities of affiliates	100	100	–	–
Cityneon Korea Company Co., Ltd[11]	Republic of Korea	Design and build for buildings, consultancy works and interior fit-out, events and exhibitions services	100	–	–	–

7. Subsidiaries (Continued)

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

Name of subsidiaries	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
			2017	2016	2017	2016
			%	%	%	%
JP Exhibition LLC(8)	United States of America	Developing, financing and presenting an exhibition based upon the Jurassic Park motion picture franchise and featuring animatronic dinosaurs	100	–	–	–
Scorpio East Properties Pte. Ltd.(10)	Singapore	Real estate activities	100	–	–	–

(1) Audited by BDO LLP, Singapore

(2) Audited by KPMG Fakhro, Kingdom of Bahrain

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

(4) Audited by SBA Stone Forest CPA Co., Ltd, People's Republic of China

(5) Audited by BDO Audit Services Company Limited – Ho Chi Minh City office, a member firm of BDO International

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

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

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

(9) Audited by Prakash K Prakash Chartered Accountants, Republic of India

(10) Audited by Deloitte & Touche LLP, Singapore for statutory purposes and audited by BDO LLP, Singapore for consolidation purposes

(11) Not considered a significant subsidiary under Rule 718 of the SGX-ST Listing Manual

The Audit Committee and the Board of Directors are of the opinion that Rule 712, Rule 715 and Rule 716 of the SGX-ST Listing Manual have been complied with.

Non-controlling interests

The non-controlling interests arising from Interbuild Construction Company Sdn Bhd, Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture, Cityneon Creations India Private Limited, Artscapes Themewerks Pte. Ltd. and E-Graphic Displays Pte Ltd are considered to be insignificant to the Group's financial statements.

7. Subsidiaries (Continued)

Additional investment in subsidiaries

On 20 February 2017, the Company increased the paid-up capital of its wholly-owned subsidiary, Cityneon Vietnam Company Limited ("CVC"), from United States Dollars ("USD") USD380,000 (approximately $521,405) to USD900,000 (approximately $1,251,693) by capitalisation of amount due from CVC of USD520,000 (approximately $730,288).

On 21 February 2017, the Company increased the paid-up capital of its wholly-owned subsidiary, Cityneon Hong Kong Company Limited by Hong Kong Dollar ("HKD") HKD100,000 (approximately $18,470), from HKD $Nil to HKD100,000 (approximately $18,470).

On 31 March 2017, the Company increased the paid-up capital of its wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. ("VHE") from USD69,970 (approximately $100,000) to USD9,830,022 (approximately $14,244,269) by the capitalisation of amounts due from VHE of USD9,760,052 (approximately $14,144,269).

In the previous financial year, the Company increased the paid-up capital of its subsidiary, Cityneon Holdings Limited & Cityneon Creations Pte Ltd & Cityneon DAG India Private Limited – Joint Venture by Indian Rupee ("INR") INR500,000 (approximately $10,649), from $Nil to $10,649 and non-controlling interests contributed $2,130 towards the share capital of this subsidiary.

Incorporation of subsidiaries

On 18 October 2017, the Company incorporated a wholly-owned subsidiary, Cityneon Korea Company Co., Ltd, a company incorporated in the Republic of Korea with an issued and paid-up capital of South Korean Won ("KWR") KWR600,000,000 (approximately $728,543).

On 4 October 2016, the Company incorporated a wholly-owned subsidiary, Cityneon Hong Kong Company Limited, a company incorporated in Hong Kong with $Nil paid-up capital.

On 21 April 2016, the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd., incorporated a wholly-owned subsidiary, VHE (HK) Limited, a company incorporated in Hong Kong with an issued and paid-up capital of Hong Kong Dollar ("HKD") HKD100 (approximately $18).

Strike off of subsidiaries

A wholly-owned subsidiary, PT Wonderful World Marketing Services Indonesia ("PT Wonderful World") was struck off during the financial year. The Company had made an impairment loss of $106,979 relating to investment in PT Wonderful World in the previous financial years. The related impairment loss has been written off during the financial year.

A wholly-owned subsidiary, Cityneon Shelter Events (Shenzhen) Pte. Ltd. ("Shenzhen") was struck off in the previous financial year. The Company had made an impairment loss of $385,029 relating to investment in Shenzhen in the previous financial years. The related impairment loss had been written off in the financial year ended 31 December 2016.

Acquisition of subsidiaries

JP Exhibition LLC

On 30 August 2017, the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. ("VHE") entered into a sale and purchase agreement with Imagine Exhibitions Pte. Ltd., Iconic JP LLC, MagicSpace Entertainment, Inc., Kilburn Media, Arts and Exhibitions International and Encore B SAS (collectively, the "Sellers") to acquire 100% equity interest in JP Exhibition LLC ("JPE"). The acquisition was completed on 5 September 2017 and JPE became a wholly-owned subsidiary of the Group. This acquisition enabled the Group to leverage on the highly popular and well-known Jurassic Park film franchise for its future events and exhibitions. This acquisition is in line with the Group's plans to pursue its growth strategy and expand its international footprint in its partnership with international studios globally.

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

JP Exhibition LLC (Continued)

As part of the sale and purchase agreement, a contingent consideration agreement had been agreed. Additional cash payment of $6,690,500 (US$5,000,000) shall be payable to the Sellers in the event JPE achieves an audited profit of $6,690,500 (US$5,000,000). The audited profit shall include revenue from the Philadelphia and Chicago engagements of the exhibition and the end date for the Chicago engagement of the exhibition shall be 7 January 2018.

As at the acquisition date, the fair value of the contingent consideration was estimated at $6,800,000.

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

	Fair value recognised on date of acquisition
	$
Intangible assets	26,022,240
Property, plant and equipment	6,150,439
Trade and other receivables and prepayments	2,772,727
Cash and cash equivalents	1,360,660
	36,306,066
Trade and other payables	1,641,044
Deferred tax liabilities	10,243,520
	11,884,564
Net identifiable assets at fair value	24,421,502
Total consideration	(34,000,000)
Goodwill arising from the acquisition	(9,578,498)

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

	$
Consideration for acquisition of 100% equity interest in JPE	
- Cash paid	27,200,000
- Contingent consideration recognised as at acquisition date	6,800,000
Total consideration	34,000,000

From the date of acquisition to 31 December 2017, JPE had contributed $9,501,065 (US$7,000,490) of revenue and $8,929,847 (US$6,579,610) of profit, net of tax of the Group. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit, net of tax in the financial year ended 31 December 2017 would have been $16,521,080 (US$12,172,915) and $8,915,564 (US$6,569,086) respectively.

Goodwill of $9,578,498 arising from the acquisition is attributable to the intellectual property experiences business and the expected synergies from combining the operations of the Group and those of JPE.

7. **Subsidiaries** (Continued)

Acquisition of subsidiaries (Continued)

JP Exhibition LLC (Continued)

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

Transaction costs related to the acquisition of $535,237 had been recognised under "administrative and other operating expenses" line item in the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2017.

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

	$
Net cash outflow arising on acquisition	
Cash consideration paid	(27,200,000)
Cash and cash equivalents acquired	1,360,660
	(25,839,340)

Victory Hill Exhibitions Pte. Ltd.

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

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

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

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

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

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

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

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

7. Subsidiaries (Continued)

Acquisition of subsidiaries (Continued)

<u>Victory Hill Exhibitions Pte. Ltd</u> (Continued)

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

The fair value of the contingent consideration as at the acquisition date was estimated at $2,016,403. As at 31 December 2017, the fair value of the contingent consideration was $Nil (2016: $Nil) and $768,597 (2016: $624,798) was recognised in profit or loss (Note 24).

8. Associate

	Group	
	2017	**2016**
	$	**$**
Unquoted equity shares, at cost	360,000	360,000
Share of post-acquisition results	(287,571)	(100,054)
	72,429	259,946

The details of the associate are as follows:

Name of associate	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group 2017 %	2016 %
Held by Cityneon Events Pte. Ltd.				
Poh Wah Event Scaffolding Pte. Ltd.	Singapore	Event organisers	30	30

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

The financial year-end of Poh Wah is 31 March each year.

Summarised financial information (immaterial associate)

	Group	
	2017	**2016**
	$	**$**
Loss for the year, representing total comprehensive income	(625,058)	(386,128)

9. Prepayments

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Non-current				
Prepaid lease	–	495,989	–	–
Current				
Prepaid lease	478,989	517,939	–	–
Prepaid royalties	6,148,495	3,010,816	–	–
Others	458,948	429,197	67,061	3,746
	7,086,432	3,957,952	67,061	3,746
	7,086,432	4,453,941	67,061	3,746

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

10. Inventories

	Group	
	2017	2016
	$	$
Consumables	184,003	177,629
Merchandises	497,863	553,710
	681,866	731,339

11. Amounts due from/(to) contract customers

	Group	
	2017	2016
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	132,736,956	97,769,449
Less: Progress billings	(109,455,233)	(86,335,258)
	23,281,723	11,434,191
Comprising:		
Amounts due from contract customers	23,640,469	12,715,033
Amounts due to contract customers	(358,746)	(1,280,842)
	23,281,723	11,434,191

As at 31 December 2017, the retention monies held by customers for contract work amounted to $188,904 (2016: $1,381,197). Advance received from customers for contract work amounted to $4,966,539 (2016: $498,373) and they are included as part of advances and deposits received from customers in Note 24.

12. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	45,717,337	18,872,230	16,897	6,633
Allowance for impairment loss on trade receivables	(2,664,716)	(788,221)	–	–
	43,052,621	18,084,009	16,897	6,633
Unbilled trade receivables	14,564,329	818,312	–	–
Other receivables	6,421,247	3,488,309	261,506	154,782
Advances to suppliers	2,015,705	1,637,841	–	15,144
Allowance for impairment loss on advances to suppliers	(72,000)	–	–	–
	1,943,705	1,637,841	–	15,144
Total trade and other receivables	65,981,902	24,028,471	278,403	176,559
Add:				
Deposits	2,816,208	729,157	553	4,530
Amounts due from contract customers (Note 11)	23,640,469	12,715,033	–	–
Amounts owing by subsidiaries (Note 13)	–	–	79,689,131	29,301,611
Cash and cash equivalents (Note 14)	17,930,475	23,779,019	211,462	2,179,985
Less:				
Advances to suppliers	(1,943,705)	(1,637,841)	–	(15,144)
GST and VAT receivables	(1,387,449)	(433,381)	(16,897)	(6,633)
Total loans and receivables	107,037,900	59,180,458	80,162,652	31,640,908

Trade receivables are non-interest bearing and generally on 30 to 90 days (2016: 30 to 90 days) credit terms.

Other receivables consist mainly of payment on behalf of a sub-contractor for projects in Middle East and payment on behalf of a promoter in United States of America.

Unbilled trade receivables mainly relate to revenue earned from the intellectual property experiences operating segment, which will be billed in accordance with the billing milestones stated in the exhibition agreements.

Movements in allowance for impairment loss on trade receivables are as follows:

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	788,221	531,444
Allowance made during the financial year	1,950,581	243,973
Bad debt written off against allowance	(4,595)	–
Exchange difference on translation	(69,491)	12,804
Balance at end of financial year	2,664,716	788,221

Allowance for impairment loss on trade receivables of $1,950,581 (2016: $243,973) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables.

12. Trade and other receivables (Continued)

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Movements in allowance for impairment loss on advances to suppliers are as follows:

	Group	
	2017	**2016**
	$	**$**
Balance at beginning of financial year	–	–
Allowance made during the financial year	72,000	–
Balance at end of financial year	72,000	–

Allowance for impairment loss on advances to suppliers of $72,000 (2016: $Nil) was recognised in profit or loss subsequent to a debt recovery assessment performed on advances to suppliers.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Singapore Dollar	4,376,949	5,268,515	278,403	176,559
United States Dollar	43,709,063	6,620,585	–	–
Brunei Dollar	7,526,075	372,035	–	–
Bahraini Dinar	4,095,983	4,383,312	–	–
Ringgit Malaysia	2,895,381	2,832,052	–	–
Vietnamese Dong	1,969,515	1,648,027	–	–
India Rupee	1,318,137	1,298,038	–	–
Chinese Renminbi	55,982	1,117,807	–	–
Omani Rial	34,817	482,961	–	–
Euro	–	4,640	–	–
Others	–	499	–	–
	65,981,902	24,028,471	278,403	176,559

13. Amounts owing by/(to) subsidiaries

	Company	
	2017	**2016**
	$	**$**
Amounts owing by subsidiaries		
- non-trade	80,370,783	29,983,263
Less: Allowance for impairment loss on amounts owing by subsidiaries	(681,652)	(681,652)
	79,689,131	29,301,611
Amounts owing to subsidiaries		
- non-trade	(9,761,668)	(5,381,717)

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

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

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

	Company	
	2017	**2016**
	$	**$**
Amounts owing by subsidiaries		
- Singapore Dollar	22,457,193	25,570,966
- United States Dollar	57,231,938	3,730,645
	79,689,131	29,301,611
Amounts owing to subsidiaries		
- Singapore Dollar	(9,527,500)	(5,188,317)
- United States Dollar	(234,168)	–
- Indonesian Rupiah	–	(193,400)
	(9,761,668)	(5,381,717)

14. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Fixed deposits with banks	500,000	1,385,464	–	–
Cash and bank balances	17,430,475	22,393,555	211,462	2,179,985
Cash and cash equivalents as per statements of financial position	17,930,475	23,779,019	211,462	2,179,985
Less: Long-term fixed deposits	(500,000)	(1,168,180)		
Cash and cash equivalents as per consolidated statement of cash flows	17,430,475	22,610,839		

Short term fixed deposits as at 31 December 2016 had maturity period 7 days and bore effective interest rate of 1.35 % per annum.

Long-term fixed deposits have maturity period of 365 days (2016: 365 days) and bear effective interest rate of 1.05% (2016: 1.05%) per annum.

Included in the Group's cash and cash equivalents is an amount of $363,908 (2016: $6,951,203) held by subsidiaries in the People's Republic of China ("PRC") which are subject to foreign currency exchange restrictions. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange for foreign currencies through banks that are authorised to conduct foreign exchange business.

14. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore Dollar	2,934,130	3,482,137	191,366	1,418,096
United States Dollar	3,601,214	4,121,128	20,096	754,479
Qatari Rial	3,268,288	2,663,457	–	–
Omani Rial	2,568,165	147,835	–	–
Vietnamese Dong	1,964,672	6,655	–	–
Bahraini Dinar	1,397,787	6,434,648	–	–
Korean Won	780,000	–	–	–
India Rupee	778,607	27,481	–	–
Chinese Renminbi	363,957	6,509,666	–	–
Ringgit Malaysia	133,727	181,727	–	–
Brunei Dollar	58,872	41,960	–	–
Euro	42,933	133,909	–	7,410
Others	38,123	28,416	–	–
	17,930,475	23,779,019	211,462	2,179,985

15. Share capital

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$	$
Issued and fully-paid				
At beginning of financial year	244,656,195	220,818,795	50,376,302	38,006,064
Share placement	–	20,000,000	–	11,000,000
Share options exercised	–	3,837,400	–	1,504,096
Transfer of share option reserve to share capital on exercise of options	–	–	–	257,700
Share issue expenses	–	–	–	(391,558)
	–	23,837,400	–	12,370,238
At end of financial year	244,656,195	244,656,195	50,376,302	50,376,302

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

On 20 May 2016, the Company issued 20,000,000 ordinary shares at $0.55 each for a total consideration of $11,000,000. Share issue expenses relating to the share issue amounted to $391,558. The newly issued shares rank pari passu in all respects with previously issued shares.

The Company has an employee share option scheme (the “Scheme”) under which options to subscribe for the Company’s ordinary shares have been granted to employees of the Group.

Share options granted under the Scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are disclosed in Note 17 to the financial statements.

16. Reserves

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Retained earnings	36,803,227	19,423,476	2,089,240	828,274
Statutory reserve	162,040	148,608	–	–
Premium paid on acquisition of non-controlling interests	(10,000)	(10,000)	–	–
Share option reserve	3,448	3,448	176,358	176,358
Currency translation reserve	(4,461,999)	(645,295)	–	–
	32,496,716	18,920,237	2,265,598	1,004,632

Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2017	2016
	$	$
Balance at beginning of financial year	828,274	118,269
Total comprehensive income for the financial year	1,260,966	710,005
Balance at end of financial year	2,089,240	828,274

Statutory reserve

The Bahrain Commercial Companies Law 2001 (“Law”) required that 10% of net profit for the year be appropriated to a statutory reserve. Appropriation may cease when the reserve reaches 50% of the paid-up capital. The statutory reserve is not normally distributable except in the circumstances as stipulated in the Law.

Premium paid on acquisition of non-controlling interests

Premium paid on acquisition of non-controlling interests represents the effects of changes in interest in subsidiaries when there is no change in control.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Currency translation reserve

The currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations where functional currencies are different from that of the Group’s presentation currency.

Movements in the reserves for the Group are shown in the consolidated statement of changes in equity.

17. Share-based compensation

Share options

The Company has a share option scheme for all employees of the Group under the Cityneon Employee Share Option Scheme (the "Scheme"). The Scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years. If the options remain unexercised after a period of 7 years (or 5 years for options granted to non-executive Directors) from the date of grant, the options expire.

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

	Group and Company	
	Number of share options 2017	Number of share options 2016
Outstanding at beginning of year	29,000	3,874,400
Exercised during the year	–	(3,837,400)
Lapsed during the year	(29,000)	(8,000)
Outstanding at end of year	–	29,000

Employees

	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Lapsed/ forfeited/ expired during the financial year	Balance at end of financial year	Remaining life	Exercise price	Fair value at grant date
							$	$
At 31 December 2017								
2010 Options	29,000	–	–	(29,000)	–	–	–	–
Exercisable as at 31 December 2017					–		–	
At 31 December 2016								
2010 Options	929,000	–	(892,000)	(8,000)	29,000	5 months	0.312	0.12
Exercisable as at 31 December 2016					29,000		0.312	

The options granted to employees in 2010 had an initial vesting period of 2 years with an exercise period to expire in 7 years from the date of grant.

17. Share-based compensation (Continued)

Share options (Continued)

Former Directors and non-executive Directors

	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Lapsed/ forfeited/ expired during the financial year	Balance at end of financial year	Remaining life	Exercise price	Fair value at grant date
							$	$
At 31 December 2016								
2007 Options	1,000,000	–	(1,000,000)	–	–	–	0.46	0.13
2008 Options	945,400	–	(945,400)	–	–	–	0.48	0.12
2010 Options	1,000,000	–	(1,000,000)	–	–	–	0.312	0.12
	2,945,400	–	(2,945,400)	–	–			
Exercisable as at 31 December 2016					–		–	

In 2009, the shareholders approved and ratified the 2007 and 2008 Options granted to Directors and non-executive Directors. The options were deemed granted from the date shareholders' approval was obtained. The options had initial vesting period of 2 years with exercise period to expire at the end of 7 years (or 5 years for the options granted to non-executive Directors) from the date shareholders' approval was obtained.

In 2010, the Company granted the 2010 Options to Directors and non-executive Directors with an initial vesting period of 2 years and with an exercise period to expire at 7 years (or 5 years for the options granted to non-executive Directors) from the date of grant.

The weighted average share price at the time of exercise was $Nil (2016: $0.57) per share.

18. Finance lease obligations

	Group 2017	Group 2016
	$	$
Minimum lease payments payable:		
Due not later than one year	149,829	26,443
Due later than one year and not later than five years	508,611	39,918
	658,440	66,361
Finance charges allocated to future periods	(72,627)	(4,748)
Present value of minimum lease payments	585,813	61,613
Present value of minimum lease payments		
Current		
Due not later than one year	122,222	24,225
Non-current		
Due later than one year and not later than five years	463,591	37,388
	585,813	61,613

The effective interest rates of finance lease arrangements are 4.52% to 5.64% (2016: 3.81% to 4.68%) per annum.

18. Finance lease obligations (Continued)

The lease terms are 5 years (2016: 5 years).

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

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

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

Finance lease obligations are denominated in the following currencies:

	Group	
	2017	**2016**
	$	**$**
Singapore Dollar	547,776	11,777
Ringgit Malaysia	38,037	49,836
	585,813	61,613

19. Borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Current				
Loan from an institute	40,143,000	–	40,143,000	–
Bank borrowings	26,379,953	24,717,329	16,924,586	5,490,000
- Revolving loan	18,775,765	23,434,155	14,100,715	5,490,000
- Invoice financing	7,604,188	393,174	2,823,871	–
- Term loan	–	890,000	–	–
	66,522,953	24,717,329	57,067,586	5,490,000
Non-current				
Bank borrowings				
- Term loan	23,000,000	–	–	–
	89,522,953	24,717,329	57,067,586	5,490,000

The Group's loan from an institute is unsecured, bearing interest of 7.5% per annum and repayable by August 2018.

The Group's and the Company's current bank borrowing bear effective interest from 1.39% to 5.88% (2016: 1.93% to 5.92%) per annum, repayable by April 2018 (2016: April 2017) and are supported by corporate guarantee from the Company and certain subsidiaries.

The Group's non-current bank borrowings bear effective interest of 2.89% per annum, repayable by July 2019, and are secured by legal mortgage of the leasehold land and building, corporate guarantee from the Company and fixed deposit of a subsidiary.

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

19. Borrowings (Continued)

Borrowings are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore Dollar	45,040,431	9,583,174	14,532,525	5,490,000
United States Dollar	42,535,061	14,493,000	42,535,061	–
Brunei Dollar	1,303,148	–	–	–
Ringgit Malaysia	575,050	641,155	–	–
Euro	69,263	–	–	–
	89,522,953	24,717,329	57,067,586	5,490,000

20. Loan from immediate holding company

Loan from immediate holding company is unsecured, bearing interest of 8.0% per annum, repayable by September 2019 and denominated in United States Dollar.

21. Deferred tax liabilities

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	809,168	936,516
Arising from acquisition of subsidiaries (Note 7)	10,243,520	–
Credited to profit or loss	(527,248)	(127,348)
Exchange difference on translation	(3,993)	–
Balance at end of financial year	10,521,447	809,168

	Group	
	2017	2016
	$	$
Property, plant and equipment	(115,390)	17,000
Fair value adjustments*	10,639,561	794,168
Provisions	(2,724)	(2,000)
	10,521,447	809,168

* The fair value was recognised on acquisition of subsidiaries which owned these assets.

As at 31 December 2017, unremitted earnings of certain subsidiaries in the United States of America and Republic of China amounted to $18,295,841 (2016: $1,584,662) for which deferred tax liabilities on the withholding tax and other taxation that would be payable on these unremitted earnings have not been recognised as the Group is in a position to control the dividend policies of these subsidiaries and it is probable that these earnings will not be distributed in the foreseeable future.

22. Loan from former ultimate holding company

Loan from former ultimate holding company was unsecured with interest of 3.8% (2016: 3.8%) per annum and denominated in Singapore Dollar.

The loan was fully repaid during the current financial year.

23. Amounts owing to former ultimate holding company

The trade amounts owing to former ultimate holding company were unsecured, non-interest bearing and generally on 60 days credit terms and denominated in Ringgit Malaysia.

The amounts were fully repaid during the current financial year.

24. Trade and other payables

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Trade payables	10,717,686	8,715,933	–	–
Deferred revenue	681,050	869,580	–	–
Accruals	18,157,078	4,163,137	1,506,387	316,060
Advances and deposits received from customers	5,202,527	4,011,700	–	–
Amounts owing to Directors of subsidiaries	285,831	118,942	–	–
Provision for unutilised leave	414,951	523,063	–	–
Contingent consideration at FVTPL (Note 7)	6,690,500	–	–	–
Provision for reinstatement cost	41,590	41,590	–	–
Other payables	2,456,596	1,162,691	1,011,271	110,274
Total trade and other payables	44,647,809	19,606,636	2,517,658	426,334
Add:				
Finance lease obligations (Note 18)	585,813	61,613	–	–
Borrowings (Note 19)	89,522,953	24,717,329	57,067,586	5,490,000
Loan from immediate holding company (Note 20)	10,704,800	–	10,704,800	–
Loan from former ultimate holding company (Note 22)	–	3,500,000	–	3,500,000
Amounts owing to former ultimate holding company (Note 23)	–	2,135	–	–
Amounts owing to subsidiaries (Note 13)	–	–	9,761,668	5,381,717
Less:				
Advances and deposits received from customers	(5,202,527)	(4,011,700)	–	–
Deferred revenue	(681,050)	(869,580)	–	–
Contingent consideration at FVTPL	(6,690,500)	–	–	–
GST and VAT payables	(313,451)	(162,878)	–	–
Provision for unutilised leave	(414,951)	(523,063)	–	–
Provision for reinstatement cost	(41,590)	(41,590)	–	–
Total financial liabilities carried at amortised cost	132,117,306	42,278,902	80,051,712	14,798,051

Trade payables are generally repayable within 30 to 90 days (2016: 30 to 90 days).

Amounts owing to Directors of subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

24. Trade and other payables (Continued)

Contingent consideration at FVTPL

Movements in contingent consideration at FVTPL are as follows:

	Group and Company	
	2017	2016
	$	$
Balance at beginning of financial year	–	2,016,403
Acquisition of subsidiary (Note 7)	6,800,000	–
Charged to profit or loss (Note 28)	768,597	624,798
Payment during the year	(768,597)	(2,641,201)
Exchange difference on translation	(109,500)	–
Balance at end of financial year	6,690,500	–

Contingent consideration relates to the portion of the purchase consideration identified at acquisition date in respect of the acquisition of Victory Hill Exhibitions Pte. Ltd. in 2015 and the acquisition of JP Exhibition LLC in the current financial year, which is a contingent obligation to deliver cash at a future date.

Subsequently, at each financial year end, the contingent consideration is remeasured at fair value with any adjustments through profit or loss.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore Dollar	8,939,963	5,378,176	1,266,326	419,417
United States Dollar	15,746,803	3,916,032	1,236,111	–
Vietnamese Dong	9,599,580	1,908,121	–	–
Brunei Dollar	5,363,739	69,112	–	–
Bahraini Dinar	3,676,357	2,552,372	15,221	3,607
Ringgit Malaysia	902,340	597,385	–	–
Indian Rupee	228,902	2,213,557	–	–
Euro	94,032	335,252	–	–
Chinese Renminbi	48,256	2,551,302	–	–
British Pound	30,557	30,160	–	–
Saudi Riyal	–	22,213	–	–
Others	17,280	32,954	–	3,310
	44,647,809	19,606,636	2,517,658	426,334

25. Revenue

	Group 2017 $	Group 2016 $
Contract revenue	66,000,448	79,091,647
Development fee	–	2,071,050
Licencing fee	37,833,972	9,565,987
Rendering of services	7,148,848	4,100,344
Royalties	3,521,761	1,143,523
Sale of goods	2,230,033	779,060
	116,735,062	96,751,611

26. Other operating income

	Group 2017 $	Group 2016 $
Trade payable written back	43,670	172,388
Foreign exchange gain, net	–	441,735
Gain on disposal of property, plant and equipment	–	11,102
Government grants		
- Global Company Partnership grants	20,328	432,750
- Productivity and Innovation Credit grants	–	113,465
- Professional Conversion Programmes	227,456	–
- Wage Credit Scheme grants	60,399	171,335
- others	71,432	123,521
Rental income	75,723	81,571
Miscellaneous income	76,752	180,544
	575,760	1,728,411

27. Finance costs

	Group 2017 $	Group 2016 $
Bank loans interest	754,943	568,197
Loan interest charged by immediate holding company	266,532	-
Loan interest charged by former ultimate holding company	78,807	65,072
Loan interest charged by an institute	987,223	-
Finance lease interest	14,134	8,021
	2,101,639	641,290

28. Profit before income tax

In addition to the charges and credit disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2017	2016
	$	$
Cost of sales		
Cost of inventories recognised as expenses	819,474	328,336
Depreciation of property, plant and equipment	331,439	395,961
Royalties expenses	1,414,171	873,580
Employee benefits expenses		
- salaries, bonuses and other short-term benefits	4,501,787	5,245,709
- contributions to defined contribution plan	241,031	136,091

The balance of cost of sales mainly comprises project costs, which include subcontractors' cost, graphic design cost and other direct cost.

	Group	
Administrative and other operating expenses		
Audit fees paid to auditors:		
- Auditors of the Company	185,034	165,000
- Other auditors	121,789	64,249
Non-audit fees paid to auditors:		
- Auditors of the Company	35,578	44,500
- Other auditors	–	–
Allowance for impairment loss on trade receivables	1,950,581	243,973
Allowance for impairment loss on advance to suppliers	72,000	–
Amortisation expense	1,620,675	886,881
Depreciation of property, plant and equipment	5,884,680	3,159,195
Foreign exchange loss, net	479,655	–
Incentive payment in respect of contingent consideration	768,597	624,798
Operating lease expenses	6,256,168	3,353,379
Loss on disposal of property, plant and equipment	162,619	–
Property, plant and equipment written off	13,633	5,616
Employee benefits expenses		
- salaries, bonuses and other benefits	17,662,237	13,896,695
- contributions to defined contribution plans	803,911	1,059,020

Employee benefits expenses include the amounts shown as key management personnel's remuneration in Note 34 to the financial statements.

29. Income tax expense

	Group 2017 $	Group 2016 $
Current income tax		
- current financial year	1,837,248	361,149
- under/(over) provision in prior financial years	11,785	(177,867)
	1,849,033	183,282
Deferred tax		
- current financial year	(895,218)	(124,089)
- under/(over) provision in prior financial years	367,970	(3,259)
	(527,248)	(127,348)
Withholding tax	1,461,582	663,826
Total income tax expense	2,783,367	719,760

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to profit before income tax as a result of the following differences:

Reconciliation of effective income tax rate

	Group 2017 $	Group 2016 $
Profit before income tax	20,159,851	7,329,322
Income tax calculated at statutory tax rate of 17% (2016: 17%)	3,427,175	1,245,985
Different tax rates in other countries	(301,243)	26,491
Enhanced Productivity and Innovation Credit	(891,623)	(304,852)
Enhanced tax deductions from foreign tax authority	(1,314,607)	–
Income not subject to tax	(2,782)	(675,911)
Expenses not deductible for income tax purposes	50,574	395,669
Corporate income tax rebate	(17,059)	(50,591)
Singapore statutory stepped income exemption	(33,717)	(88,168)
Utilisation of deferred tax assets not recognised	(114,998)	(485,000)
Deferred tax assets not recognised	416,146	173,000
Withholding tax	1,461,582	663,826
Under/(over) provision of current income tax in prior years	11,785	(177,867)
Under/(over) provision of deferred tax in prior years	367,970	(3,259)
Others	(275,836)	437
	2,783,367	719,760

29. Income tax expense (Continued)

Unrecognised deferred tax assets

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

	Group	
	2017	**2016**
	$	**$**
Unabsorbed capital allowances	196,000	170,000
Unutilised tax losses	823,000	466,000
Provisions	4,000	86,000
	1,023,000	722,000

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $1,152,000 (2016: $1,003,000) and $4,843,000 (2016: $2,740,000) respectively, which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate.

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

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

Year incurred	**Year of expiry**	**2017**	**2016**
		$	**$**
2012	2017	–	155,191
2013	2018	10,217	10,922
2014	2019	442,948	473,496
2015	2020	525,161	561,379
2016	2021	688,534	750,095
		1,666,860	1,951,083

30. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares in issue of 244,656,195 (2016: 235,955,439) during the financial year.

Diluted earnings per share is calculated by dividing the profit for the year attributable to the owners of the parent by the number of ordinary shares during the financial year plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

30. Earnings per share (Continued)

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

	2017 $	2016 $
Profit for the year attributable to owners of the parent	17,393,183	6,680,888
Weighted average number of ordinary shares for basic earnings per share computation	244,656,195	235,955,439
Weighted average number of ordinary shares for diluted earnings per share computation	244,656,195	235,981,498
Basic earnings per share (cents)	7.11	2.83
Diluted earnings per share (cents)	7.11	2.83

31. Operating lease commitments

As lessees

Future minimum rental payable under non-cancellable operating leases (excluding contingent rentals) at the end of the reporting period are as follows:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Not later than one year	5,859,355	6,362,724	–	515,923
Later than one year and not later than five years	21,487,378	22,424,521	–	–
More than five years	17,558,020	24,130,785	–	–
	44,904,753	52,918,030	–	515,923

The Group had lease commitments in respect of office premise, exhibitions venue, staff accommodation, office equipment and other operating facilities. Leases are negotiated for an average tenure of one to ten years (2016: one to ten years) and provide for contingent rentals based on number of exhibition ticket sold.

As lessors

The Group has entered into commercial property leases on its leasehold land and building. These non-cancellable leases have remaining lease terms of between 1 and 2 years.

31. Operating lease commitments (Continued)

As lessors (Continued)

As at the end of the financial year, future minimum rentals receivable under non-cancellable operation leases at the end of the financial year are as follows:

	Group	
	2017	2016
	$	$
Not later than one year	497,009	–
Later than one year and not later than five years	213,426	–
More than five years	–	–
	710,435	–

32. Capital commitments

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

	Group	
	2017	2016
	$	$
Capital expenditure contracted but not provided for		
- Commitments for the acquisition of property, plant and equipment	866,456	991,433

33. Contingent liabilities

The Group has given tender bonds and performance guarantees through banks and financial institute to its landlord for office rental deposit amounting to $162,000 (2016: $797,000) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $23,003,000 (2016: $15,532,000) respectively. Certain tender bonds and performance guarantees are secured by cash collaterals amounting to $168,000 (2016: $41,000). In the opinion of the management, no losses are expected to arise pertaining to the aforesaid tender bonds and performance guarantees.

The Company has given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 December 2017, the total banking facilities granted to certain subsidiaries amounted to approximately $13,500,000 (2016: $28,122,000) and the amount utilised by certain subsidiaries amounted to approximately $7,028,000 (2016: $17,605,000). The earliest period that the guarantee could be called is within 1 year (2016: 1 year) from the end of the reporting period. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

34. Significant related party transactions

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

	Group	
	2017	2016
	$	$
With immediate holding company		
- interest expense	266,532	–
- loan from	10,704,800	–
With related party		
- payment of contingent consideration (Note 24)	768,597	2,641,201

Related party transaction is with Philadelphia Investment Ltd, of which Mr Tan Aik Ti, Ron, Director of the Company, has beneficial interests.

Compensation of key management personnel

The remuneration of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Directors' fees	245,614	295,931	229,649	281,776
Short-term benefits	5,594,392	3,522,549	1,000	15,000
Contributions to defined contribution plan	96,048	76,906	–	–
Salary in lieu of notice	–	178,000	–	–
	5,936,054	4,073,386	230,649	296,776
Analysed into:				
Directors of the Company	2,976,828	1,484,549	230,649	296,776
Directors of subsidiaries	1,467,311	1,365,298	–	–
Other key management personnel	1,491,915	1,223,539	–	–
	5,936,054	4,073,386	230,649	296,776

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

35. Segment information

For management purposes, the Group is organised into business units based on the nature of services the Group operates in and has five (2016: five) reportable operating segments as follows:

Thematic attractions

Operations in thematic attractions comprise architectural facades, scenic fabrication, sculptures, scaled models, wall reliefs and murals, replicas, show sets and props, artistic painting, landscaping to theme park and attractions, expositions, museums and galleries.

Interior architecture

Operations in the interior architecture comprise conceptualise, design and interior fitting-out services to commercial properties, healthcare, hospitality services industry, show rooms and retail outlets.

Exhibitions

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

Events

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

Intellectual property experiences

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

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

Income taxes are managed on a Group basis.

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate headquarter assets, liabilities and expenses which are not directly attributable to a particular reportable segment.

Segment assets consist primarily of property, plant and equipment, inventories, amounts due from contract customers, trade and other receivables, deposits and prepayments and cash and cash equivalents. Segment liabilities comprise primarily of amounts due to contract customers, bank borrowings and trade and other payables.

Segment additions to non-current assets is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one year.

35. Segment information (Continued)

	Thematic attractions $	Interior architecture $	Exhibitions $	Events $	Intellectual property experiences $	Elimination $	Consolidated $
2017							
Revenue							
Revenue from external customers	13,233,555	18,572,514	28,629,738	5,564,641	50,734,614	–	116,735,062
Inter-segment revenue	67,500	553,428	2,535,815	342,067	1,836,202	(5,335,012)	–
	13,301,055	19,125,942	31,165,553	5,906,708	52,570,816	(5,335,012)	116,735,062
Results							
Segment results	540,935	296,664	2,956,507	(705,076)	27,444,155	–	30,533,185
Unallocated expenses, net							(8,221,768)
Share of results of associate, net of tax							(187,517)
Interest income							137,590
Finance costs							(2,101,639)
Profit before income tax							20,159,851
Income tax expense							(2,783,367)
Profit after income tax but before non-controlling interests							17,376,484
Non-controlling interests							16,699
Profit attributable to owners of the parent							17,393,183
2016							
Revenue							
Revenue from external customers	18,758,977	22,315,751	29,661,798	8,355,121	17,659,964	–	96,751,611
Inter-segment revenue	4,992,914	770,507	3,036,521	–	33,892	(8,833,834)	–
	23,751,891	23,086,258	32,698,319	8,355,121	17,693,856	(8,833,834)	96,751,611
Results							
Segment results	2,051,213	438,630	2,410,686	(35,534)	7,044,315	–	11,909,310
Unallocated expenses, net							(3,885,480)
Share of results of associate, net of tax							(115,838)
Interest income							62,620
Finance costs							(641,290)
Profit before income tax							7,329,322
Income tax expense							(719,760)
Profit after income tax but before non-controlling interests							6,609,562
Non-controlling interests							71,326
Profit attributable to owners of the parent							6,680,888

35. Segment information (Continued)

	2017 $	2016 $
Additions to property, plant and equipment and intangible assets		
Thematic attractions	32,562	65,777
Interior architecture	10,692	373,055
Exhibitions	756,352	1,384,599
Events	25,101	330,796
Intellectual property experiences	18,341,574	27,431,835
Unallocated	53,363,548	995,905
	72,529,829	30,581,967
Depreciation of property, plant and equipment		
Thematic attractions	35,987	16,710
Interior architecture	189,394	199,891
Exhibitions	467,005	512,484
Events	126,807	177,069
Intellectual property experiences	5,294,619	2,649,002
Unallocated	102,307	–
	6,216,119	3,555,156
Non-cash expenses other than depreciation and allowance for impairment loss on receivables - trade and non-trade		
Thematic attractions	146	–
Exhibitions	5,550	5,616
Events	168,209	–
Intellectual property experiences	121,431	127,397
Unallocated	1,502,161	759,484
	1,797,497	892,497
Allowance for impairment loss on receivables - trade and non-trade		
Thematic attractions	2,963	42,414
Interior architecture	272,230	152,447
Exhibitions	78,703	49,112
Events	72,000	–
Intellectual property experiences	1,596,685	–
	2,022,581	243,973
Segment assets		
Thematic attractions	16,344,666	15,132,911
Interior architecture	29,034,678	13,650,835
Exhibitions	18,675,178	25,534,386
Events	1,988,488	3,873,986
Intellectual property experiences	105,323,168	51,640,781
Unallocated	70,831,079	10,190,503
Consolidated total assets	242,197,257	120,023,402

35. Segment information (Continued)

	2017 $	2016 $
Segment liabilities		
Thematic attractions	7,685,537	6,748,805
Interior architecture	19,426,368	7,279,861
Exhibitions	5,599,747	5,634,511
Events	2,245,503	1,601,972
Intellectual property experiences	18,516,392	18,611,006
Unallocated	105,555,024	10,538,118
Consolidated total liabilities	159,028,571	50,414,273

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	2017 $	2016 $
Revenue from external customers		
Singapore	25,712,096	26,314,031
United States of America and other European countries	32,196,767	15,280,366
North East Asia	21,047,601	18,037,060
South East Asia	17,285,969	17,731,595
Middle East countries	17,131,215	9,819,964
Other Asia Pacific countries	3,361,414	9,568,595
	116,735,062	96,751,611
Non-current assets		
Singapore	71,247,795	10,177,927
United States of America	27,239,410	26,834,112
South East Asia	1,509,237	1,725,781
Middle East countries	779,057	1,324,645
Other Asia Pacific countries	52,120	55,569
North East Asia	3,796	6,669
	100,831,415	40,124,703

Non-current assets information presented above consist of property, plant and equipment, goodwill, other intangible assets, investment in associate and prepayments and exclude licensed interactive exhibition travelling sets.

35. Segment information (Continued)

Geographical information (Continued)

Major customers

Revenue of approximately 38% (2016: 22%) is derived from two (2016: two) external customers, which is attributable to the intellectual property experiences and interior architecture segments (2016: thematic attractions and interior architecture segments).

36. Financial risk management

The Group's activities expose it to market risks (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, exposure limit, risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

36.1 Interest rate risk

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

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

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2017						
Financial liabilities						
Bank borrowings	19	1.39 to 5.88	(46,380)	(26,380)	(23,000)	
2016						
Financial liabilities						
Bank borrowings	19	1.93 to 5.92	(24,717)	(24,717)	–	–
Company						
2017						
Financial liabilities						
Bank borrowings	19	2.35 to 4.70	(16,925)	(16,925)	–	–
2016						
Financial liabilities						
Bank borrowings	19	1.93 to 4.00	(5,490)	(5,490)	–	–

36. Financial risk management (Continued)

36.1 Interest rate risk (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for variable interest-bearing financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% (2016: 0.5%) change in the interest rates from the end of the financial year, with all variables held constant.

	Increase/(Decrease) Profit or loss	
	2017	**2016**
	$'000	**$'000**
Group		
Interest rate		
- decrease by 0.5% per annum	232	124
- increase by 0.5% per annum	(232)	(124)
Company		
Interest rate		
- decrease by 0.5% per annum	85	27
- increase by 0.5% per annum	(85)	(27)

36.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States Dollar, Omani Rial and Qatari Rial.

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

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

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

36. Financial risk management (Continued)

36.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis

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

	Group Profit or loss $'000	Company Profit or loss $'000
31 December 2017		
United States Dollar	516	254
Omani Rial	260	–
Qatari Rial	327	–
31 December 2016		
United States Dollar	940	449
Omani Rial	145	–
Qatari Rial	266	–

A 10% weakening of foreign currencies against the functional currencies of the Company and its subsidiaries would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

36.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient deposits ranging from 30% to 50% (2016: 30% to 50%) of the contract price for majority of the projects contracted, where appropriate, to mitigate credit risk. The credit risk and amount outstanding is monitored on an ongoing basis. The top 5 customers of the Group accounted for more than 75% (2016: 44%) of the total trade receivables amount.

The Company has no concentration of credit risk other than the amounts owing by subsidiaries. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except for corporate guarantees of $7,028,000 (2016: $17,605,000) provided to banks for banking facilities utilised by certain subsidiaries.

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

The credit risk for trade receivables is as follows:

	Group	
	2017 $'000	2016 $'000
By geographical areas		
Singapore	3,394	4,893
Brunei	7,517	–
China	7,147	3,866
Korea	6,691	–
Malaysia	2,672	2,611
Middle East countries	1,797	2,938
Other Asia Pacific countries	2,299	833
United States of America/Europe/Others	11,536	2,943
	43,053	18,084

36. Financial risk management (Continued)

36.3 Credit risk (Continued)

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Cash and cash equivalents are placed with financial institutions with high credit ratings.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due is as follows:

	Gross receivables 2017 $'000	Impairment 2017 $'000	Gross receivables 2016 $'000	Impairment 2016 $'000
Group				
Past due 1 to 90 days	14,566	–	12,207	–
Past due over 90 days	17,409	2,665	4,836	788
	31,975	2,665	17,043	788

36.4 Liquidity risk

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

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

In addition, the Group maintains $89.2 (2016: $69.3) million of credit facilities which includes the following:

(i) loan facilities which are supported by corporate guarantee from the Company and certain subsidiaries;

(ii) other credit facilities for issuance of irrevocable letters of credit, performance bonds, retention bonds, tender bonds, shipping guarantee, and import loans; and

(iii) overdraft facility which is unsecured and with floating interest rates per annum.

The Group also monitors its gearing closely. Details of its gearing are set out in Note 37.

36. Financial risk management (Continued)

36.4 Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of financial year based on contractual undiscounted payments:

	2017				2016			
	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Group								
Financial liabilities								
Non-interest bearing								
Trade and other payables	31,304	–	–	31,304	13,998	–	–	13,998
Contingent consideration at FVTPL	6,691	–	–	6,691	–	–	–	–
Amounts owing to former ultimate holding company	–	–	–	–	2	–	–	2
Fixed-interest bearing								
Loan from immediate holding company	1,119	11,301	–	12,420	–	–	–	–
Loan from former ultimate holding company	–	–	–	–	3,633	–	–	3,633
Loan from an institute	43,112	–	–	43,112	–	–	–	–
Finance lease obligations	150	508	–	658	26	40	–	66
Variable-interest bearing								
Bank borrowings	27,107	23,408	–	50,515	24,893	–	–	24,893
	109,483	35,217	–	144,700	42,552	40	–	42,592
Company								
Financial liabilities								
Non-interest bearing								
Trade and other payables	2,518	–	–	2,518	426	–	–	426
Amounts owing to subsidiaries	9,762	–	–	9,762	5,382	–	–	5,382
Fixed-interest bearing								
Loan from immediate holding company	1,119	11,301	–	12,420	–	–	–	–
Loan from former ultimate holding company	–	–	–	–	3,633	–	–	3,633
Loan from an institute	43,112	–	–	43,112	–	–	–	–
Variable-interest bearing								
Bank borrowings	16,981	–	–	16,981	5,502	–	–	5,502
Financial guarantee contracts	7,028	–	–	7,028	17,605	–	–	17,605
	80,520	11,301	–	91,821	32,548	–	–	32,548

37. Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in Notes 15 and 16 to the financial statements respectively. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2016.

Management monitors capital based on a gearing ratio. The gearing ratio, used to measure the extent of financial leverage of the Group, is derived by dividing interest bearing debts over total assets.

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Finance lease obligations	586	62	–	–
Borrowings	89,523	24,717	57,068	5,490
Loan from immediate holding company	10,704	–	10,704	–
Loan from former ultimate holding company	–	3,500	–	3,500
Total interest bearing debts	100,813	28,279	67,772	8,990
Total assets	242,197	120,023	132,694	66,179
Gearing ratio	42%	24%	51%	14%

As disclosed in Note 16 to the financial statements, a subsidiary of the Group is required by the Bahrain Commercial Companies Law 2001 ("Law") to contribute and maintain a statutory reserve. The statutory reserve is not normally distributable except in the circumstances stipulated in the Law.

The Group and the Company are in compliance with the above externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

38. Fair value of financial instruments

The Group categorised fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

The classification of an item into above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfer of items between levels are recognised in the period they occur.

(a) *Fair value of financial instruments that are not carried at fair value*

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value due to their respective short term maturity.

38. Fair value of financial instruments (Continued)

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

The fair value of contingent consideration, has been determined using discounted cash flow method, falls under Level 3 of the fair value hierarchy. The fair value measurement for the contingent consideration is sensitive to changes in unobservable inputs, i.e. estimated probabilities of meeting contractual earnings target, that may result in a significantly higher or lower fair value measurement. The higher the estimated probabilities, the higher the fair value.

Valuation policies and procedures

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

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

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

39. Events subsequent to the reporting date

On 29 January 2018, the Company entered into a facility agreement with RHB Bank Berhad for a term loan amounting to $1,800,000. The term loan is supported by a corporate guarantee provided by a subsidiary.

On 12 February 2018, the Company's wholly-owned subsidiary, Victory Hill Exhibitions Pte. Ltd. entered into amortising and bridging loan facility agreements with Resona Merchant Bank Asia amounting to $4,619,000 (US$3,500,000). The banking facilities are supported by corporate guarantee from the Company. As at 28 March 2018, the subsidiary had utilised $1,319,000 (US$1,000,000) of the facility.

On 21 February 2018, the Company entered into a facility agreement with Triple Wise Asset Holdings Ltd. ("Triple Wise") of $79,182,000 (US$60,000,000). Triple Wise is an indirectly wholly-owned subsidiary of China Construction Bank Corporation through its wholly-owned subsidiaries, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited and CCB International Overseas (Cayman) Limited. This facility is secured by certain of Lucrum 1 Investment Limited's ordinary shares in the Company that has been placed into a designated securities account in favour of Triple Wise. As at 28 March 2018, the Company had utilised $40,143,000 (US$30,000,000) of the facility.

40. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements.

During the financial year, the Group changed the classification of its operating lease expenses from cost of sales to administrative and other operating expenses to reflect more appropriately the nature of the transactions to be in line with the Group's business activities.

The changes in classification of cost of sales and administrative and other operating expenses are reflected below:

	Group	
	As previously reported	After reclassification
	$	$
<u>**Statement of comprehensive income**</u>		
Cost of sales	63,430,009	61,969,263
Other items of expenses		
Administrative and other operating expenses	24,923,125	26,383,871

ANALYSIS OF SHAREHOLDINGS

As at 22 March 2018

NO. OF SHARES ISSUED : 244,656,195
CLASS OF SHARES : ORDINARY SHARES
VOTING RIGHTS : 1 VOTE PER SHARE

The Company does not have any treasury shares and subsidiary holdings.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	0.39	9	0.00
100 - 1000	97	9.34	74,960	0.03
1,001 - 10,000	618	59.54	3,855,700	1.58
10,001 - 1,000,000	308	29.67	18,778,167	7.67
1,000,001 & ABOVE	11	1.06	221,947,359	90.72
TOTAL	1,038	100.00	244,656,195	100.00

TOP TWENTY SHAREHOLDERS

	NO. OF SHARES	%
UOB KAY HIAN PTE LTD	173,160,168	70.78
DBS NOMINEES PTE LTD	10,330,500	4.22
RAFFLES NOMINEES (PTE) LTD	9,557,599	3.91
DB NOMINEES (S) PTE LTD	8,570,500	3.50
CITIBANK NOMINEES SINGAPORE PTE LTD	4,971,792	2.03
STF INVESTMENTS LTD	4,584,800	1.87
ZEN PROPERTY MANAGEMENT PTE LTD	3,463,600	1.42
DBS VICKERS SECURITIES (S) PTE LTD	2,047,000	0.84
HSBC (SINGAPORE) NOMINEES PTE LTD	1,945,900	0.79
VSTL INVESTMENT LTD	1,709,000	0.70
DBSN SERVICES PTE LTD	1,606,500	0.66
CGS-CIMB SECURITIES (S) PTE LTD	918,102	0.37
OCBC SECURITIES PRIVATE LTD	905,800	0.37
MAYBANK KIM ENG SECURITIES PTE LTD	769,299	0.31
WONG BARK CHUAN DAVID	700,000	0.29
BAY LEE CHUANG	600,000	0.24
PHILLIP SECURITIES PTE LTD	561,400	0.23
LIM SER HENG	409,000	0.17
OCBC NOMINEES SINGAPORE PTE LTD	389,500	0.16
ASDEW ACQUISITIONS PTE LTD	306,000	0.13
	227,506,460	92.99

Based on the information available to the Company as at 22 March 2018, approximately 31.05% 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

	Direct Interest		Deemed Interest	
	Number of Shares	**Percentage**	**Number of Shares**	**Percentage**
Lucrum 1 Investment Limited ("**Lucrum 1**")	168,692,268	68.95%	–	–
Philadelphia Investments Ltd ("**Philadelphia**") (1)	–	–	168,692,268	68.95%
Massive Right Investments Limited ("**Massive Right**") (1)	–	–	168,692,268	68.95%
Mr Ron Tan (2)	–	–	168,692,268	68.95%
Mr Geng Zhihua (3)	–	–	168,692,268	68.95%
Triple Wise Asset Holdings Ltd. ("**Triple Wise**") (4)	–	–	124,774,660	51.00%
CCB International Overseas (Cayman) Limited (5)	–	–	124,774,660	51.00%
CCB International (Holdings) Limited (5)	–	–	124,774,660	51.00%
CCB Financial Holdings Limited (5)	–	–	124,774,660	51.00%
CCB International Group Holdings Limited (5)	–	–	124,774,660	51.00%
China Construction Bank Corporation (5)	–	–	124,774,660	51.00%
Central Huijin Investment Ltd. (5)	–	–	124,774,660	51.00%

Notes:

(1) Philadelphia and Massive Right are shareholders of Lucrum 1.

(2) Mr Ron Tan is the shareholder of Philadelphia.

(3) Mr Geng Zhihua is the shareholder of Massive Right.

(4) Triple Wise, the Company, Lucrum 1 and Mr Geng Zhihua entered into a facility agreement dated 21 February 2018 ("**Facility Agreement**"). In connection with the Facility Agreement, Triple Wise and Lucrum 1 entered into a security deed pursuant to which Lucrum 1 granted certain security interests over, amongst others, certain of its shares in the Issuer in favour of Triple Wise. By virtue of Section 4 of the SFA, Triple Wise is deemed to be interested in the shares charged by Lucrum 1.

(5) Central Huijin Investment Ltd. holds 57.11% of the total equity interest of China Construction Bank Corporation. China Construction Bank Corporation indirectly wholly owns Triple Wise through its wholly-owned subsidiaries, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited and CCB International Overseas (Cayman) Limited. By virtue of Section 4 of the SFA, Central Huijin Investment Ltd., China Construction Bank Corporation, CCB International Group Holdings Limited, CCB Financial Holdings Limited, CCB International (Holdings) Limited and CCB International Overseas (Cayman) Limited are deemed interested in the shares in which Triple Wise has an interest.

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, Singapore 349584 on Friday, 27 April 2018 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 financial year ended 31 December 2017 together with the Auditors' Report thereon. **(Resolution 1)**

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

   (a) Mr Hooi Hing Lee **(Resolution 2)**
   (b) Mr Kwok Chi Shing **(Resolution 3)**
   (c) Mr Poon Lai Yin Michael **(Resolution 4)**
   (d) Ms Duan Mengying **(Resolution 5)**

   [See explanatory Note (i)]

3. To approve the payment of Directors' fees of $229,649/- for the year ended 31 December 2017 (2016: $281,776/-). **(Resolution 6)**

4. To re-appoint BDO LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

5. 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 ("the Act") 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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 Act and 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 (ii)] **(Resolution 8)**

9. **Authority to issue shares under the Cityneon Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant awards (“Awards”) in accordance with the provision of the Cityneon Performance Share Plan (“Share Plan”) and to allot and 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 vesting of the Awards under the Share Plan, provided that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan, when added to the number of Shares issued and issuable in respect of all Awards, and all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) 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 or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

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

By Order of the Board

Cho Form Po
Company Secretary
Singapore
12 April 2018

Explanatory Notes:

(i) Mr Hooi Hing Lee will, upon re-election as a Director of the Company, remain as the Lead Independent Non-executive Director, Chairman of the Audit and Risk Committee, and members of the Remuneration and Nominating Committees and will be considered independent.

Mr Kwok Chi Shing will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee, and members of the Audit and Risk and Nominating Committees and will be considered independent.

Mr Poon Lai Yin Michael will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee, and members of the Audit and Risk and Remuneration Committees and will be considered independent.

Ms Duan Mengying will, upon re-election as a Director of the Company, remain as a Non-independent non-executive Director.

(ii) The Ordinary Resolution 8, 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 and subsidiary holdings) 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 and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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.

(iii) The Ordinary Resolution 9, 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 offer and grant Awards under the Share Plan in accordance with the provisions of the Share Plan and to issue time to time such number of fully paid Shares as may be required to be issued pursuant to the vesting of the Awards subject to the maximum number of Shares prescribed under the terms and conditions of the Share Plan. The aggregate number of Shares which may be issued pursuant to the Share Plan and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the Share Plan) 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

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, 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 The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

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 the Company's shares, this Annual Report is forwarded to them at the request of their 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.

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 the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting of the Company to be held on Friday, 27 April 2018 at 11.00 a.m. at 84 Genting Lane, #06-01, 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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions relating to:**	**Number of Votes For**(1)	**Number of Votes Against**(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017.		
2	Re-election of Mr Hooi Hing Lee as a Director.		
3	Re-election of Mr Kwok Chi Shing as a Director.		
4	Re-election of Mr Poon Lai Yin Michael as a Director.		
5	Re-election of Ms Duan Mengying as a Director.		
6	Approval of Directors' fees amounting to $229,649 for the year ended 31 December 2017.		
7	Re-appointment of BDO LLP as Auditor.		
8	Authority to issue new shares		
9	Authority to issue shares under the Cityneon Performance Share Plan.		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ____________________ 2018

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 Act, 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 one or 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 two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 84 Genting Lane, #06-01, Singapore 349584 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be 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. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. 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.

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 the Meeting dated 12 April 2018.

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 may 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 the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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CITYNEON HOLDINGS LIMITED

Cityneon Design Centre
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