ANNUAL REPORT 2011

INTERIOR ARCHITECTURE
THEMATICS
EVENTS
EXHIBITIONS

cityneon
from environment to experience

INTERNATIONAL NETWORK

AMERICA	EUROPE	MIDDLE EAST	ASIA PACIFIC
Brazil	Bulgaria	Bahrain	Australia
USA	Cyprus	Israel	Brunei
	France	Jordan	Cambodia
	Germany	Kuwait	India
	Greece	Oman	Indonesia
	Ireland	Qatar	Hong Kong
	Italy	Saudi Arabia	Japan
	Netherlands	United Arab Emirates	Korea
	Russia		Malaysia
	Spain		People's Republic of China
	Switzerland		Philippines
	Turkey		Taiwan
	United Kingdom		Thailand
			Vietnam

CONTENTS

Some See A Large Empty Space. We See Infinite Possibilities For You.

8 things you should know about Cityneon

1. We've been around since 1956 and are one of the pioneers of the Exhibition Services business in Singapore.
2. We provide comprehensive Event & Exhibition services, and specialize in the design and construction of Interior Architecture, Galleries & Theme Parks.
3. We have offices throughout Asia and the Middle East.
4. We successfully complete some 1000 projects globally each year.
5. Our clients include multi-national conglomerates and government agencies.
6. Our international clients come from over 30 countries.
7. We're a financially-sound SGX listed company.
8. Most importantly, we thrive on the challenge of transforming all manner of environments into experiences that leave a lasting impression.

OUR EXPERTISE

SPACE REDEFINED. ENVIRONMENTS TRANSFORMED. SENSES HEIGHTENED.

INTERIOR ARCHITECTURE

Beauty, Form, Function…On the Inside.

From the smallest detail to the very big picture, we do it all – architectural spatial planning, design consultation, project management and feasibility studies, consultations on furniture and office systems, lighting design, color, procurement.

We've done this for corporate offices…product showrooms…food & beverage outlets…retail outlets…specialty outlets…flagship boutiques…mega department stores…hospitality lounges…medical facilities…point-of-sale counters…customer service center's.


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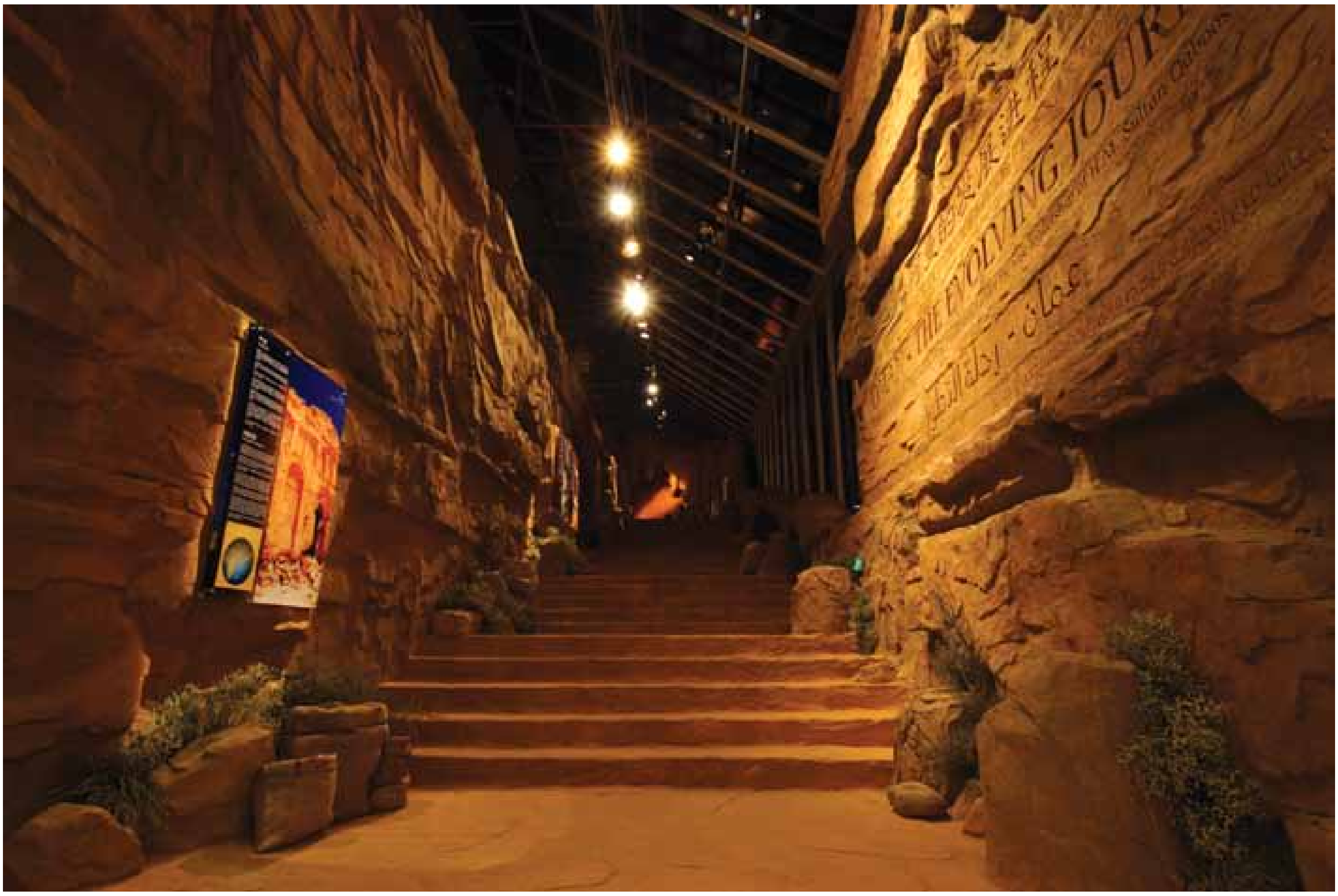
1. Weapons Gallery
2. Gleneagles Hospital
3. Leprino Food corporate office
4. Leprino Food corporate office
5. Beau Rivage, Vietnam
6. Mel's Drive-In, USS
7. Star RFM Studio, Malaysia

OUR EXPERTISE

THEMATICS

ADVENTURES CREATED.
AUDIENCES ENTHRALLED.
ENTERTAINMENT GUARANTEED.



1. Return of the Mummy, USS
2. Lost World, USS
3. BSG, USS
4. Transformers, USS
5. Egypt Zone, USS

Working for "Wows!"… "Ooohs!"…and "Aaaahs!"

Our Thematics team's greatest motivation for every project they undertake is the unbridled exclamations of joy, excitement, wonder and awe. And when appropriate, a bloodcurdling scream of fright and delight. Whether the project is an architectural façade, scenic fabrication, sculptures, scale models, wall reliefs and murals, rock works, replicas, show sets and props, artistic painting or landscaping…and whether it is for an amusement park, theme park or attraction…our ultimate goal is getting that big, fat "Wow!"

OUR EXPERTISE

1. RSAF Open House
2. IATA AGM
3. MCYS Award Ceremony
4. Sime Darby LPGA, Malaysia
5. IATA AGM
6. CIMB PGA, Malaysia
7. SMU Open House
8. Qatar Marine Festival

UNIQUE CONCEPTS.
METICULOUS PLANNING.
PRECISE EXECUTION.

EVENTS

The Art & Science of Events

After nearly 40 years of successful events in our portfolio, we've learned more than a thing or two about how to organize and run an event. In fact, we've fine-tuned it to both an art form and a science.

Our approach? Full-service, from concept to event management to post-event services. Driven by creativity, a sound communications strategy, visual flair and the very best technical solutions available. With both above and below the line support - mass media promotions, public relations, sales promotions, logistics set-up and sponsorship activities.

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OUR EXPERTISE

EXHIBITIONS

LOGISTICS PERFECTED
ATTENTION CAPTURED
TARGETS SUR PASSED

1. AgustaWestland
2. Singapore Pavilion, ASMI @OTC
3. LS Cable, Hannover Messe
4. Samsung, Windpower
5. Jerrywon, WPC
6. Texas instruments
7. Qatar Foundation, QCF
8. Saudi Aramco, APPEA

We're Consummate Show-Offs When It Comes To Exhibitions.

Anyone can set-up an exhibition. We do more. We push the envelope every time by taking any exhibition environment (the more challenging the better!) and creating an interactive, immersive, experiential space that's designed to attract more visitors than even our clients expect.

JOINT STATEMENT FROM CHAIRMAN AND GROUP MANAGING DIRECTOR

FY2011 was the most challenging year for the Group since it's listing on the Stock Exchange of Singapore in 2005. Group revenue fell 11%, from $87 million in FY2010 to $77 million in FY2011. Gross Profit margin eroded from 32% to 28%, and Profit before tax decreased 92% from $5.3 million to $0.4 million.

It was stated in our earlier report in 2010 that with the completion of most of the projects at the Resorts World of Sentosa and the 2010 World Expo in Shanghai, it was going to be a challenge to sustain the same level of business in the years ahead, unless new areas of business were developed. This turned out to be true; only that the situation was further seriously aggravated by the political and civil unrest that first unexpectedly started in Tunisia, and swiftly swept across the Middle East for the most part of 2011. Our operations in that region, with our base in the Kingdom of Bahrain, were adversely affected. Steering the Group through these challenges turned out to be a fine balancing act.

Revenue contribution from the Middle East fell 35% from $26 million to $17 million. To compensate for this drop, the Group worked tirelessly to improve its performance in the other markets. Revenue in Singapore increased by 18% from $39 million to $46 million, while that in Malaysia increased from $2 million to $6.6 million. The increased sales were however won at weaker margins and the quality of our Gross Profit margins eroded as a result.

The outlook for 2012 continues to be mixed. The MICE industry depends on a healthy corporate sector actively taking part in trade exhibitions and staging major events and meetings. However, the world's major corporations are treading cautiously in these turbulent times. The United States of America is still slowly climbing out of its worst ever recession since the 1930's. Europe continues to be mired in myriad sovereign debt problems. And the uncertainties brought about by the Arab Spring revolutions in the Middle East are still playing themselves out. On the domestic front in Singapore and South East Asia, wage inflation and cost increases will continue to present challenges on how we manage our productivity and therefore our margins.

With the above in view, our Group will implement the following measures for 2012:

1. Continue to support and strengthen our operations in the Middle East by using Bahrain as our base, and fanning aggressively out to the other markets in the Gulf region. These include United Arabs Emirates, Qatar, Oman and even Saudi Arabia. Even in these tumultuous times, these countries realise that they have to continue to invest and grow and this presents unique opportunities for us.

2. Continue to seek out new markets in China and emerging markets in the Indo-China region. Work on the massive Shanghai-Disney themepark has started and our track record and experience in the themeparks arena put us in a unique position to seek out some opportunities in this project.

   There are some mega tourism and hospitality projects being undertaken in Indo-china. We are seeking out more opportunities there and are optimistic of increasing our revenue flow from this region.

3. Continue to grow our Interior Architecture fit-out business. This is a deliberate diversification strategy to add one more growth engine to our core Events and Exhibitions businesses. This segment registered a healthy 141% increase in revenue from $6 million in 2010 to $15 million in 2011. It is our intention that this business will contribute significantly to the Group's revenue in the near future.

4. Continue to defend and grow our share of the core Events and Exhibitions markets. Conditions in this segment continue to remain challenging but we have to pay special attention to enhancing productivity and being innovative in trying to add value to our business model here.

   In conclusion, we have always taken the view that ours is a very people-dependent and talent-driven business. We are as good as the people we have. The search for talent is a never-ending process and we are fortunate that we have built up and invested in a strong management team with some of the finest professionals in our trade. To them, we will like to extend our thanks for the hard work, dedication and commitment they have contributed to the Group. In addition, we will like to thank all our customers, suppliers, business partners and our shareholders for their support all these years.

BOARD OF DIRECTORS

Ho Kay Tat

Mr Ho Kay Tat joined the Company as Non-Executive Director on 15 July 2010 and was appointed Chairman on 12 August 2011. Mr Ho is serving as a member of the Audit Committee.

Mr Ho is presently the Group Managing Director and Chief Executive Officer of the holding company, Star Publications (Malaysia) Berhad. He also holds directorships within the Star Group of Companies. Mr Ho has been in the field of journalism and the media industry for the past 27 years working for several newspapers including the New Straits Times, The Malay Mail, Reuters Wire Services, The Business Times Singapore, The Sun, The Edge and The Edge Financial Daily. His previous appointments include being Executive Director of Nexnews Berhad.

Mr Ho holds a Bachelor of Social Science (Honours) degree majoring in political science from Universiti Sains Malaysia.

Ko Chee Wah

Mr Ko Chee Wah is our Group Managing Director and is appointed as an Executive Director on 28 June 1999.

Mr Ko has more than 20 years of experience in the Meetings, Incentives, Conventions and Exhibitions (MICE) industry and therefore, has in-depth industry knowledge of, and an extensive network of contacts and alliances in the MICE field of work. Given his illustrious background, he has been tasked to act as the Group's Managing Director to be overall in-charge of the Group's strategic business direction, business development and day to day executive management.

Mr Ko holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

Lim Poh Hock

Mr Lim Poh Hock was appointed as an Executive Director on 28 July 1999.

Mr Lim is in charge of the administrative and internal management of the Group. Mr Lim brings with him over 30 years of experience working in various industries, of which 20 years are in the MICE industry. Mr Lim is the founder of Faco Electric Co Pte Ltd which specialises in the manufacturing and distributorship of electric heaters where he still remains as a major shareholder.

Mr Lim holds a Diploma in Business Studies from Ngee Ann Technical College, Singapore.

Chua Soo Chiew

Mr Chua Soo Chiew was appointed as an Independent Director of our Group on 15 September 2005. Currently, he serves as the Chairman of our Audit and Nominating Committees and a member of the Remuneration Committee.

Mr Chua is a practising public accountant and is a partner of Chua Soo Chiew & Co., a certified public accountant firm in Singapore. He is also a fellow member of the CPA Singapore and CPA Australia, and has more than twenty years of experience in the accounting and auditing profession.

Mr Chua holds a Master of Business degree from Victoria University, Australia and a Bachelor of Laws (Honours) degree from University of London, United Kingdom.

Tan Hup Foi @ Tan Hup Hoi

Mr Tan Hup Foi was appointed as an Independent Director of our Group on 13 July 2007. Mr Tan serves as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Tan is the Honorary Vice-President of International Association of Public Transport (UITP) and the Honorary Chairman of UITP Asia-Pacific Division. He was the Chairman of Ngee Ann Polytechnic Council. Mr Tan has over 30 years' of experience in the transportation industry and was the Chief Executive of Trans-Island Bus Services Ltd from 1994 to 2005 and the Deputy President of SMRT Corporation Limited from 2003 to 2005. Mr Tan also holds directorship in CSC Holdings Limited, ECS Holdings Limited, SHC Capital Limited and Linair Technologies Limited.

Mr Tan, a Colombo Plan scholar, obtained his Bachelor of Engineering (1st Class Honours) degree in Mechanical Engineering from Monash University in Australia and his Master of Science (Industrial Engineering) degree from University of Singapore. Mr Tan was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 1996 and the Bintang Bakti Masyarakat (Public Service Star) in 2008 by the President of Singapore.

Dato' Loke Yuen Yow

Dato' Loke Yuen Yow was appointed as a Non-Executive Director on 29 July 2009 and was redesignated as an Independent Director on 22 September 2010.

Dato' Loke has held the office of Deputy Minister of Finance in Malaysia from 1986 to 1995 and the portfolio of Deputy Minister of Youth & Sports from 1995 to 1999. Between 1999 to 2008, he was a Member of Parliament in Malaysia. In 2005, Dato' Loke was appointed as the Executive Chairman of Perumahan Permai Sandakan Jaya Sdn Bhd a position he relinquished in August 2009.

Dato' Loke graduated with a Bachelor of Science (Honours) degree from the University of Malaya in Malaysia.

Loh Seng Kok

Mr Loh Seng Kok was appointed as an Independent Director on 9 June 2010.

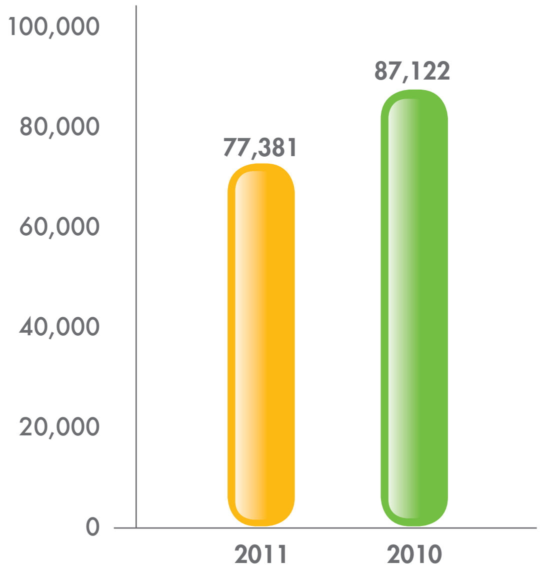
Mr Loh has held the position of Political Secretary to the Minister of Transport from 1995 to 2003, after which he was a Member of Parliament, Malaysia from 2004 to 2008. From 2008 to 2009, he was an executive director in Thwinnovations Marketing Sdn Bhd. Currently, Mr Loh is the CEO of 1Malaysia Community Alliance Foundation and a director of Koperasi Jayadiri Malaysia Berhad and Wamahir Sendirian Berhad.

Datuk Lee Fook Long

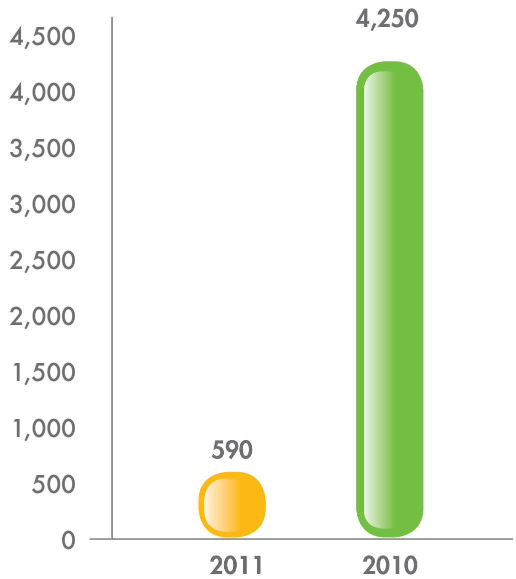
Datuk Lee has held the position of a Non-independent Non-Executive Director of Star Publications (Malaysia) Berhad on 24 May 2010 and was redesignated as its executive deputy chairman on 3 January 2011, a position he still holds now. Datuk Lee sits on the boards of MNC Wireless Bhd and SHH Resources Holdings Bhd, both which are listed on Bursa Malaysia. He is also the Group Executive Chairman of Foetus International Sdn Bhd and sits on the board of several integrated advertising related companies. Datuk Lee was the president of the Association of Advertising Agents Malaysia ("4As") from April 2005 to March 2011. He was also the chairman of Audit Bureau of Circulations ("ABC"). He is the life president of 4As.

FINANCIAL HIGHLIGHTS

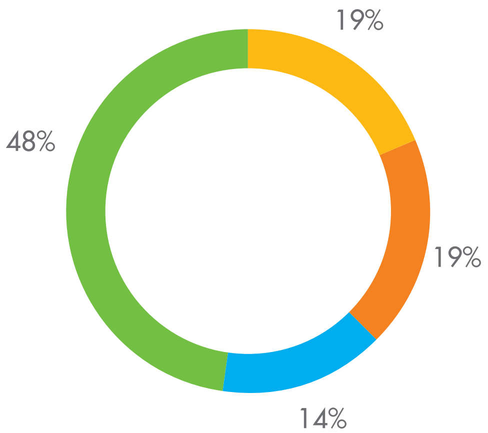
Revenue (S$'000)



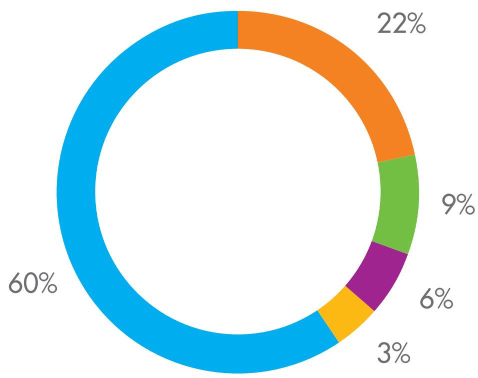
Profit Attributable to Shareholders (S$'000)



Revenue By Business Segment (S$'000)



Revenue By Geographical Segment (S$'000)



Thematics	11,282
Exhibition services	36,896
Event management	14,472
Interior architecture	14,731

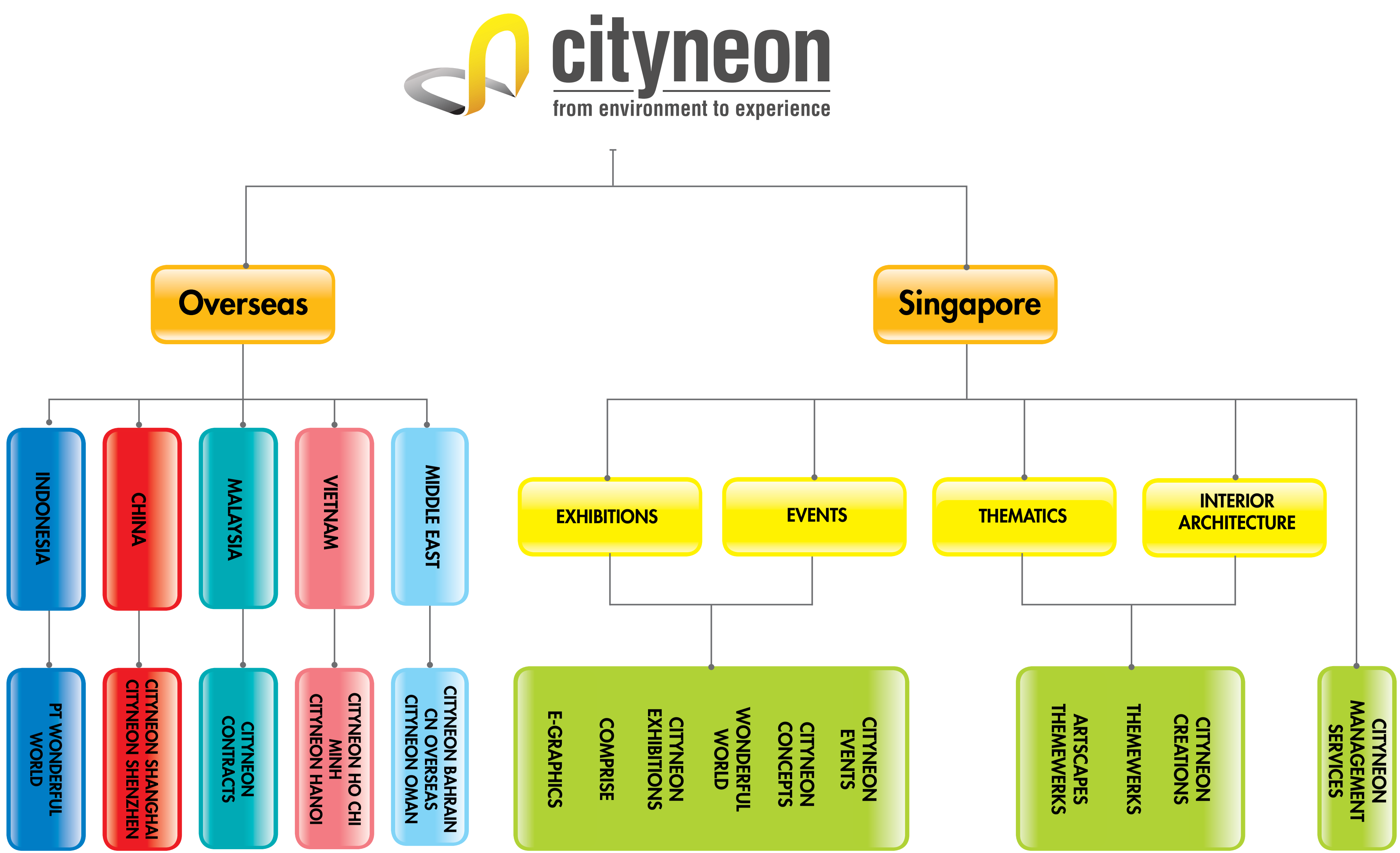
Singapore	46,073
Middle East	17,234
Malaysia	6,601
Asia Pacific	4,617
Others	2,856

Financial Results (S$'000)	FY2008	FY2009	FY2010	FY2011
Revenue	47,884	90,445	87,122	77,381
Gross profit	20,800	23,338	27,773	21,576
Gross profit margin	43.4%	25.8%	31.9%	27.9 %
Profit before tax	2,798	5,071	5,282	416
Profit for the year	2,535	4,592	4,634	515
Profit attributable to shareholders	2,490	4,132	4,250	590

Financial Positions (S$'000)	FY2008	FY2009	FY2010	FY2011
Property, plant and equipment	4,149	3,208	4,627	4,042
Current assets	29,877	59,867	48,625	48,860
Other Non-current assets	762	1,246	160	50
Current Liabilities	(11,706)	(37,274)	(25,182)	(25,518)
Non-current liabilities	(728)	(1,366)	(600)	(478)
Non-controlling interests	(214)	(725)	(690)	(609)
Equity attributable to owners of the parent	22,140	24,956	26,940	26,347
Cash and cash equivalents	8,035	23,623	20,723	17,258

Ratios	FY2008	FY2009	FY2010	FY2011
Earnings per share (cents) - basic	2.9	4.7	4.8	0.7
Net asset per share (cents)	25	28	30	30

GROUP ORGANISATION STRUCTURE



FINANCIAL CONTENTS

Corporate Governance

The Board of Directors and Management of Cityneon Holdings Limited (the "Company") recognise the importance of ensuring high standards of corporate governance by complying with the guidelines set out in the Singapore Code of Corporate Governance 2005 (the "Code") issued by the Ministry of Finance on 14 July 2005. Furthermore, the Board believes that good corporate governance provides the overarching framework required for ethical, accountable and sustainable corporate environment, which indirectly safeguard the interests of the Company's shareholders and stakeholders.

This Corporate Governance report (the "Report") sets out the Company's corporate governance processes and structures that were in place throughout the financial year, with relevant references to the principles and guidelines of the Code. The Board is pleased to confirm that for the financial year ended 31 December 2011 ("FY2011"), the Company has generally adhered to the principles and guidelines as set out in the Code, except for certain deviations which are explained below. Shareholders should take note that any new amendments to the listing rules as prescribed by the Singapore Exchange Limited during the financial year which are applicable to the Company are also incorporated within the Report.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

(b) establish a framework of prudent and effective controls which enables risk to be assessed and managed;

(c) review the performance of the Group's management; and

(d) set the Company's values and standards, and ensure that obligation to shareholders and others are understood and met.

Three formal board meetings are held during FY2011. Two meeting are held to discuss the business affairs of the Group, approving the financial results and strategies while another meeting is held to discuss budgetary matters. Ad-hoc meetings are convened either by way of physical attendance or by telephonic conference, as and when they are deemed necessary.

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

Corporate Governance

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

Name of Director	Designation	AC	NC	RC
Ho Kay Tat[1]	Non-executive Chairman	Member	-	-
Ko Chee Wah	Managing Director	-	Member	-
Lim Poh Hock	Executive Director	-	-	-
Chua Soo Chiew @ Chua Kaw Kia	Independent Director	Chairman	Chairman	Member
Tan Hup Foi @ Tan Hup Hoi	Independent Director	Member	Member	Chairman
Dato' Loke Yuen Yow	Independent Director	-	-	-
Loh Seng Kok	Independent Director	-	-	-
Datuk Lee Fook Long[2]	Non-executive Director	-	-	Member
Ong Kuee Hwa[3]	Non-executive Director	-	-	Member
Datin Ngiam Pick Ngoh[4]	Non-executive Chairman	-	-	-

Note:

1. *Mr Ho was appointed as the Non-Executive Chairman in place of Datin Ngiam on 12 August 2011.*
2. *Datuk Lee was appointed as a director on 12 August 2011 and a member of the RC on 21 November 2011.*
3. *Mr Ong resigned as a director and stepped down as a member of the RC on 21 November 2011.*
4. *Datin Ngiam resigned as a director on 12 August 2011.*

The attendance of the Board members and its committees in FY2011 as well as the frequency of the meetings are set out below:

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

Name of Director	Board	AC	NC	RC
Number of meetings held in FY2011	**3**	**2**	**1**	**1**
Ho Kay Tat	3	2	-	-
Ko Chee Wah	3	-	1	-
Lim Poh Hock	3	-	-	-
Chua Soo Chiew @ Chua Kaw Kia	3	2	1	1
Tan Hup Foi @ Tan Hup Hoi	3	2	1	1
Dato' Loke Yuen Yow	3	-	-	-
Loh Seng Kok	3	-	-	-
Datuk Lee Fook Long[1]	1	-	-	-
Ong Kuee Hwa[2]	2	-	-	1
Datin Ngiam Pick Ngoh[3]	2	-	-	-

Note:

1. *Datuk Lee was appointed as a director on 12 August 2011 and a member of the RC on 21 November 2011.*
2. *Mr Ong resigned as a director and stepped down as a member of the RC on 21 November 2011.*
3. *Datin Ngiam resigned as a director on 12 August 2011.*

Corporate Governance

Board Composition and Guidance

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

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

Annually, the Board's structure, size and composition is reviewed by the NC. For FY2011, the NC has evaluated the criteria of independence, of Mr Chua Soo Chiew @ Chua Kaw Kia, Mr Tan Hup Foi @ Tan Hup Hoi, Mr Loh Seng Kok and Dato' Loke Yuen Yow who are the independent directors, as set out under the guidelines of the Code, the composition of the Board, each member's availability to dedicate their time to the Company's business as well as the size of the Board. The NC is of the view that current size of the Board is optimal, taking into account the nature and scope of the Group's operations as well as to facilitate effective decision making.

The NC is also of the view that each director possesses knowledge and experiences related to their fields which allows the Board to have diverse views when discussing strategy or business related matters. A brief description on the background of each director is presented in Pages 12 to 13 under the section named "Board of Directors".

Chairman and Managing Director

Principle 3: **There should be a clear division of responsibilities at the top of the company – the working of the board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

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

The Chairman manages and leads the Board in its oversight over Management. Chairman's main duty is to encourage objective discussion, facilitates active participation of its members when discussing strategic or corporate affairs, promote effective communication between Directors and steers the Board when making important business decisions.

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

Given that the roles of the Chairman and the Group Managing Director are clearly separate from each other, the Board is of the view that the appointment of lead independent director is not necessary.

Corporate Governance

Board Membership

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

The NC comprises three directors, a majority of whom, including the Chairman of NC is independent. The NC Chairman is not associated in any way with the substantial shareholders of the Company. The NC members are as follows:

Mr Chua Soo Chiew @ Chua Kaw Kia	-	Chairman
Mr Tan Hup Foi @ Tan Hup Hoi	-	member
Mr Ko Chee Wah	-	member

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

(a) To recommend to the Board on all board appointments and re-nominations, having regard to the directors' contributions and performance;

(b) To ensure that all directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years; and

(c) To ensure that one-third of the Board of Directors are independent of the management and free from any business or other relationship which may materially interfere with the exercise of their independent judgement. The NC shall:

    (i) determine independence of the directors annually, bearing in mind the definition of independence under the Code;

    (ii) ensure every director shall, upon appointment, and subsequently on an annual basis, submit to the Company Secretary a confirmation of independence, and shall review the change in circumstances and make its recommendation to the Board; and

    (iii) ensure an independent director shall notify the Board immediately, if, as a result of change in circumstances, he no longer meets the criteria for independence, and shall review the change in circumstances and make its recommendation to the Board.

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

Dato' Loke Yuen Yow, Mr Lim Poh Hock and Datuk Lee Fook Long will retire at the coming AGM in accordance with the Articles of Association of the Company and will be eligible for re-election. The dates of appointment and last re-election of the directors are set out as follows:

Corporate Governance

DIRECTORS' APPOINTMENT & LAST RE-ELECTION DATES

Name of Director	Designation	Date of appointment	Date of last re-election
Ho Kay Tat	Non-executive Chairman	15 July 2010	25 April 2011
Ko Chee Wah	Managing Director	28 June 1999	25 April 2011
Lim Poh Hock	Executive Director	10 March 2000	28 April 2010
Chua Soo Chiew @ Chua Kaw Kia	Independent Director	15 September 2005	28 April 2010
Tan Hup Foi @ Tan Hup Hoi	Independent Director	13 July 2007	25 April 2011
Dato' Loke Yuen Yow	Independent Director	29 July 2009	28 April 2010
Loh Seng Kok	Independent Director	9 June 2010	25 April 2011
Datuk Lee Fook Long[1]	Non-executive Director	12 August 2011	-
Datin Ngiam Pick Ngoh[2]	Non-executive Director	2 January 2009	27 April 2009
Ong Kuee Hwa[3]	Non-executive Director	2 January 2009	27 April 2009

Note:

1. *Datuk Lee was appointed as a director on 12 August 2011.*
2. *Datin Ngiam resigned as a director on 12 August 2011.*
3. *Mr Ong resigned as a director on 21 November 2011.*

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

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board

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

While the Code recommends that the NC be responsible for assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, for FY2011, the NC has opined that it is more appropriate and effective to assess the Board as a whole. The rationale behind this is that each member of the Board contributes in different way to the success of the Company and Board decisions are made on a collective basis.

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

Corporate Governance

Access to Information

Principle 6: **In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.**

Members of the Board have free access to management at all times, and *vice versa*. Prior to each Board meeting, the Board members are provided with the relevant documents and information to enable them to have a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

The Board has separate and independent access to the Company Secretary, who attends Board meetings. The Company Secretary ensures that the Company complies with all relevant rules and regulations, and performs such other duties of a company secretary as required under laws and regulations, or as specified in the SGX-ST Manual, or the Company's Articles of Association, or as required by the Board members.

The Board may seek independent professional advice as and when necessary to enable effective discharge of responsibilities.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

Mr Tan Hup Foi @ Tan Hup Hoi	-	Chairman
Mr Chua Soo Chiew @ Chua Kaw Kia	-	member
Datuk Lee Fook Long	-	member

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

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

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

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

Corporate Governance

Level and Mix of Remuneration

Principle 8: **The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.**

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

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

The executive directors do not receive any directors' fees. The remuneration for the executive directors and key executives comprises basic salary component and yearly variable bonus, as well as performance bonuses based on the performance of the Group and their individual performances.

The latest service agreements were entered into between the Company with two (2) executive directors, namely Mr Ko Chee Wah and Mr Lim Poh Hock, on 11 August 2010. The service agreements are for an initial period of three (3) years commencing 11 August 2010 and shall remain valid, unless otherwise terminated by either party giving not less than six months' notice to the other and may also be terminated if any of these executive directors is guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of the Company. None of the service agreements provide for any benefits upon termination of the service agreements.

Disclosure on remuneration

Principle 9: **Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.**

Key Executives Remuneration

Although the Code and recommends that at least the top five key executives' remuneration be disclosed within bands of S$250,000, the Board believes that by giving such information, it would put the Group's business interests in a disadvantage position.

Corporate Governance

Remuneration of Directors

The remuneration of the directors for FY2011 is shown as below:

Remuneration Band & Names of Directors	Fee	Salary	Bonus/ Performance-related bonus	Other benefits*	Total
S$500,000 to below S$750,000					
Executive directors					
Ko Chee Wah	-	65%	9%	26%	100%
Lim Poh Hock	-	65%	9%	26%	100%
Below S$250,000					
Non-executive directors					
Ho Kay Tat	-	-	-	-	-
Chua Soo Chiew @ Chua Kaw Kia	100%	-	-	-	100%
Tan Hup Foi @ Tan Hup Hoi	100%	-	-	-	100%
Dato' Loke Yuen Yow	100%	-	-	-	100%
Loh Seng Kok	100%	-	-	-	100%
Datuk Lee Fook Long[1]	-	-	-	-	-
Datin Ngiam Pick Ngoh[2]	-	-	-	-	-
Ong Kuee Hwa[3]	-	-	-	-	-

Note:

1. *Datuk Lee was appointed as a director on 12 August 2011.*
2. *Datin Ngiam resigned as a director on 12 August 2011.*
3. *Mr Ong resigned as a director on 21 November 2011.*

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

For FY2011, there is no employee who is an immediate family members of a Director, Chairman or the Group Managing Director and whose remuneration exceeded S$150,000. "Immediate family member" refers to spouse, child, adopted child, stepchild, brother, sister and parent.

Employee share options scheme ("ESOS")

The Company has an employee share option scheme, administered by the RC, for granting of non-transferable options to executive and non-executive directors and employees of the Group (including controlling shareholders and their associates). The aggregate nominal amount of new shares over which options may be granted shall not exceed 15% of the issued share capital of the Company. For FY2011, no option granted by the RC to any employee.

Please refer to pages 76 to 79 for details of the options granted under the ESOS on the unissued ordinary shares of the Company as at end of the financial year.

Corporate Governance

ACCOUNTABILITY AND AUDIT

Accountability

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

In presenting the annual financial statements and half yearly announcement, the Board endeavours to present shareholders with a balanced and understandable fair assessment of the Group's position and prospects.

The management provides the Board with regular management accounts of the Group's performance and position, on a timely basis and when necessary, to facilitate effective discussion and decision-making.

Audit Committee

Principle 11: **The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

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

Mr Chua Soo Chiew @ Chua Kaw Kia	-	Chairman
Mr Tan Hup Foi @ Tan Hup Hoi	-	member
Mr Ho Kay Tat	-	member

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

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

(a) 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) review the scope and results of the audit and its cost effectiveness, the independence and objectivity of the external auditor, as well as the assistance given by the management to the auditors.

(c) meet with the external auditors, without the presence of the Company's management, at least once annually.

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

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

(f) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.

(g) review the adequacy of the Company's internal controls, operational and compliance controls, and risk management policies and systems.

(h) review interested person transactions and the group's compliance with the Listing Manual, Code of Corporate Governance and the Statements of Singapore Financial Reporting Standards.

Corporate Governance

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

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

The AC had reviewed the non-audit services provided by the external auditors, Messrs BDO LLP and is of the opinion that the provision of such services does not affect their independence. The aggregate amount of fees paid to BDO LLP during FY2011 is as follows:

(a) audit fees – S$108,000
(b) non-audit fees – S$6,000

The AC has on 11 August 2009 endorsed a whistle-blowing policy and procedures which provides an avenue for all staff within the Group to have access to the Whistleblower Committee (the "WB Committee") to report any misconduct of improper activities that may adversely affect the Group, its customers, shareholders, employees, investors or public at large. Upon receipt of any report either by way in writing, telephonic or in person, an independent investigation would be conducted by the WB Committee. Contact details of each WB Committee member is made available to all staff. The existing members of the WB Committee are Mr Chua Soo Chiew and Mr Tan Hup Hoi, both of whom are Independent Directors of the Company. So far, the WB Committee has not received any report or concern.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a good sound system of internal controls to safeguard the shareholders' investment and the company's assets.

The Board acknowledges its responsibilities for the overall internal control framework to safeguard shareholders' investments and the Group's assets and business, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss, poor judgment in decision making, human error losses, fraud or other irregularities.

The Group has a system for reporting and monitoring the performance of each business unit at regular management meetings. Internal financial controls are in existence, which provide reasonable assurance of the maintenance of proper accounting records and the reliability of the financial information and compliance with applicable laws and regulations. Results of operating units are reported on a monthly basis.

The Company's internal auditors conduct annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Any material non-compliance and recommendation or failures in internal controls and recommendations for improvements are reported to the AC. The AC, on behalf of the Board, also reviewed the effectiveness of the actions taken by the management on the recommendations made in this respect, if any.

For FY2011, the Board is of the view that based on the reports from the internal auditors, the management letter point provided by external auditors, the assurance letters given by top management and with concurrence from the AC, the system of internal controls maintained by the Management is adequate to meet the needs of the Company having addressed the financial, operational and compliance risks.

Corporate Governance

Internal Audit

Principle 13: The company should establish an internal control audit function that is independent of the activities it audits.

The internal audit function is outsourced to Messrs JF Virtus Pte Ltd, an independent assurance services provider that specialises in enterprise risk management, internal auditing, business continuity planning, and information security management. The internal auditors report directly to the AC which is tasked to oversee and review the adequacy of the overall systems of internal controls within the Group.

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

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

The Company believes that a high standard of disclosure is the key to raising the level of corporate governance. Accordingly, the Company endeavours to provide regular, effective and fair communications with shareholders on a timely basis. Where inadvertent disclosure has been made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Shareholders are provided with an assessment of the Company's performance, position and prospects via half yearly and yearly announcements of results as well as other ad-hoc announcements via the SGXNET, news releases and the Company's website at www.cityneon.net. All information of the Company's new initiatives is first disseminated via SGXNET followed by a news release, which is also available on the website. The Company has an external public relations firm to assist in all matters of communication with its investors, analysts, and media as well as to attend to their queries.

The Company does not practise selective disclosure of material information. Price sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period and are available on the Company's website.

Greater Shareholder Participation

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allows shareholders the opportunity to communicate their views on various matters affecting the company.

All shareholders of the Company receive the annual report and notice of Annual General Meeting as well as circular and notice of Extraordinary General Meeting, if any. All general meeting notices are also advertised in the newspapers.

The Board welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at such meetings.

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

Corporate Governance

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

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

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual, the Company has in place a code of conduct on share dealings by directors and key employees (including employees with access to price-sensitive information to the Company's shares), setting out the implication of insider trading and guidance on such dealings.

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

INTERESTED PERSONS TRANSACTIONS ("IPT") AND IPT MANDATE

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

At an Extraordinary General Meeting ("EGM") held on 12 August 2011, the Company has sought shareholders' approval to approve a shareholders' mandate for interested person transactions (the "IPT Mandate"). The same IPT Mandate will be expiring on 30 April 2012, being the date of the forthcoming annual general meeting ("AGM") of the Company. The Company is proposing to seek shareholders' approval at the AGM to be held on 30 April 2012 to renew the IPT Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual. IPTs approved by shareholders at the AGM and the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the next AGM.

The following are details of the aggregate value of interested person transactions for FY2011 undertaken pursuant to the IPT Mandate under Rule 920 of the Listing Manual of the SGX-ST and approved by the AC.

	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Listing Manual)	**Aggregate value of all IPTs conducted under Shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)**
Name of Interested Person	*S$'000*	*S$'000*
Star Publications (Malaysia) Berhad	148	152
Star RFM Sdn. Bhd.	1,124	1,096

Corporate Information

DIRECTORS
Ho Kay Tat
(Non-executive Director)
(Non-executive Chairman)
(appointed on 12.8.2011)

Ko Chee Wah
(Group Managing Director)

Lim Poh Hock
(Executive Director)

Tan Hup Foi @ Tan Hup Hoi
(Independent Director)

Chua Soo Chiew @ Chua Kaw Kia
(Independent Director)

Dato' Loke Yuen Yow
(Independent Director)

Loh Seng Kok
(Independent Director)

Datuk Lee Fook Long
(appointed on 12.8.2011)
(Non-executive Director)

Datin Ngiam Pick Ngoh
(resigned on 12.8.2011)
(Non-executive Director)
(Non-executive Chairman)

Ong Kuee Hwa
(resigned on 21.11.2011)
(Non-executive Director)

AUDIT COMMITTEE
Chua Soo Chiew @ Chua Kaw Kia
(Chairman)
Tan Hup Foi @ Tan Hup Hoi
Ho Kay Tat

NOMINATING COMMITTEE
Chua Soo Chiew @ Chua Kaw Kia
(Chairman)
Ko Chee Wah
Tan Hup Foi @ Tan Hup Hoi

REMUNERATION COMMITTEE
Tan Hup Foi @ Tan Hup Hoi
(Chairman)
Chua Soo Chiew @ Chua Kaw Kia
Datuk Lee Fook Long
(appointed on 21.11.2011)
Ong Kuee Hwa
(resigned on 21.11.2011)

SECRETARY
Yoo Loo Ping
(appointed on 1.6.2011)
Dorothy Ho Lai Yong
(resigned on 1.6.2011)
Wong Juar Ming
(resigned on 1.6.2011)

REGISTERED OFFICE
84 Genting Lane #06-01
Cityneon Design Centre
Singapore 349584
Co. Registration No.: 199903628E

REGISTRAR
B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Citibank NA, Singapore Branch
Standard Chartered Bank
United Overseas Bank Limited
DBS Bank

AUDITORS
BDO LLP
Certified Public Accountants
21 Merchant Road #05-01
Royal Merukh S.E.A. Building
Singapore 058267
Partner-in-charge: Lew Wan Ming
(since financial year ended 2009)

Report of the Directors

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011.

1. Directors

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

Ho Kay Tat
Ko Chee Wah
Lim Poh Hock
Tan Hup Foi @ Tan Hup Hoi
Chua Soo Chiew @ Chua Kaw Kia
Datuk Lee Fook Long (appointed on 12.8.2011)
Dato' Loke Yuen Yow
Loh Seng Kok

2. Arrangements to acquire shares or debentures

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

3. Directors' interest in shares or debentures

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

	Shares registered in the name of director		**Shares in which director is deemed to have an interest**	
	At beginning of year or date of appointment, if later	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
Name of director and companies in which interests are held	**Number of ordinary shares**			
The Company				
Cityneon Holdings Limited				
Ko Chee Wah	10,486,265	10,486,265	-	-
Lim Poh Hock	7,885,168	7,035,168	3,000,000	3,850,000
	Number of ordinary shares of RM1.00 each			
Ultimate holding company				
Star Publications (Malaysia) Berhad				
Datuk Lee Fook Long	228,300	228,300	-	-

Report of the Directors

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (SGX-ST), the directors of the Company state that, according to the Register of Directors' Shareholdings, the directors' interests as at 21 January 2012 in the shares of the Company have not changed from those disclosed as at 31 December 2011.

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

4. Directors' contractual benefits

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

5. Share options

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

The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tan Hup Foi @ Tan Hup Hoi, Chua Soo Chiew @ Chua Kaw Kia and Datuk Lee Fook Long.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options grant at the time of grant;

- The market price at the time of grant is determined based on the average of the closing prices of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days immediately preceding the date of grant;

- The options can be exercised at any time after 2 years but before 7 years from the date of grant (except for grant to non-executive directors including independent directors, where the expiry date of each option is 5 years from the date of grant); and

- All options are settled by physical delivery of shares.

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

Report of the Directors

5. Share options (Continued)

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

	Date of grant of options	Exercise price	Options outstanding at the beginning of the financial year	Options granted during the financial year	Options not accepted/ forfeited/ expired	Exercised	Options outstanding at the end of the financial year	Exercise period
		$						
Directors								
Ko Chee Wah	20.8.2007	0.46	500,000	-	-	-	500,000	27.4.2011 to 26.4.2016
Ko Chee Wah	3.11.2008	0.48	472,700	-	-	-	472,700	27.4.2011 to 26.4.2016
Ko Chee Wah	10.5.2010	0.312	500,000	-	-	-	500,000	10.5.2012 to 9.5.2017
Lim Poh Hock	20.8.2007	0.46	500,000	-	-	-	500,000	27.4.2011 to 26.4.2016
Lim Poh Hock	3.11.2008	0.48	472,700	-	-	-	472,700	27.4.2011 to 26.4.2016
Lim Poh Hock	10.5.2010	0.312	500,000	-	-	-	500,000	10.5.2012 to 9.5.2017
Chua Soo Chiew @ Chua Kaw Kia	20.8.2007	0.46	100,000	-	-	-	100,000	27.4.2011 to 26.4.2014
Chua Soo Chiew @ Chua Kaw Kia	3.11.2008	0.48	100,000	-	-	-	100,000	27.4.2011 to 26.4.2014
Chua Soo Chiew @ Chua Kaw Kia	10.5.2010	0.312	100,000	-	-	-	100,000	10.5.2012 to 9.5.2015
Tan Hup Foi @ Tan Hup Hoi	3.11.2008	0.48	100,000	-	-	-	100,000	27.4.2011 to 26.4.2014
Tan Hup Foi @ Tan Hup Hoi	10.5.2010	0.312	100,000	-	-	-	100,000	10.5.2012 to 9.5.2015
			3,445,400	-	-	-	3,445,400	
Employees								
Lee Song Liat	20.8.2007	0.46	250,000	-	-	-	250,000	29.10.2008 to 19.8.2014
Lee Song Liat	3.11.2008	0.48	260,000	-	-	-	260,000	3.11.2008 to 2.11.2015
Lee Song Liat	10.5.2010	0.312	260,000	-	-	-	260,000	10.5.2012 to 9.5.2017
Others	20.8.2007	0.46	154,000	-	(16,000)	-	138,000	29.10.2008 to 19.8.2014
Others	3.11.2008	0.48	272,000	-	(26,000)	-	246,000	3.11.2008 to 2.11.2015
Others	10.5.2010	0.312	1,430,000	-	(174,000)	-	1,256,000	10.5.2012 to 9.5.2017
			2,626,000	-	(216,000)	-	2,410,000	
			6,071,400	-	(216,000)	-	5,855,400	

Report of the Directors

5. Share options (Continued)

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

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

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

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

In 2010, there were 3,086,000 options granted under the Scheme of which 1,200,000 options were granted to the directors of the Company.

6. Audit Committee

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

Chua Soo Chiew @ Chua Kaw Kia (Chairman)
Tan Hup Foi @ Tan Hup Hoi
Ho Kay Tat

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

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

The Audit Committee also reviewed the following:

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

Report of the Directors

6. Audit Committee (Continued)

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

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

7. Auditors

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

On behalf of the directors

Ko Chee Wah
Director

Lim Poh Hock
Director

Singapore
12 March 2012

Statement by Directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Ko Chee Wah
Director

Lim Poh Hock
Director

Singapore
12 March 2012

Independent Auditors' Report

to the Members of Cityneon Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cityneon Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 39 to 101, which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditors' Report

to the Members of Cityneon Holdings Limited

Report on Other Legal and Regulatory Requirements

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

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
12 March 2012

Statements of Financial Position

As at 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	$	$	$	$
Assets					
Non-current					
Property, plant and equipment	4	4,041,770	4,626,633	28,372	508,342
Goodwill	5	50,146	50,146	-	-
Club membership	5	-	110,000	-	-
Subsidiaries	6	-	-	12,066,837	10,210,600
		4,091,916	4,786,779	12,095,209	10,718,942
Current					
Inventories	7	184,288	277,063	-	-
Amounts due from contract customers	8	9,970,262	5,373,801	-	-
Trade and other receivables	9	18,505,967	19,523,254	2,027,889	1,523,929
Deposits		1,623,252	1,313,294	5,560	66,160
Prepayments		1,077,426	1,131,208	25,140	49,721
Amounts owing by ultimate holding company	10	46,381	208,669	-	-
Amounts owing by subsidiaries	11	-	-	8,143,801	8,578,645
Amounts owing by related parties	12	194,989	75,412	-	-
Cash and cash equivalents	13	17,257,741	20,722,791	5,133,130	2,674,797
		48,860,306	48,625,492	15,335,520	12,893,252
Total assets		52,952,222	53,412,271	27,430,729	23,612,194
Equity and liabilities					
Equity					
Share capital	14	14,602,328	14,602,328	14,602,328	14,602,328
Reserves	15	11,745,131	12,337,336	2,469,189	2,689,908
Equity attributable to owners of the parent		26,347,459	26,939,664	17,071,517	17,292,236
Non-controlling interests		608,728	690,274	-	-
Total equity		26,956,187	27,629,938	17,071,517	17,292,236

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

Statements of Financial Position

As at 31 December 2011

		Group		Company	
		2011	2010	2011	2010
	Note	$	$	$	$
Liabilities					
Non-current					
Finance lease obligations	17	309,841	375,706	-	-
Deferred tax liabilities	19	168,259	224,259	5,000	22,000
		478,100	599,965	5,000	22,000
Current					
Amounts due to contract customers	8	1,505,535	706,699	-	-
Finance lease obligations	17	76,587	69,501	-	-
Bank borrowings	18	7,960,941	716,646	5,466,668	216,641
Loan from ultimate holding company	20	4,000,000	4,000,000	4,000,000	4,000,000
Amounts owing to subsidiaries	11	-	-	468,680	1,075,836
Trade and other payables	21	11,934,880	19,122,065	418,864	908,083
Income tax payables		39,992	567,457	-	97,398
		25,517,935	25,182,368	10,354,212	6,297,958
Total liabilities		25,996,035	25,782,333	10,359,212	6,319,958
Total equity and liabilities		52,952,222	53,412,271	27,430,729	23,612,194

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2011

		Group	
		2011	**2010**
	Note	**$**	**$**
Revenue	22	77,381,168	87,121,531
Cost of sales		(55,805,116)	(59,348,593)
Gross profit		21,576,052	27,772,938
Other items of income			
Other operating income	23	841,521	564,037
Interest income		179,394	140,581
Other items of expenses			
Marketing and distribution costs		(1,563,450)	(1,327,868)
Administrative and other operating expenses		(20,373,509)	(21,541,772)
Finance costs	24	(243,429)	(326,337)
Profit before income tax	25	416,579	5,281,579
Income tax expense	26	98,910	(647,257)
Profit for the year		515,489	4,634,322
Other comprehensive income:			
Exchange differences on translating foreign operations, net of tax amounting to $Nil (2010: $Nil)		84,629	(1,091,132)
Total comprehensive income for the year, net of tax		600,118	3,543,190
Profit attributable to:			
Owners of the parent		590,496	4,249,525
Non-controlling interests		(75,007)	384,797
		515,489	4,634,322
Total comprehensive income attributable to:			
Owners of the parent		675,125	3,158,393
Non-controlling interests		(75,007)	384,797
		600,118	3,543,190
Earnings per share (cents)			
Basic	28	0.67	4.80
Diluted	28	0.67	4.73

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2011

	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
	$	$	$	$	$	$	$	$	$
Balance at 1 January 2011	27,629,938	26,939,664	14,602,328	14,870,780	148,608	(10,000)	482,625	(3,154,677)	690,274
Profit for the year	515,489	590,496	-	590,496	-	-	-	-	(75,007)
Other comprehensive income:									
Exchange differences on translating foreign operations, net of tax	84,629	84,629	-	-	-	-	-	84,629	-
Total comprehensive income for the year	600,118	675,125	-	590,496	-	-	-	84,629	(75,007)
Employee share option scheme									
- value of employee services	194,800	193,339	-	-	-	-	193,339	-	1,461
Dividends									
- paid to shareholders of the Company (Note 27)	(1,460,669)	(1,460,669)	-	(1,460,669)	-	-	-	-	-
- paid to non-controlling interests	(8,000)	-	-	-	-	-	-	-	(8,000)
Balance at 31 December 2011	26,956,187	26,347,459	14,602,328	14,000,607	148,608	(10,000)	675,964	(3,070,048)	608,728

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2011

	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
	$	$	$	$	$	$	$	$	$
Balance at 1 January 2010	25,680,848	24,956,108	14,602,328	12,037,661	148,608	-	231,056	(2,063,545)	724,740
Profit for the year	4,634,322	4,249,525	-	4,249,525	-	-	-	-	384,797
Other comprehensive income:									
Exchange differences on translating foreign operations, net of tax	(1,091,132)	(1,091,132)	-	-	-	-	-	(1,091,132)	-
Total comprehensive income for the year	3,543,190	3,158,393	-	4,249,525	-	-	-	(1,091,132)	384,797
Acquisition of non-controlling interests	(10,000)	(10,000)	-	-	-	(10,000)	-	-	-
Employee share option scheme									
- value of employee services									
Dividends	252,306	251,569	-	-	-	-	251,569	-	737
- paid to shareholders of the Company (Note 27)	(1,416,406)	(1,416,406)	-	(1,416,406)	-	-	-	-	-
- paid to non-controlling interests	(420,000)	-	-	-	-	-	-	-	(420,000)
Balance at 31 December 2010	27,629,938	26,939,664	14,602,328	14,870,780	148,608	(10,000)	482,625	(3,154,677)	690,274

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2011

	2011	2010
	$	$
Operating activities		
Profit before income tax	416,579	5,281,579
Adjustments for:		
Depreciation of property, plant and equipment	1,292,279	1,278,231
Property, plant and equipment written off	124,367	22,565
(Gain)/Loss on disposal of property, plant and equipment	(956)	5,902
Interest income	(179,394)	(140,581)
Interest expense	243,429	326,337
Doubtful debts written off - trade	1,110	67,745
Allowance for doubtful debts	121,381	327,372
Allowance for doubtful debts no longer required	(6,000)	(5,000)
Impairment loss of goodwill	-	236,337
Amortisation expense	110,000	110,000
Share-based compensation	194,974	248,884
Operating profit before working capital changes	2,317,769	7,759,371
Inventories	92,775	69,345
Amounts due (from)/to contract customers, net	(3,773,638)	4,402,634
Trade and other receivables	730,597	(1,365,195)
Trade and other payables	(6,762,461)	(7,463,442)
Net cash (used in)/generated from operations	(7,394,958)	3,402,713
Interest paid	(243,429)	(326,337)
Income taxes paid	(528,645)	(386,716)
Net cash (used in)/ generating from operating activities	(8,167,032)	2,689,660
Investing activities		
Purchase of property, plant and equipment	(815,962)	(2,847,898)
Proceeds from disposal of property, plant and equipment	8,330	68,154
Interest received	179,394	140,581
Net cash used in investing activities	(628,238)	(2,639,163)

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2011

	2011	2010
	$	$
Financing activities		
Acquisition of non-controlling interests	-	(10,000)
Repayments of finance lease obligations	(74,681)	(66,068)
Repayments of bank borrowings	(5,214,127)	(7,726,204)
Proceeds from bank borrowings	12,458,422	6,724,281
Dividends paid to non-controlling interests	(428,000)	-
Dividends paid to shareholders of the Company	(1,460,669)	(1,416,406)
Net cash generated from/(used in) financing activities	5,280,945	(2,494,397)
Net change in cash and cash equivalents	(3,514,325)	(2,443,900)
Exchange differences on re-translation of cash and cash equivalents at beginning of year	49,275	(456,314)
Cash and cash equivalents at beginning of year	20,722,791	23,623,005
Cash and cash equivalents at end of year	17,257,741	20,722,791

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

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

1. General

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is a public limited company and domiciled in Singapore. The principal place of business and registered office is at 84 Genting Lane #06-01, Cityneon Design Centre, Singapore 349584.

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

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

The Company's immediate holding company is Laviani Pte. Ltd., a company incorporated in Singapore. The Company's ultimate holding company is Star Publications (Malaysia) Berhad, a company incorporated in Malaysia and listed on the Bursa Malaysia Securities Berhad.

2. Summary of significant accounting policies

2.1. Basis of preparation

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and the Company have not adopted the following FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	: Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 12	: Amendments to FRS 12 - Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 19	: Employee Benefits (Revised)	1 January 2013
FRS 27	: Separate Financial Statements	1 January 2013
FRS 28	: Investments in Associates and Joint Ventures	1 January 2013
FRS 101	: Amendments to FRS 101 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107	: Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
FRS 110	: Consolidated Financial Statements	1 January 2013
FRS 111	: Joint Arrangements	1 January 2013
FRS 112	: Disclosure of Interests in Other Entities	1 January 2013
FRS 113	: Fair Value Measurement	1 January 2013

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

The Group and the Company expect that the adoption of the above FRS, if applicable, will have no material impact on the financial statements in the period of initial adoption, except as discussed below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

FRS 110 Consolidated Financial Statements

FRS 110 changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements will apply to all types of potential subsidiary. FRS 110 requires an investor to reassess the decision on whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e. power, variable returns and the ability to use power to affect returns. The Group will determine the impact of this standard when it becomes effective.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented.

FRS 113 Fair Value Measurement

FRS 113 provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosure about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximize the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 January 2013. The Group will determine the impact of this standard when it becomes effective.

2.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation.

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 are identified separately from the Group's equity therein. Non-controlling interests in the acquiree 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 parent.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.2. Basis of consolidation (Continued)

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

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3. Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of 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.

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, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.3. Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being 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 previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

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

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

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

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.4. Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill 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 gain or loss on disposal.

Club membership

Club membership is stated at cost less amortisation and any impairment losses.

2.5. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment 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 of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

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

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.5. Property, plant and equipment (Continued)

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 tangible and intangible assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

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

2.7. Inventories

Inventories consisting of goods for resale are stated at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the value at which inventories can be realised in the ordinary course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.8. Construction contracts

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

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

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

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

2.9. Financial instruments

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

Effective interest method

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

Financial assets

All financial assets are recognised on a transaction date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.9. Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in 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 method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

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

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

With the exception of available-for-sale equity instruments, 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.9. Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

Financial liabilities

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

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Other financial liabilities

Trade and other payables

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

Borrowings

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.10. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and 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.

2.11. Leases

Finance leases

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.11. Leases (Continued)

Finance leases (Continued)

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, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating leases

Rentals payable under operating leases 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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.12. Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

2.13. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables. Revenue is reduced for estimated customer returns, rebates and other similar allowance.

Contract revenue

Revenue from projects is recognised based on the percentage of completion method. Percentage of completion is measured by the percentage of costs incurred to date against the total estimated costs for each contract. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements may result in revisions to costs and revenues and are recognised in the period in which the revisions are determined.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.13. Revenue recognition (Continued)

Contract revenue (Continued)

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised, which are recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

Rental income

Rental income is recognised on an accrual basis.

Interest income

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

2.14. Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of financial year.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Executive Directors of the Company and its subsidiaries are considered key management personnel.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.14. Employee benefits (Continued)

Share-based compensation

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

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

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

2.15. Government grant

Grants from the government are recognised as a receivable at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other operating income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.16. Borrowing costs

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

2.17. Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported 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 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.

Deferred tax is recognised on the 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 are 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.17. Income tax (Continued)

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

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

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

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

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.

2.18. Dividends

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

2.19. Foreign currency transactions and translation

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

2. Summary of significant accounting policies (Continued)

2.19. Foreign currency transactions and translation (Continued)

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

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.

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

2.20. Segment reporting

All operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments and operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

3.1. Critical judgements in applying the entity's accounting policies

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

<u>Impairment of investments or financial assets</u>

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

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

3.1. Critical judgements in applying the entity's accounting policies (Continued)

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of the financial year, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date against the estimated total contract costs. Significant assumptions are required to estimate the total contract cost and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the work specialists. The carrying amounts of assets and liabilities arising from construction contracts at the end of the financial year are disclosed in Note 8 to the financial statements.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. The management draws upon a variety of external sources to aid them in determination of the appropriate data to use in such calculations.

3.2. Key sources of estimation uncertainty

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

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and of the Company's trade and other receivables including the amounts owing by ultimate holding company, subsidiaries and related parties as at 31 December 2011 were $18,747,337 (2010: $19,807,335) and $10,171,690 (2010: $10,102,574) 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 amounts of the Group's and of the Company's property, plant and equipment at 31 December 2011 were $4,041,770 (2010: $4,626,633) and $28,372 (2010: $508,342) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

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

3.2. Key sources of estimation uncertainty (Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of goodwill as at 31 December 2011 was $50,146 (2010: $50,146).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and of the Company's current tax payable as at 31 December 2011 was $39,992 (2010: $567,457) and $Nil (2010: $97,398) respectively. The carrying amount of the Group's and of the Company's deferred tax liabilities as at 31 December 2011 was $168,259 (2010: $224,259) and $5,000 (2010: $22,000) respectively.

4. Property, plant and equipment

	Office equipment, furniture and fittings	Motor vehicles	Machinery	Exhibition services assets	Total
Group	**$**	**$**	**$**	**$**	**$**
2011					
Cost					
At 1 January 2011	3,638,194	1,126,960	331,750	7,193,810	12,290,714
Exchange difference on translation	9,374	(510)	-	11,112	19,976
Additions	667,529	20,008	-	144,781	832,318
Disposals/write-offs	(94,851)	(56,884)	-	(215,236)	(366,971)
At 31 December 2011	4,220,246	1,089,574	331,750	7,134,467	12,776,037
Accumulated depreciation					
At 1 January 2011	2,440,572	738,815	236,789	4,247,905	7,664,081
Exchange difference on translation	4,539	(849)	-	9,445	13,135
Depreciation	601,255	171,244	30,983	488,797	1,292,279
Disposals/write-offs	(88,177)	(54,599)	-	(92,452)	(235,228)
At 31 December 2011	2,958,189	854,611	267,772	4,653,695	8,734,267
Net book value					
At 31 December 2011	1,262,057	234,963	63,978	2,480,772	4,041,770

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

4. Property, plant and equipment (Continued)

	Office equipment, furniture and fittings	Motor vehicles	Machinery	Exhibition services assets	Total
Group	**$**	**$**	**$**	**$**	**$**
2010					
Cost					
At 1 January 2010	3,268,417	1,199,900	310,550	5,291,676	10,070,543
Exchange difference on translation	(87,821)	(21,498)	-	(135,638)	(244,957)
Additions	473,907	14,911	80,000	2,279,080	2,847,898
Disposals/write-offs	(16,309)	(66,353)	(58,800)	(241,308)	(382,770)
At 31 December 2010	3,638,194	1,126,960	331,750	7,193,810	12,290,714
Accumulated depreciation					
At 1 January 2010	1,985,715	600,543	246,305	4,029,713	6,862,276
Exchange difference on translation	(70,184)	(9,211)	-	(110,882)	(190,277)
Depreciation	540,494	186,466	49,284	501,987	1,278,231
Disposals/write-offs	(15,453)	(38,983)	(58,800)	(172,913)	(286,149)
At 31 December 2010	2,440,572	738,815	236,789	4,247,905	7,664,081
Net book value					
At 31 December 2010	1,197,622	388,145	94,961	2,945,905	4,626,633

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

4. Property, plant and equipment (Continued)

Company	Office equipment, furniture and fittings $	Motor vehicles $	Total $
2011			
Cost			
At 1 January 2011	1,236,349	-	1,236,349
Additions	3,050	-	3,050
Transfer	(939,170)	-	(939,170)
At 31 December 2011	300,229	-	300,229
Accumulated depreciation			
At 1 January 2011	728,007	-	728,007
Depreciation	45,291	-	45,291
Transfer	(501,441)	-	(501,441)
At 31 December 2011	271,857	-	271,857
Net book value			
At 31 December 2011	28,372	-	28,372
2010			
Cost			
At 1 January 2010	1,208,847	585,876	1,794,723
Additions	75,029	-	75,029
Transfer	(43,726)	(585,876)	(629,602)
Write-offs	(3,801)	-	(3,801)
At 31 December 2010	1,236,349	-	1,236,349
Accumulated depreciation			
At 1 January 2010	494,895	234,656	729,551
Depreciation	260,384	97,646	358,030
Transfer	(24,328)	(332,302)	(356,630)
Write-offs	(2,944)	-	(2,944)
At 31 December 2010	728,007	-	728,007
Net book value			
At 31 December 2010	508,342	-	508,342

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

4. Property, plant and equipment (Continued)

As at the end of the financial year, the net book values of plant and equipment of the Group acquired under finance lease agreements are as follows:

	2011	2010
	$	$
Motor vehicles	123,539	254,528
Office equipment, furniture and fittings	15,799	-
	139,338	254,528

As at the end of the financial year, the net book values of motor vehicles of the Group registered in the name of certain directors and held in trust are as follows:

	2011	2010
	$	$
Motor vehicles	116,870	234,045

As at the end of the financial year, the net book values of plant and equipment of the Company transferred to a subsidiary is as follows:

	2011	2010
	$	$
Motor vehicles	-	253,574
Office equipment, furniture and fittings	437,729	19,398
	437,729	272,972

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $832,318 (2010: $2,847,898). Cash payments of $815,962 (2010: $2,847,898) were made to purchase property, plant and equipment.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

5. Intangible assets

	Group	
	2011	2010
	$	$
Goodwill		
Cost		
Balance at beginning and end of financial year	286,483	286,483
Impairment loss		
Balance at beginning of financial year	(236,337)	-
Impairment loss recognised during the financial year	-	(236,337)
Balance at end of financial year	(236,337)	(236,337)
Carrying amount		
Balance at end of financial year	50,146	50,146

As at the end of the financial year, the Group carried out a review on the recoverable amount on goodwill. The review led to the recognition of an impairment loss of $Nil (2010: $236,337) in profit or loss of the Group.

In 2010, impairment loss arose mainly from certain subsidiaries continued to make losses and were in net tangible loss position.

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	
	2011	2010
	$	$
Exhibition services	50,146	50,146

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

The recoverable amount is determined based on a value in use calculation using the cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections are derived from cost of capital at the date of assessment of the respective cash-generating units. The annual growth rates used are 5% which are based on best estimates from the forecasted growth rates of the industry relevant to the CGUs.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

5. Intangible assets (Continued)

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Club membership				
Cost				
Balance at beginning of financial year	330,000	330,000	-	330,000
Transfer	-	-	-	(330,000)
Balance at end of financial year	330,000	330,000	-	-
Accumulated amortisation				
Balance at beginning of financial year	220,000	110,000	-	110,000
Amortisation for the financial year	110,000	110,000	-	-
Transfer	-	-	-	(110,000)
Balance at end of financial year	330,000	220,000	-	-
Carrying amount				
Balance at end of financial year	-	110,000	-	-

In 2010, the Company transferred the club membership to a subsidiary company.

The club membership rights are held in trust by the directors of the Company.

6. Subsidiaries

Investments in subsidiaries are as follows:

	Company	
	2011	2010
	$	$
Unquoted equity shares, at cost	11,829,692	9,900,127
Employee's share options investment, at cost	421,545	433,223
Allowance for impairment loss	(184,400)	(122,750)
	12,066,837	10,210,600

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

6. Subsidiaries (Continued)

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

	Company	
	2011	2010
	$	$
Balance at beginning of financial year	122,750	12,750
Impairment loss recognised during the financial year	61,650	110,000
Balance at end of financial year	184,400	122,750

As at the end of the financial year, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to the recognition of an impairment loss of $61,650 (2010: $110,000), that has been recognised in profit or loss of the Company.

Impairment loss arose mainly from certain subsidiaries continued to make losses and were in net tangible loss position at the end of the financial year.

The details of the significant subsidiaries are as follows:

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2011 %	Effective equity interest 2010 %
Held by the Company				
Wonderful World Pte Ltd *	Singapore	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs	100	100
Cityneon Concepts Pte Ltd *	Singapore	Provision of event organising, management and event marketing services	100	100
Comprise Electrical (S) Pte Ltd *	Singapore	Provision of electrical services for exhibitions and event management industries	100	100
Cityneon Exhibition Services Pte Ltd *	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	30	30
Cityneon Contracts Sdn. Bhd. ***	Malaysia	Provision of exhibitions and event management services, including rental of reusable modules and furnishings, road shows and custom-built pavilions	100	100

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

6. Subsidiaries (Continued)

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2011 %	Effective equity interest 2010 %
Held by the Company (Continued)				
Cityneon Events Pte. Ltd. * (formerly known as Cityneon Global Projects Pte Ltd)	Singapore	Provision of management, projects, logistics and ownership service for events and festivals	100	100
Themewerks Pte. Ltd.*	Singapore	Design, built, 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. **	Kingdom of Bahrain	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows	100	100
Cityneon Creations Pte Ltd *	Singapore	Provision of design and build services for custom built exhibition pavilions and road shows	100	100
Cityneon Management Services Pte. Ltd. *	Singapore	Provision of management, human resource and general office administration services	100	100
Cityneon Exhibition Services (Vietnam) Co., Ltd *****	Socialist Republic of Vietnam	Providing on interior and exterior decoration for offices, commercial buildings, shop, museums and theme parks	100	100
Cityneon Vietnam Company Limited *****	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	-
Cityneon Shelter Events (Shenzhen) Pte Ltd ******	People's Republic of China	Home and abroad exhibitions information consultation, economic information and enterprise management consultation (excluding securities, insurance, fund, financing employment agency service and other restricted projects), exhibition and event activities display design management, enterprise image and marketing management, stage design management, exhibition etiquette consultant, showroom display design management service	100	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

6. Subsidiaries (Continued)

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest	
			2011	2010
			%	%
Held by Themewerks Pte. Ltd.				
Artscapes Themewerks Pte. Ltd. *	Singapore	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	65	65
Held by Comprise Electrical (S) Pte Ltd				
Cityneon Exhibition Services Pte. Ltd. *	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	70	70
Held by Cityneon Exhibition Services Pte Ltd				
E-Graphics Displays Pte Ltd *	Singapore	Designer and production of environmental graphic materials including banners, posters, bill-boards and general signages for event and exhibition venues	60	60
Shanghai Cityneon Exhibition Services Co., Ltd. ****	People's Republic of China	Designer and provider of services for trade fairs, exhibitions and displays	100	100

* Audited by BDO LLP, Singapore

** Audited by KPMG Bahrain, Kingdom of Bahrain

*** Audited by A.D.Chuan & Co., Malaysia

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

***** Audited by BDO Vietnam Co., Ltd, a member firm of BDO International

****** Audited by BDO China Shu Lun Pan CPAS LLP, People's Republic of China, a member firm of BDO International

The Company has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual (the "Listing Manual"). As required by Rule 716 of the Listing Manual, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Additions investment in subsidiaries

Cityneon Vietnam Company Limited, a wholly-owned subsidiary of the Company, was incorporated in the Socialist Republic of Vietnam with a charter capital of VND950,000,000 (equivalent to $61,385) on 17 March 2011.

Cityneon Shelter Events (Shenzhen) Pte Ltd, a wholly-owned subsidiary of the Company, was incorporated in the People's Republic of China with a paid up capital of US$620,000 (equivalent to $768,180) on 1 April 2011.

On 14 December 2011, the Company increases the paid-up capital of its wholly-owned subsidiary, Cityneon Creations Pte Ltd from $400,000 to $1,500,000 by allotment of 1,100,000 ordinary shares at $1 each.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

7. Inventories

	Group	
	2011	2010
	$	$
Trading goods, at cost	184,288	277,063

8. Amounts due from/(to) contract customers

	Group	
	2011	2010
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	63,913,773	51,161,007
Less: Progress billings	(55,449,046)	(46,493,905)
	8,464,727	4,667,102
Comprising:		
Amounts due from contract customers	9,970,262	5,373,801
Amounts due to contract customers	(1,505,535)	(706,699)
	8,464,727	4,667,102

As at 31 December 2011, the retention monies held by customers for contract work amounted to $1,141,478 (2010: $2,426,881).

9. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Trade receivables	10,992,490	15,175,257	19,806	-
Allowance for doubtful debts	(503,906)	(602,919)	-	-
	10,488,584	14,572,338	19,806	-
Other receivables	7,937,328	4,914,127	8,083	123,929
Income tax recoverable	80,055	36,789	-	-
Dividends receivable	-	-	2,000,000	1,400,000
Total trade and other receivables	18,505,967	19,523,254	2,027,889	1,523,929
Add:				
Deposits	1,623,252	1,313,294	5,560	66,160
Amounts owing by ultimate holding company (Note 10)	46,381	208,669	-	-
Amounts owing by subsidiaries (Note 11)	-	-	8,143,801	8,578,645
Amounts owing by related parties (Note 12)	194,989	75,412	-	-
Cash and cash equivalents (Note 13)	17,257,741	20,722,791	5,133,130	2,674,797
Total loans and receivables	37,628,330	41,843,420	15,310,380	12,843,531

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

9. Trade and other receivables (Continued)

Trade receivables are non-interest bearing and generally on 30 to 90 days (2010: 30 to 90 days) credit terms.

Other receivables consist mainly of advances to suppliers.

Movements in allowance for doubtful debts are as follows:

	Group	
	2011	2010
	$	$
Balance at beginning of financial year	602,919	395,217
Allowance made during the financial year	121,381	327,372
Allowance for doubtful debts no longer required	(6,000)	(5,000)
Bad debt written off against allowance	(215,166)	(105,110)
Exchange differences on translation	772	(9,560)
Balance at end of financial year	503,906	602,919

Allowance for doubtful debts of $121,381 (2010: $327,372) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables. Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Allowance for doubtful debts no longer required of $6,000 (2010: $5,000) was recognised in profit or loss as these trade receivables were recovered during the financial year.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Singapore Dollar	7,418,407	8,385,699	2,027,889	1,523,929
Bahrain Dinar	7,654,596	4,768,224	-	-
Ringgit Malaysia	2,365,233	1,614,333	-	-
United States Dollar	260,589	2,092,508	-	-
Omani Rial	308,143	2,409,530	-	-
Chinese Renminbi	357,323	176,879	-	-
Euro	38,070	21,062	-	-
Others	103,606	55,019	-	-
	18,505,967	19,523,254	2,027,889	1,523,929

10. Amounts owing by ultimate holding company

The trade amounts owing by ultimate holding company are unsecured, non-interest bearing and generally on 60 days (2010: 60 days) credit terms.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

11. Amounts owing by/(to) subsidiaries

	Company	
	2011	2010
	$	$
Amount owing by subsidiaries		
- trade	870,050	3,139,649
- non-trade	7,273,751	5,438,996
	8,143,801	8,578,645
Amount owing to subsidiaries		
- trade	(85)	248,516
- non-trade	(468,595)	(1,324,352)
	(468,680)	(1,075,836)
Net	7,675,121	7,502,809

The trade amounts owing by/(to) subsidiaries are non-interest bearing and generally on 30 to 60 days (2010: 30 to 60 days) credit terms.

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

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

	Company	
	2011	2010
	$	$
Singapore Dollar	7,675,121	6,702,182
Bahrain Dinar	-	1,003,182
United States Dollar	-	(202,555)
	7,675,121	7,502,809

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

12. Amounts owing by related parties

	Group	
	2011	2010
	$	$
Related companies		
Trade	194,989	-
Other related parties		
Trade	-	135,392
Allowance for doubtful debts	-	(59,980)
	-	75,412
	194,989	75,412

The trade amounts owing by related companies are non-interest bearing and generally on 30 days credit terms.

The trade amounts owing by other related parties were non-interest bearing and generally on 30 days credit terms.

Movements in allowance for doubtful debts of amounts owing by related parties are as follows:

	Group	
	2011	2010
	$	$
Balance at beginning of financial year	59,980	59,980
Bad debt written off against allowance	(59,980)	-
Balance at end of financial year	-	59,980

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

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

	Group	
	2011	2010
	$	$
Singapore Dollar	-	75,412
Ringgit Malaysia	194,989	-
	194,989	75,412

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

13. Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Fixed deposit with a bank	4,120,320	4,090,680	-	-
Cash and bank balances	13,137,421	16,632,111	5,133,130	2,674,797
	17,257,741	20,722,791	5,133,130	2,674,797

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Singapore Dollar	8,804,027	9,068,766	4,208,989	2,306,409
Bahrain Dinar	5,380,826	8,162,625	-	-
United States Dollar	2,196,529	2,682,744	915,915	197,368
Ringgit Malaysia	317,885	131,222	-	-
Chinese Renminbi	313,432	168,785	-	-
Euro	119,060	224,888	8,226	171,020
Omani Rial	111	28,270	-	-
Others	125,871	255,491	-	-
	17,257,741	20,722,791	5,133,130	2,674,797

The fixed deposit with a bank has maturity period of 12 months (2010: 12 months) from the end of the financial year with the effective interest rate of 3.5% (2010: 3.5%) per annum.

14. Share capital

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares with no par value		$	$
Issued and fully-paid				
At beginning and end of financial year	88,525,400	88,525,400	14,602,328	14,602,328

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

The Company has an employee share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

Share options granted under the employee share option scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are disclosed in Note 16 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

15. Reserves

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Retained earnings	14,000,607	14,870,780	1,979,728	2,206,550
Statutory reserve	148,608	148,608	-	-
Premium paid on acquisition of non-controlling interests	(10,000)	(10,000)	-	-
Share option reserve	675,964	482,625	489,461	483,358
Currency translation reserve	(3,070,048)	(3,154,677)	-	-
	11,745,131	12,337,336	2,469,189	2,689,908

Statutory reserve

The Bahrain Commercial Companies Law 2001 required that 10% of net profit for the year be appropriated to a statutory reserve. Appropriation may cease when the reserve reaches 50% of the paid up share capital. The statutory reserve is not normally distributable except in accordance with the Law.

Premium paid on acquisition of non-controlling interests

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

Share option reserve

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

Currency translation reserve

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

Movements in the reserves are shown in the statements of changes in equity.

16. 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. Options are forfeited if the employee leaves the Group before the options vest.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

16. Share-based compensation (Continued)

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

	Group and Company	
	Number of share options 2011	Number of share options 2010
Outstanding at beginning of year	6,071,400	3,193,400
Granted during the year	-	3,086,000
Not accepted/lapsed during the year	(216,000)	(208,000)
Outstanding at end of year	5,855,400	6,071,400

Employees

	Balance at beginning of financial year	Granted during the financial year	Not accepted/ lapsed during the year	Balance at end of financial year	Remaining life	Exercise price $	Fair value $
At 31 December 2011							
2007 Options	404,000	-	(16,000)	388,000	32 months	0.46	0.15
2008 Options	532,000	-	(26,000)	506,000	46 months	0.48	0.13
2010 Options	1,690,000	-	(174,000)	1,516,000	65 months	0.312	0.12
	2,626,000	-	(216,000)	2,410,000			
Exercisable as at 31 December 2011				894,000			
At 31 December 2010							
2007 Options	404,000	-	-	404,000	44 months	0.46	0.15
2008 Options	544,000	-	(12,000)	532,000	58 months	0.48	0.13
2010 Options	-	1,886,000	(196,000)	1,690,000	77 months	0.312	0.12
	948,000	1,886,000	(208,000)	2,626,000			
Exercisable as at 31 December 2010				936,000			

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

16. Share-based compensation (Continued)

Directors and non-executive directors

	Balance at beginning of financial year	Granted during the financial year	Balance at end of financial year	Remaining life	Exercise price	Fair value
					$	$
At 31 December 2011						
2007 Options	1,100,000	-	1,100,000	28-52 months	0.46	0.13
2008 Options	1,145,400	-	1,145,400	28-52 months	0.48	0.12
2010 Options	1,200,000	-	1,200,000	41-65 months	0.312	0.12
	3,445,400	-	3,445,400			
Exercisable as at 31 December 2011			2,245,400			
At 31 December 2010						
2007 Options	1,100,000	-	1,100,000	40-64 months	0.46	0.13
2008 Options	1,145,400	-	1,145,400	40-64 months	0.48	0.12
2010 Options	-	1,200,000	1,200,000	53-77 months	0.312	0.12
	2,245,400	1,200,000	3,445,400			
Exercisable as at 31 December 2010			Nil			

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

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

The fair value of these Options was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

16. Share-based compensation (Continued)

Directors and non-executive directors (Continued)

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

The Group and the Company recognised total expenses of $194,974 (2010: $248,884) related to equity-settled share-based compensation transactions during the year.

17. Finance lease obligations

	Group	
	2011	**2010**
	$	**$**
Minimum lease payments payable:		
Due not later than one year	92,865	88,644
Due later than one year and not later than five years	278,288	290,442
Due later than five years	69,271	138,847
	440,424	517,933
Finance charges allocated to future periods	(53,996)	(72,726)
Present value of minimum lease payments	386,428	445,207

	Group	
	2011	**2010**
	$	**$**
Present value of minimum lease payments		
Current		
Due not later than one year	76,587	69,501
Non-current		
Due later than one year and not later than five years	242,346	243,381
Due later than five years	67,495	132,325
	309,841	375,706
	386,428	445,207

The effective interest rates of finance lease arrangements are 3.80 % to 5.08 % (2010: 4.30% to 8.73%).

The lease terms range from 1 year to 10 years.

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

17. Finance lease obligations (Continued)

Finance lease obligations are denominated in the following currencies:

	Group	
	2011	2010
	$	$
Singapore Dollar	368,382	425,723
Ringgit Malaysia	18,046	19,484
	386,428	445,207

18. Bank borrowings

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Current liabilities				
Short term bank loans	5,294,273	716,646	2,800,000	216,641
Long term bank loan				
Portion of term loan due for repayment within one year which are subject to a repayment on demand clause	999,996	-	999,996	-
Portion of term loan due for repayment after one year which are subject to a repayment on demand clause	1,666,672	-	1,666,672	-
	2,666,668	-	2,666,668	-
	7,960,941	716,646	5,466,668	216,641

Short term bank loans

The Group's and the Company's short term bank loans bear interest from 1.42% to 2.48% per annum and are repayable by April 2012.

Long term bank loan

The Group's and the Company's long term bank loan bear interest of 2.55% per annum and repayable over 36 monthly instalments of $41,666 each commencing August 2011.

During the financial year, the Group's and the Company's long term bank loan have been classified as current liabilities in the statement of financial positions as the long term loan contains a repayment on demand clause which give the lender the unconditional right to call the loan at any time.

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

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

Bank borrowings are denominated in Singapore Dollar.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

19. Deferred tax liabilities

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Balance at beginning of financial year	(224,259)	(190,617)	(22,000)	-
Credited/(Charged) to profit or loss	56,000	(32,992)	17,000	(22,000)
Exchange differences on translation	-	(650)	-	-
Balance at end of financial year	(168,259)	(224,259)	(5,000)	(22,000)

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Excess of net book value over tax written down value of property, plant and equipment	(222,868)	(256,105)	(5,000)	(22,000)
Provisions	54,609	31,846	-	-
	(168,259)	(224,259)	(5,000)	(22,000)

20. Loan from ultimate holding company

Loan from ultimate holding company is unsecured with interest of 3.8% (2010: 5%) per annum and repayable by 31 December 2012 (2010: 31 December 2011). It is denominated in Singapore Dollar.

21. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Trade payables	7,033,670	5,796,287	-	19,661
Accruals	3,200,518	10,996,128	203,876	128,011
Deposits received from customers	98,637	806,535	-	600,000
Amount owing to ultimate holding company	438	-	-	-
Amount owing to a director of a subsidiary	229,433	175,258	-	-
Amount owing to non-controlling interests	-	423,299	-	-
Provision of unutilised leave	598,751	372,748	609	-
Provision of reinstatement cost	41,590	41,590	-	-
Sundry creditors	731,843	510,220	214,379	160,411
Total trade and other payables	11,934,880	19,122,065	418,864	908,083
Add:				
Finance lease obligations (Note 17)	386,428	445,207	-	-
Bank borrowings (Note 18)	7,960,941	716,646	5,466,668	216,641
Loan from ultimate holding company (Note 20)	4,000,000	4,000,000	4,000,000	4,000,000
Amount owing to subsidiaries (Note 11)	-	-	468,680	1,075,836
Total financial liabilities carried at amortised cost	24,282,249	24,283,918	10,354,212	6,200,560

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

21. Trade and other payables (Continued)

Trade payables are generally repayable within 30 to 90 days (2010: 30 to 90 days).

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

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

Amount owing to non-controlling interests is trade in nature, unsecured, interest-free and generally on normal credit terms.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Singapore Dollar	7,492,068	12,192,426	418,864	908,083
Bahrain Dinar	2,045,689	4,887,025	-	-
Ringgit Malaysia	525,806	318,551	-	-
British Pound	989,758	-	-	-
Chinese Renminbi	479,655	577,373	-	-
United States Dollar	92,006	895,679	-	-
Euro	-	10,879	-	-
Others	309,898	240,132	-	-
	11,934,880	19,122,065	418,864	908,083

22. Revenue

	Group	
	2011	2010
	$	$
Sale of goods	1,109,554	564,069
Contract revenue	76,271,614	86,557,462
	77,381,168	87,121,531

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

23. Other operating income

	Group	
	2011	2010
	$	$
Account payable written back	186,698	92,627
Government grants	68,816	90,953
Rental income	98,470	138,444
Gain on disposal of property, plant and equipment	956	-
Allowance for doubtful debts no longer required	6,000	5,000
Bad debts recovered	102,079	-
Scrap sales	26,361	60,120
Miscellaneous income	352,141	176,893
	841,521	564,037

24. Finance costs

	Group	
	2011	2010
	$	$
Bank loans interest	72,319	104,085
Loan interest charged by ultimate holding company	152,000	200,000
Finance lease interest	19,110	22,252
	243,429	326,337

25. Profit before income tax

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

	Group	
	2011	2010
	$	$
Cost of sales		
Depreciation of property, plant and equipment	-	241,500
Employee benefits expenses		
- salaries, bonuses and other benefits	3,377,427	3,294,269
- contributions to the defined contribution plan	124,590	115,395

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

25. Profit before income tax (Continued)

	Group	
	2011	2010
	$	$
Administrative and other operating expenses		
Audit fees paid to auditors:		
- Auditors of the Company	108,000	95,000
- Other auditors	53,617	36,988
Non-audit fees paid to auditors:		
- Auditors of the Company	6,000	9,200
- Other auditors	11,962	257
Depreciation of property, plant and equipment	1,292,279	1,036,731
Amortisation expenses	110,000	110,000
Allowance for doubtful debt	121,381	327,372
Doubtful debts written off - trade	1,110	67,745
Foreign exchange loss, net	274,337	663,489
Impairment loss of goodwill	-	236,337
Loss on disposal of property, plant and equipment	-	5,902
Operating lease expenses	1,798,222	1,384,868
Property, plant and equipment written off	124,367	22,565
Employee benefits expenses		
- salaries, bonuses and other benefits	13,420,170	14,677,608
- contributions to the defined contribution plan	993,507	910,798
- share based compensation	194,974	248,884

Employee benefits expenses include the amounts shown as Directors' remuneration in Note 31 to the financial statements.

26. Income tax expense

	Group	
	2011	2010
	$	$
Current income tax		
- current financial year	39,931	464,134
- (over)/under provision in prior financial years	(82,841)	150,131
	(42,910)	614,265
Deferred tax		
- current financial year	(56,000)	75,846
- over provision in prior financial years	-	(42,854)
	(56,000)	32,992
	(98,910)	647,257

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

26. Income tax expense (Continued)

Reconciliation of effective income tax rate

	Group	
	2011	2010
	$	$
Profit before income tax	416,579	5,281,579
Income tax calculated at statutory tax rate of 17%	70,818	897,868
Effect of different tax rates in other countries	(455,174)	(740,186)
Enhanced Productvity and Innovation Credit	(94,156)	-
Effect of double tax deduction	(7,119)	(5,692)
Effect of income not subject to tax	(11,699)	(35,321)
Tax effect of expenses not deductible for income tax purposes	411,165	628,995
Utilisation of deferred tax assets not recognised in prior years	(8,913)	(7,158)
Deferred tax assets not recognised in profit or loss	46,340	8,675
Income tax exemption	-	(166,387)
(Over)/Under provision in prior years		
- current income tax	(82,841)	150,131
- deferred tax	-	(42,854)
Others	32,669	(40,814)
	(98,910)	647,257

Unrecognised deferred tax assets

Deferred tax assets not recognised in respect of the following:

	Group	
	2011	2010
	$	$
Excess of net book value over tax written down value of property, plant and equipment	(108,000)	(62,000)
Unabsorbed capital allowances	202,100	2,000
Unutilised tax losses	902,000	757,000
Provisions	158,000	237,000
Others	15,000	15,000
	1,169,100	949,000

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $202,100 (2010: $2,000) and $902,000 (2010: $757,000) 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.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

26. Income tax expense (Continued)

Deferred tax assets relating to certain subsidiaries have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.17 to the financial statements.

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

Year incurred	Year of expiry	2011	2010
		$	$
2006	2011	-	195,421
2007	2012	56,224	55,837
2008	2013	50,328	49,981
2009	2014	194,082	192,744
2011	2016	229,171	-
		529,805	493,983

27. Dividends

	Group and Company	
	2011	2010
	$	$
Dividend paid:		
First and final tax-exempt (one-tier) dividend of $0.0165 per share in respect of 2010 (2010: $0.016 per share in respect of 2009)	1,460,669	1,416,406

The directors propose that a first and final tax exempt (one-tier) dividend of $0.0023 (2010: $0.0165) per share amounting to $203,608 (2010: $1,460,669) be paid in respect of current first and financial year. This first and final dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval at the Annual General Meeting.

28. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to the owners of the parent by the number of ordinary shares in issue of 88,525,400 (2010: 88,525,400) during the financial year.

Diluted earnings per share amount is calculated by dividing the profit for the year attributable to the owners of the parent by the number of ordinary shares during the financial year plus the weighted average number of shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

28. Earnings per share (Continued)

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

	2011	2010
	$	$
Profit for the year attributable to owners of the parent	590,496	4,249,525
Number of ordinary shares in basic earnings per share	88,525,400	88,525,400
Effects of dilution – share options	-	1,265,351
Weighted average number on a fully diluted basis	88,525,400	89,790,751
Basic earnings per share (cents)	0.67	4.80
Diluted earnings per share (cents)	0.67	4.73

29. Operating lease commitments

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

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Not later than one year	1,249,292	902,615	602,173	626,576
Later than one year and not later than five years	3,861,386	2,550,336	2,408,693	2,285,503
After five years	517,602	1,006,255	458,105	1,006,255
	5,628,280	4,459,206	3,468,971	3,918,334

The leases on the Group's and on the Company's office equipment and premises expire on the dates between 16 May 2012 and 4 October 2017. The current rent payables under the leases are subject to revision after the expiry.

30. Contingent liabilities

The Group has given tender bonds and guarantees through banks to its landlord for office rental deposit amounting to $602,173 (2010: $571,376) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $9,837,678 (2010: $6,477,469) respectively. The tender bonds and guarantees are secured by cash collaterals amounting to $375,471 (2010: $1,037,250).

The Company has given written confirmation of its continued financial support to its subsidiaries Wonderful World Pte Ltd, Cityneon Exhibition Services (Vietnam) Co., Ltd, Cityneon Vietnam Co., Ltd and Shanghai Cityneon Exhibition Services Co., Ltd. to enable these subsidiaries to meet their obligations as and when they fall due, such that they continue their operations on a going concern basis.

In the opinion of the management, no losses were expected to arise pertaining to the aforesaid contingent liabilities.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

31. Significant related party transactions

A related party is defined as follows:

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

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

During the year, in addition to those disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties:

	Group	
	2011	2010
	$	$
With ultimate holding company		
- interest expense	152,000	200,000
- service rendered to	309,873	355,047
With related companies		
- service rendered to	2,228,041	-
With other related party		
- service rendered by	-	66,391
With non-controlling interests		
- service rendered by	-	632,411

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

31. Significant related party transactions (Continued)

Compensation of key management personnel

The remuneration of key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Directors of the Company				
Directors' fees	160,000	100,000	160,000	100,000
Short-term benefits	1,003,243	1,402,174	-	1,260,039
Contributions to the defined contribution plan	10,794	3,689	-	2,371
Share based compensation	116,664	188,196	17,973	147,894
	1,290,701	1,694,059	177,973	1,510,304
Directors of subsidiaries				
Directors' fees	25,472	25,529	-	-
Short-term benefits	1,316,789	1,989,238	-	-
Contributions to the defined contribution plan	23,123	21,605	-	-
Share based compensation	17,216	11,130	-	-
	1,382,600	2,047,502	-	-

There is no remuneration paid to key management personnel other than the directors of the Company and subsidiaries.

32. Segment information

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

<u>Thematics</u>

Operations in thematics comprise architectural facades, scenic fabrication, sculptures, scaled models, wall reliefs and murals, replicas, show sets and props, artistic painting and landscaping.

<u>Exhibition services</u>

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

32. Segment information (Continued)

Event management

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

Interior architecture

Operations in the interior architecture comprise conceptualise, design and interior fitting-out services to commercial properties, hospitality services industry, show rooms, retail outlets, museums and galleries.

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.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

32. Segment information (Continued)

2011	Thematics	Interior architecture	Exhibition services	Event management	Unallocated	Eliminations	Consolidated
	$	$	$	$	$	$	$
Revenue							
Revenue from external customer	11,281,890	14,730,725	36,895,993	14,472,560	-	-	77,381,168
Inter-segment sales	-	101,652	2,335,285	426,185	4,251,935	(7,115,057)	-
	11,281,890	14,832,377	39,231,278	14,898,745	4,251,935	(7,115,057)	77,381,168
Results							
Segment results	1,137,819	540,811	3,168,177	465,554	-	-	5,312,361
Unallocated expenses, net							(4,831,747)
Interest income							179,394
Finance costs							(243,429)
Profit before income tax							416,579
Income tax expense							98,910
Profit after income tax but before non-controlling interests							515,489
Non-controlling interests							75,007
Profit attributable to owners of the parent							590,496

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

32. Segment information (Continued)

2010	Thematics	Interior architecture	Exhibition services	Event management	Eliminations	Consolidated
	$	$	$	$	$	$
Revenue						
Revenue from external customer	5,800,887	6,113,150	52,514,072	22,693,422	-	87,121,531
Inter-segment sales	-	1,919	2,573,537	435,903	(3,011,359)	-
	5,800,887	6,115,069	55,087,609	23,129,325	(3,011,359)	87,121,531
Results						
Segment results	1,301,466	(217,925)	6,825,813	1,679,145	-	9,588,499
Unallocated expenses, net						(4,121,164)
Interest income						140,581
Finance costs						(326,337)
Profit before income tax						5,281,579
Income tax expense						(647,257)
Profit after income tax but before non-controlling interests						4,634,322
Non-controlling interests						(384,797)
Profit attributable to owners of the parent						4,249,525

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

32. Segment information (Continued)

	2011	2010
	$	$
Capital expenditure		
Thematics	1,943	-
Interior architecture	217,358	-
Event management	21,922	2,033,564
Exhibition services	518,316	414,905
Unallocated	72,779	399,429
	832,318	2,847,898
Depreciation of property, plant and equipment		
Thematics	-	638
Interior architecture	53,940	-
Event management	248,188	252,658
Exhibition services	537,656	636,377
Unallocated	452,495	388,558
	1,292,279	1,278,231
Non-cash expenses other than depreciation		
Thematics	3,454	45,493
Interior architecture	7,529	-
Event management	115,108	133,500
Exhibition services	67,008	156,592
Unallocated	236,386	359,946
	429,485	695,531
Allowance for doubtful debts – trade		
Thematics	-	-
Interior architecture	-	-
Event management	47,043	-
Exhibition services	74,338	327,372
Unallocated	-	-
	121,381	327,372
Segment assets		
Thematics	2,015,034	1,938,970
Interior architecture	7,034,605	2,117,590
Event management	9,161,863	12,958,408
Exhibition services	28,688,435	31,895,332
Unallocated	6,052,285	4,501,971
Consolidated total assets	52,952,222	53,412,271

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

32. Segment information (Continued)

	2011	2010
	$	$
Segment liabilities		
Thematics	2,515,594	1,618,605
Interior architecture	2,454,572	1,137,299
Event management	3,458,084	4,607,390
Exhibition services	6,682,231	11,071,596
Unallocated	10,677,303	6,555,727
Consolidated total liabilities	25,787,784	24,990,617

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

Geographical information

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

	2011	2010
	$	$
Revenue from external customers		
Singapore	46,072,889	39,010,178
Middle East	17,234,540	26,462,885
Malaysia	6,600,674	1,983,899
Asia Pacific	4,616,966	15,544,228
United States/Europe/Others	2,856,099	4,120,341
	77,381,168	87,121,531
Location of non-current assets		
Singapore	3,285,324	4,110,459
Middle East	464,834	598,460
Malaysia	91,461	71,912
China	113,817	5,948
Vietnam	136,480	-
	4,091,916	4,786,779

Major customers

Revenues of approximately 19% (2010: 12%) are derived from a single external customer. These revenues are attributable to the interior architecture and thematics segments.

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For the Financial Year Ended 31 December 2011

33. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, exposure limit, risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

33.1. Interest rate risk

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

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

	Note	Effective interest rate	Total	Less than 1 year	1 to 5 years	More than 5 years
		%	$'000	$'000	$'000	$'000
Group						
2011						
Financial asset						
Fixed deposit	13	3.5	4,120	4,120	-	-
Financial liabilities						
Finance lease obligations	17	3.8 to 5.08	(386)	(77)	(242)	(67)
Bank borrowings	18	1.42 to 2.55	(7,961)	(7,961)	-	-
Loan from ultimate holding company	20	3.8	(4,000)	(4,000)	-	-
			(8,227)	(7,918)	(242)	(67)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

33. Financial risk management (Continued)

33.1. Interest rate risk (Continued)

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2010						
Financial asset						
Fixed deposit	13	3.5	4,091	4,091	-	-
Financial liabilities						
Finance lease obligations	17	4.30 to 8.73	(445)	(69)	(244)	(132)
Bank borrowings	18	5	(717)	(717)	-	-
Loan from ultimate holding company	20	5	(4,000)	(4,000)	-	-
			(1,071)	(695)	(244)	(132)
Company						
2011						
Financial liabilities						
Bank borrowings	18	1.99 to 2.55	(5,467)	(5,467)	-	-
Loan from ultimate holding company	20	3.8	(4,000)	(4,000)	-	-
			(9,467)	(9,467)	-	-
2010						
Financial liabilities						
Bank borrowings	18	5	(217)	(217)	-	-
Loan from ultimate holding company	20	5	(4,000)	(4,000)	-	-
			(4,217)	(4,217)	-	-

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

33. Financial risk management (Continued)

33.1. Interest rate risk (Continued)

	Increase/(Decrease) Profit before income tax	
	2011	2010
	$'000	$'000
Group		
Interest rate		
- decreased by 0.5% per annum	40	4
- increased by 0.5% per annum	(40)	(4)
Company		
Interest rate		
- decreased by 0.5% per annum	27	1
- increased by 0.5% per annum	(27)	(1)

33.2. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group operates in Asia with dominant operations in Singapore and the Middle East. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar ("USD"), Omani Rial ("OMR"), Ringgit Malaysia ("RM"), Bahrain Dinar ("BD") and Euro.

The Group is exposed to foreign exchange fluctuation risk to the extent of the difference between the revenue earned in various currencies and the respective local components of cost of sales incurred.

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

33. Financial risk management (Continued)

33.2. Foreign currency risk (Continued)

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

	Group		Company	
	Equity	Profit before income tax	Equity	Profit before income tax
	$'000	$'000	$'000	$'000
31 December 2011				
Ringgit Malaysia	243	215	-	-
United States Dollar	-	237	-	92
Euro	-	16	-	1
Bahrain Dinar	900	1,099	-	-
Omani Rial	-	15	-	-
31 December 2010				
Ringgit Malaysia	164	164	-	-
United States Dollar	-	388	-	1
Euro	-	24	-	(17)
Bahrain Dinar	1,013	804	-	(100)
Omani Rial	-	244	-	-

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.

33.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient deposits ranging from 30% to 50% of the contract price for majority of the projects contracted, where appropriate, to mitigate credit risk. The credit risk and amount outstanding is monitored on an ongoing basis. The top 5 customers of the Group accounted for more than 40% (2010: 47%) of the total trade receivables amount.

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

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

33. Financial risk management (Continued)

33.3. Credit risk (Continued)

The credit risk for third parties trade receivables is as follows:

	Group 2011 $'000	Group 2010 $'000
By geographical areas		
Singapore	6,027	6,492
Middle East	1,625	4,062
Malaysia	1,932	1,399
Asia-Pacific	641	903
United States/Europe/Others	264	1,716
	10,489	14,572

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Cash and cash equivalents are placed with financial institutions with high credit ratings.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Gross receivables 2011 $'000	Impairment 2011 $'000	Gross receivables 2010 $'000	Impairment 2010 $'000
Group				
Past due 1 to 90 days	5,255	-	6,226	-
Past due over 90 days	3,398	504	3,924	603
	8,653	504	10,150	603

33.4. Liquidity risk

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

33. Financial risk management (Continued)

33.4. Liquidity risk (Continued)

In addition, the Group maintains $51.4 million of credit facilities which includes the following:

(i) loan facilities which are secured by corporate guarantee from the Company and certain subsidiaries;

(ii) other credit facilities for issuance of irrevocable letters of credit, performance bonds, retention bonds, tender bonds, shipping guarantee, and import loans; and

(iii) overdraft facility which is unsecured and with floating interest rates per annum.

The Group also monitors its gearing closely. Details of its gearing are set out in Note 34.

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:

	2011			2010		
	Less than 1 year	1 to 5 years	More than 5 years	Less than 1 year	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Financial liabilities						
Non-interest bearing						
Trade and other payables	11,935	-	-	19,122	-	-
Fixed-interest bearing						
Loan from ultimate holding company	4,000	-	-	4,000	-	-
Finance lease obligations	93	278	69	89	290	139
Variable-interest bearing						
Bank borrowings	8,071	-	-	721	-	-
	24,099	278	69	23,932	290	139
Company						
Financial liabilities						
Non-interest bearing						
Trade and other payables	419	-	-	908	-	-
Amount owing to subsidiaries	469	-	-	1,076	-	-
Fixed-interest bearing						
Loan from ultimate holding company	4,000	-	-	4,000	-	-
Variable-interest bearing						
Bank borrowings	5,564	-	-	219	-	-
	10,452	-	-	6,203	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2011

34. Capital management

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. 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, where applicable, subject to the pursuant in the Memorandum of Articles of the Company, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2010.

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 non-current portion of the interest bearing long-term debts over total assets.

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Interest-bearing long-term debts	309	376	-	-
Total assets	52,952	53,412	27,431	23,612
Gearing ratio	0.6%	0.7%	-	-

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2011 and 2010.

35. Financial instruments

Fair values

The carrying amount of cash and cash equivalents, trade and other current receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial liabilities are disclosed in the respective notes to the financial statements.

Analysis of Shareholdings

As at 23 March 2012

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

The Company does not have any treasury shares.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	1	0.29	1	0.00
1,000 - 10,000	249	73.24	1,097,000	1.24
10,001 - 1,000,000	84	24.71	3,775,671	4.26
1,000,001 & ABOVE	6	1.76	83,652,728	94.50
TOTAL	340	100.00	88,525,400	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
LAVIANI PTE. LTD.	56,729,295	64.08
KO CHEE WAH	10,486,265	11.85
LIM POH HOCK	6,035,168	6.82
MAYBAN NOMINEES (S) PTE LTD	4,850,000	5.48
MULTI-PURPOSE INSURANS BHD	4,000,000	4.52
CIMB SECURITIES (SINGAPORE) PTE LTD	1,552,000	1.75
HONG LEONG FINANCE NOMINEES PL	564,000	0.64
OCBC SECURITIES PRIVATE LTD	219,000	0.25
PER TIONG SHIM	180,000	0.20
TAN CHONG YI	163,000	0.18
GAN GUAT CHING	133,000	0.15
CN EVENT & EXHIBITION INTERNATIONAL PTE LTD	120,879	0.14
LEONG KOK TOONG	108,792	0.12
KUNG MENG	103,000	0.12
CHEY CHOR WAI	100,000	0.11
KIEW NYOOK LIN	75,000	0.08
CHAN HENG KIAN	60,000	0.07
GOH NAE LIH	60,000	0.07
NEO WILSEN	60,000	0.07
OCBC NOMINEES SINGAPORE PTE LTD	59,000	0.07
	85,658,399	96.77

Based on the information available to the Company as at 23 March 2012, approximately 11.77% of the issued shares of the Company is held in the hands of the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

Substantial Shareholders

As at 23 March 2012

Name	No. of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Ko Chee Wah	10,486,265	11.85	-	-
Lim Poh Hock	6,035,168	6.82	4,850,000	5.48
Laviani Pte. Ltd.	56,729,295	64.08	-	-
Star Publications (Malaysia) Berhad	-	-	56,729,295	64.08
Malaysian Chinese Association	-	-	56,729,295	64.08

Notes:-

(1) Mr Lim Poh Hock has a deemed interest in 4,850,000 shares registered in the name of Mayban Nominees (Singapore) Private Limited.

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

(3) Malaysian Chinese Association is deemed to be interested in 56,729,295 shares held by Laviani Pte. Ltd. by virtue of its 42.42% interest in Star Publications (Malaysia) Berhad which, in turn, holds 100% of Laviani Pte. Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cityneon Holdings Limited ("the Company") will be held at 84 Genting Lane, #06-01 Cityneon Design Centre, Singapore 349584 on Monday, 30 April 2012 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.23 cent per share tax exempt (one-tier) for the year ended 31 December 2011 (2010: 1.65 cents). **(Resolution 2)**

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

   (a) Dato' Loke Yuen Yow **(Resolution 3)**
   (b) Mr Lim Poh Hock **(Resolution 4)**

   Dato' Loke Yuen Yow will, upon re-election as a Director of the Company, remain as an Independent Director.

4. To re-elect Datuk Lee Fook Long, retiring pursuant to Article 108 of the Company's Articles of Association. **(Resolution 5)**

5. To approve the payment of Directors' fees of S$130,000 for the year ended 31 December 2011 (2010: S$130,000). **(Resolution 6)**

6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

8. **Authority to issue shares**

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

   (a) i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

Notice of Annual General Meeting

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

provided that:

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

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

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

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

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

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

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

[See Explanatory Note (1) below] **(Resolution 8)**

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

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

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

Notice of Annual General Meeting

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

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

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report dated 12 April 2012 (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

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

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

[See Explanatory Note (2) below] **(Resolution 10)**

By Order of the Board

Yoo Loo Ping
Company Secretary
Singapore
12 April 2012

Notice of Annual General Meeting

Explanatory Notes:

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

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

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

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

Notes

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

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

Notice of Books Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2012 for the purpose of determining members' entitlements to the first and final dividend of 0.23 cent per share tax exempt (one-tier) for the year ended 31 December 2011 ("**Final Dividend**"). The Final Dividend is subject to shareholders' approval at the annual general meeting of the Company to be held on 30 April 2012 (the "**AGM**").

Duly completed registrable transfer of shares in the Company (the "**Shares**") received up to the close of business at 5.00 p.m. on 7 May 2012 by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, will be registered to determine members' entitlements to the proposed Final Dividend. Subject to the aforesaid, members whose securities accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 8 May 2012 will be entitled to the proposed Final Dividend.

The proposed Final Dividend, if approved at the AGM, will be paid on 21 May 2012.

By order of the Board of
CITYNEON HOLDINGS LIMITED

Yoo Loo Ping
Company Secretary
12 April 2012

CITYNEON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Registration No. 199903628E)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

I/We, ...

of ....

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

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Monday, 30 April 2012 at 2.30 p.m. at 84 Genting Lane, #06-01 Cityneon Design Centre, Singapore 349584 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a cross [X] within the box provided)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Financial Statements for the year ended 31 December 2011.		
2.	Declaration of first and final dividend.		
3.	Re-election of Dato' Loke Yuen Yow as a Director.		
4.	Re-election of Mr Lim Poh Hock as a Director.		
5.	Re-election of Datuk Lee Fook Long as a Director.		
6.	Approval of Directors' fees amounting to S$130,000 for the year ended 31 December 2011.		
7.	Re-appointment of Messrs BDO LLP as Auditors.		
8.	Authority to issue new shares.		
9.	Authority to issue shares under the Cityneon Employee Share Option Scheme.		
10.	Renewal of Shareholders' Mandate for Interested Person Transactions.		

Dated this .... day of 2012

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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. If no proportion or number of shares is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

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

5. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised or in such manner as appropriate under applicable laws. Where the original instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the Registered Office, **not less than 48 hours** before the time appointed for the holding of the Meeting or the adjourned Meeting at which it is to be used failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative.

General:

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

CITYNEON HOLDINGS LIMITED

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