events & exhibitions

CITYNEON HOLDINGS LIMITED
(Business Registration No. 199903628E)

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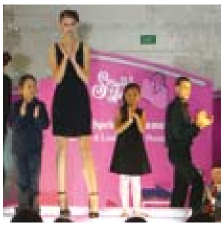
CITYNEON

Cityneon Holdings Limited

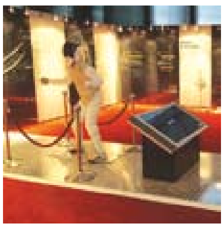
Annual Report 06





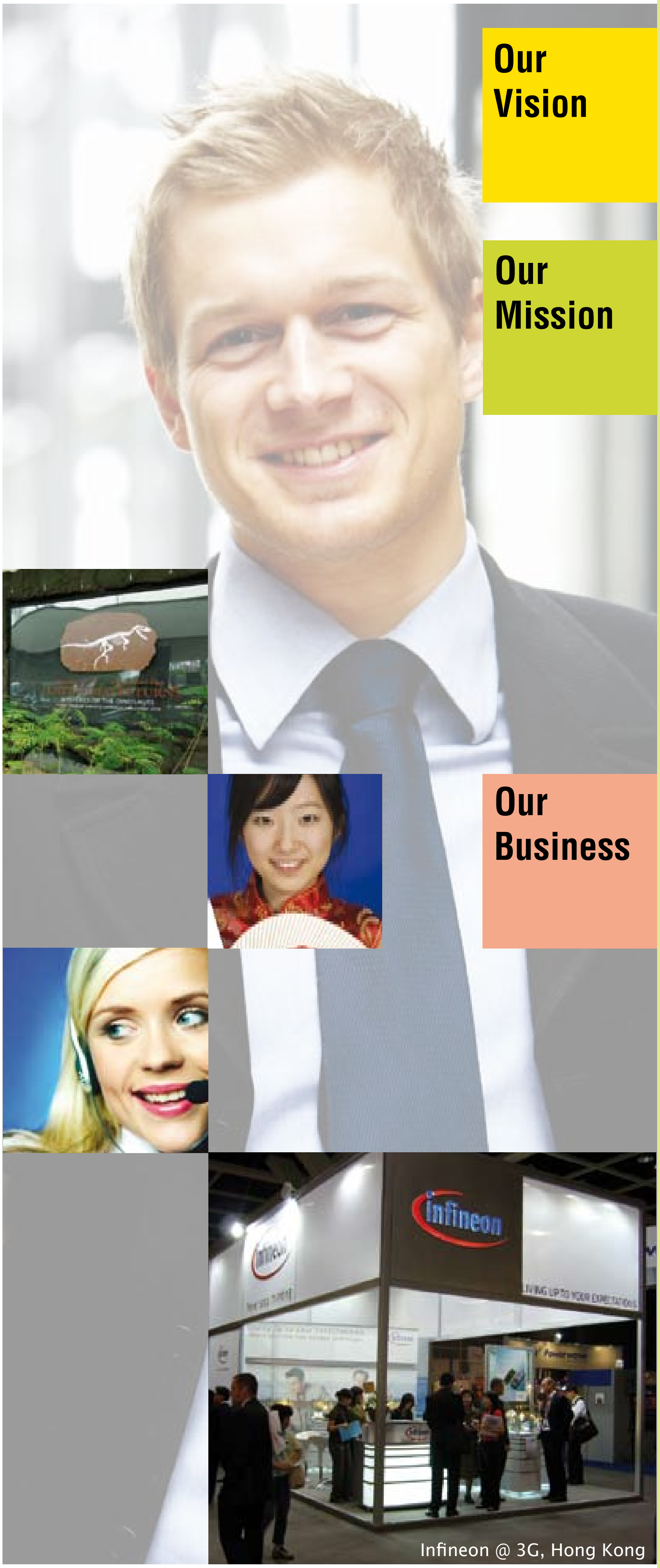







Contents



Infineon @ 3G, Hong Kong

Our Vision

To be a world-class provider of event and exhibition services in the global market place

Our Mission

To be the preferred service provider in the events, exhibitions and display industry - worldwide.

In pursuit of this, we understand and shall always focus on:-

1. Adding significant value to the businesses of our customers
2. Staffing our organisation with only the best, and enabling them to continue being the best, by ceaselessly investing in and nurturing them in every way
3. Leveraging on new technologies to strengthen our capabilities
4. Generating a surplus for the organisation to continue the unending process in renewing talent and capital

Our Business

We are a Singapore-based group serving the needs of international exhibitions and trade shows, conferences and events from our operations in Singapore, the Middle East, Malaysia and the PRC.

We have two principal businesses namely exhibition services and event management.

Exhibition Services

The services provided include:-

(1) renting out of re-useable modules, furniture and furnishings

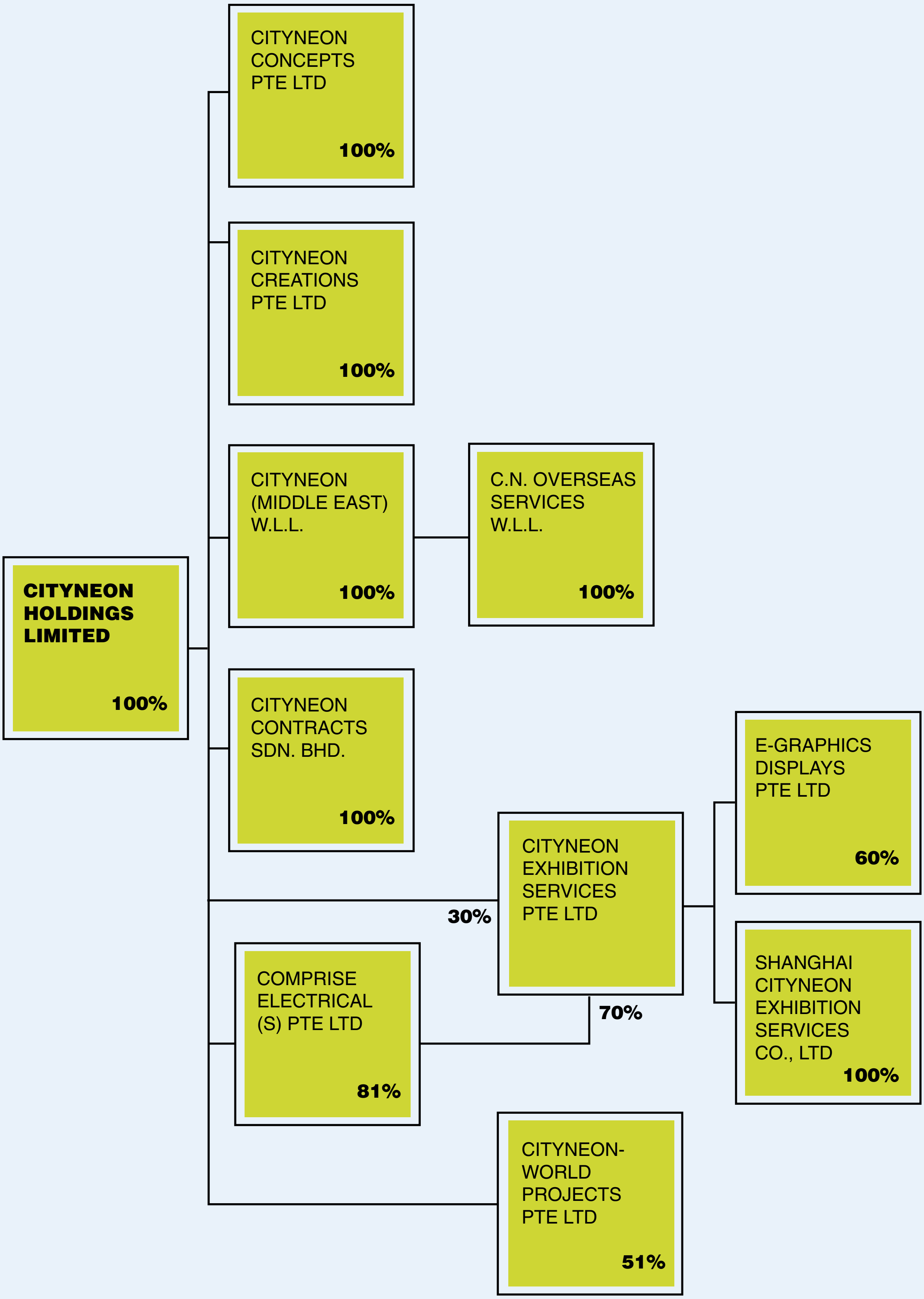
(2) designing, fabricating and installing pavilions which are primarily not re-useable; and

(3) providing ancillary services in electrical services and environmental graphics to exhibition organisers and exhibitors

Event Management

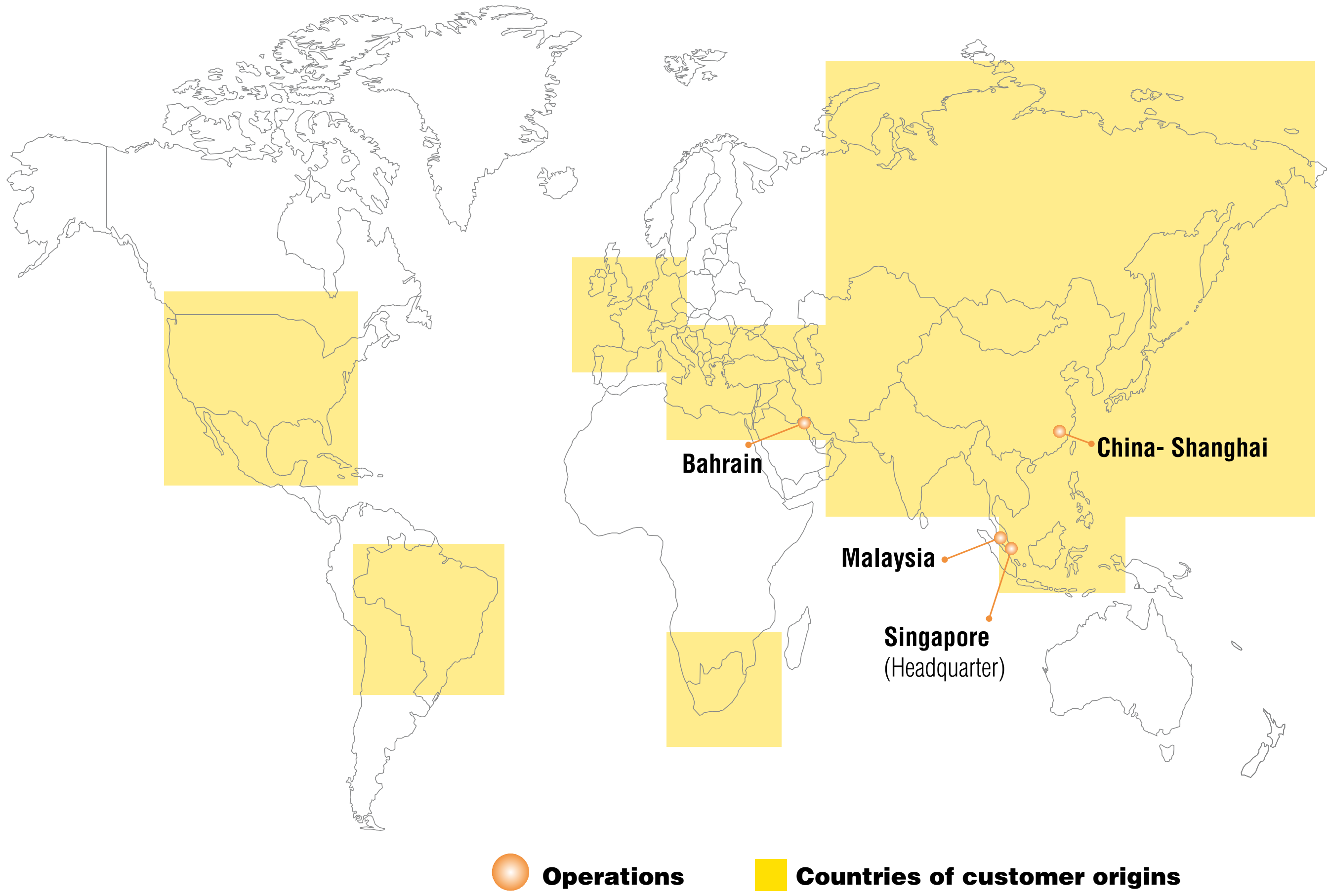
We help to create, organise, host and manage events as a supporting service or on a turnkey basis. In handling or managing events, we work with our clients to understand their objectives and requirements for the event. We assist our clients to conceptualise the theme for the event, decide on the messages to be communicated and the speakers given the target audience.

Group Corporate Structure



International Network

We serve our international clients through a global network of fully-owned offices, associates and strategic partners, delivering events and exhibitions across the Americas, Europe, Middle East, Asia and the Far East.



COUNTRIES OF CUSTOMER ORIGINS INCLUDE MAINLY:

Asia

Brunei, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Thailand, PRC, Vietnam, China, Cambodia, Pakistan, Syria,Australia, etc.

Europe & Americas

Brazil, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Russia, South Africa, Spain, Switzerland, Turkey, UK, USA, Belguim, Canada, Romania, Serbia, Sweden, etc.

Middle East

Bahrain, Egypt, Iran, Kuwait, Oman, Qatar, Saudi Arabia, UAE, Dubai etc.

Joint Statement from the Chairman and Group Managing Director

WILL HOON WEE TENG
Chairman

Dear Shareholders,

It is my pleasure to present to you our annual report for 2006. The past year saw robust economic growth both globally and in Singapore. According to Reuters, Singapore's GDP growth in 2006 was broad-based, registering 7.7%, with its open economy benefiting from global economic growth of 5.3%. Indeed, last year was the third year of positive economic expansion worldwide.

Growth across the board

The markets in which we operate in benefited from this benign macro-environment. Our Singapore based operations saw sales increase by 31% from $16.7 million in FY2005 to $21.9 million in FY2006, as we gained market share and new customers over the year in review.

For our Middle East operations, our business development resulted in revenue growth of 79%, from $8.7 million in FY2005 to $15.6 million in FY2006. A sizeable portion of this revenue growth came from contracts awarded by the Qatar government in conjunction with the hosting of the Doha Asian Games in December 2006. Cityneon was awarded 7 out of the 8 design and build semi-permanent exhibition galleries at the Games, showcasing the history and achievements of Qatar. This was an important inroad for Cityneon into the lucrative Qatar market. The successful delivery of these projects has gained us immeasurable goodwill, and will position us well for future project bids.

With our business operations from various geographical regions comprising Singapore, Middle East, Malaysia and Shanghai contributing to revenue growth, consolidated Group revenue saw an increase of 41% to $41.2 million, whereas net profit attributable to shareholders increased 31% to $4.0 million. We executed Group growth strategy well, with our plans to develop revenue streams from international markets bearing fruit. Revenue contributions from overseas improved from 50% of total revenue in FY2005 to 59% in FY2006. Although competition has been keen, we remain a dominant player in the markets we operate in, and have been able to maintain a healthy gross profit margin averaging more than 40%.

In January 2006, the Group increased its stake in its subsidiary, Comprise Electrical (S) Pte Ltd from 51% to 81%. Comprise Electrical (S) Pte Ltd and its subsidiaries contributed 51.1% of the Group's FY2006 profit before tax.

Net cash from operating activities increased significantly from $1.6 million to $4.2 million during the year in review, reflecting the strong cash generating nature of our exhibition and event management services business. To reward shareholders, the Group has recommended a final dividend of 1.67 cents per share, plus a special dividend of 3.33 cents per share. This amounts to a combined dividend of 5.0 cents per share. The Group had earlier declared an interim dividend of 0.25 cents per share. In sum, this brings the FY2006 total dividend payout ratio to 96% of FY2006 net profit attributable to shareholders.

Joint Statement from the Chairman and Group Managing Director

KO CHEE WAH
Group Managing Director

Forward Strategy

We are optimistic about prospects for financial year 2007 and beyond. Our Group's exhibition calendar for 2007 looks strong and most of our clients have expressed their intentions to repeat their events in 2007.

The macro-environment is also encouraging. Based on analysts' forecasts compiled by Reuters, the Singapore economy will continue its upward, albeit moderating trend, for 2007. Tourist arrivals, a portion of which comprises business travellers, for 2006, was at a record number and analysts predict that the tourism environment going forward is favourable. Already, talks are underway to bring the Formula One motor race to Singapore from 2008 onwards. If that happens, it should generate spillover effects for our events and exhibitions business.

Looking further ahead, the two integrated resorts are set to open in 2009 and 2010 and that should further propel the growth of the Meetings, Incentives, Conventions and Exhibitions (MICE) industry in Singapore. This will have a positive bearing on our market space and our business.

Global economic growth is expected to continue in 2007 and 2008, but at a moderated rate, according to an International Monetary Fund (IMF) forecast. This will augur well for our international growth plans. Already, revenue from our international business has been growing and we intend to continue developing and diversifying our revenue streams. The Middle East market is expanding at a healthy clip and has been contributing to our order book. In fact, we have been awarded $1.7 million worth of contracts for the Bahrain Formula One event to be held in April 2007. As of end-February 2007, our confirmed Group sales is about $17.5 million, which is about 42% of FY2006 revenue.

Acknowledgements

The past year has been one of robust growth and for this, we would like to thank the efforts of our dedicated staff and the advice and leadership of our directors and management. In closing, we would also like to thank our shareholders for their invaluable support and look forward to a healthy 2007 and beyond.

Will Hoon Wee Teng
Chairman

Ko Chee Wah
Group Managing Director

PETRONAS @ Formula One

Shanghai


Premium Partner of
BMW Sauber F1 Team

Board of Directors

WILL
HOON
WEE
TENG

KO
CHEE
WAH

LIM
POH
HOCK

CHEONG
KOK
YEW

CHUA
SOO
CHIEW @
CHUA
KAW
KIA

CHAY
WAI
CHUEN

Board of Directors

Will Hoon Wee Teng has been our Non-executive Chairman since 15 September 2005. He is currently the Executive Vice President of Transpac Capital. Mr Will Hoon Wee Teng has more than 16 years of experience in the private equity and management consulting industries. He sits on the boards of many of the companies in which Transpac Capital has investments. He previously held the position of Managing Director and Head of Private Equity at the Crosby Group, an Asian investment bank. He has also held key senior positions at the Asian practices of Bain & Company and the Boston Consulting Group. Mr Will Hoon Wee Teng graduated with a Bachelor of Science degree from the Massachusetts Institute of Technology, US. A Chartered Marketer, he has current professional organisation fellowship of the Chartered Institute of Marketing, Hong Kong Institute of Directors and Marketing Council Asia and membership of the UK Institute of Directors and Singapore Institute of Directors.

Ko Chee Wah is our Group's Managing Director and has been a Director since the incorporation of our Company. He has overall responsibility for the day-to-day management of our Group. He is also responsible for the strategic and business development of our Group. Mr Ko Chee Wah has close to 25 years of working experience, 15 of which were in the MICE industry with our Group. He has in-depth knowledge of and has an international network of contacts in this industry. Prior to joining our Group, Mr Ko Chee Wah was the general manager and director of Sim Lim Company Pte Ltd from 1980 to 1987 and general manager of Wing Tai Enterprises Pte Ltd from 1987 to 1990. Mr Ko Chee Wah holds a Bachelor of Business Administration (Honours) degree from the then University of Singapore.

Lim Poh Hock is our Executive Director and has been a Director since the incorporation of our Company. As an Executive Director, he is in charge of administration matters and supervises the management of Cityneon Concepts Pte Ltd, Cityneon Contracts Sdn. Bhd., Cityneon Creations Pte Ltd and Cityneon-World Projects Pte Ltd. From 1976 to 1983, Mr Lim Poh Hock was a factory manager with Prime Electrical Products Pte Ltd. In 1983, he started Faco Electric Co Pte Ltd, a company in the electrical heater business, in which Mr Lim continues to be the major shareholder. Mr Lim holds a Diploma in Business Studies from Ngee Ann Technical College.

Cheong Kok Yew has been our Non-executive Director since 15 September 2005. He is currently the Senior Vice President of Transpac Capital, a private equity fund management company based in Singapore. Mr Cheong Kok Yew has more than 13 years of experience in private equity investments and he sits on the boards of many of the companies in which Transpac Capital has investments. He has an advisory role in the corporate planning and business development of Cityneon. Mr Cheong Kok Yew holds a Bachelor of Engineering degree from the Swinburne Institute of Technology, Australia as well as a Masters degree in Business Administration from the National University of Singapore.

Chua Soo Chiew @ Chua Kaw Kia has been an Independent Director of our Group since 15 September 2005 and is a practicing public accountant. He was the sole proprietor since 1985 and subsequently a partner of Chua Soo Chiew & Co. He has also been a partner of Liang & Co since 1984. He is a committee member of Victoria University Alumni, Singapore Chapter. Mr. Chua Soo Chiew @ Chua Kaw Kia holds a Master of Business degree from Victoria University, Australia and a Bachelor of Laws (Honour) degree from University of London, United Kingdom. He is also a fellow member of CPA Singapore and CPA Australia.

Chay Wai Chuen was appointed as an Independent Director of our Group on 15 September 2005 and is General Manager (Logistics, Finance & Investment) of NTUC FairPrice Co-operative Limited. Mr Chay Wai Chuen joined NTUC FairPrice Co-operative Limited in 1996 and also holds the position of Chief Executive Officer of Grocery Logistics of Singapore Pte Ltd, the logistics arm of NTUC FairPrice Cooperative Limited. He was previously a business consultant. He is also a Member of Parliament for Tanjong Pagar GRC. Mr Chay Wai Chuen holds Bachelor of Arts degree, Bachelor of Social Science (Honours) and Master of Social Science degrees from the University of Singapore as well as a Master of Arts (Developmental Economics) from the University of Sussex, United Kingdom.

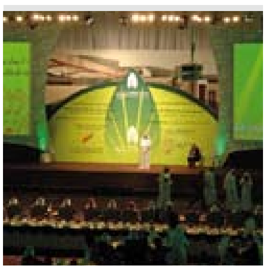
Malaysia Pavilion @ IMEX, Germany

MUSEUMS

GRAPHICS

Weaponry Gallery @ Doha, Qatar

EXHIBITIONS



EVENTS

CITYNEON

- a world-class provider of event and exhibition services in the global market place


Gulf Finance House @ Cityscape, UAE

Texas Instruments, France

INTERIORS

DISPLAYS

Financial Review

Revenue

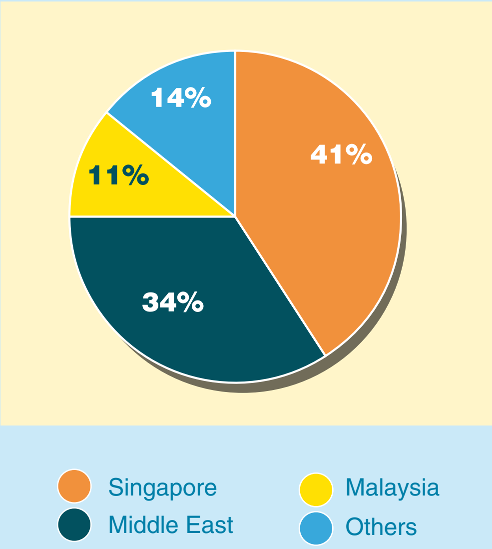
Cityneon's revenue is project-based and derived from its two principal business divisions, exhibition services and event management. Revenue from exhibition services is based on the following activities: renting our exhibition services assets; designing, fabricating and installing pavilions; and providing ancillary services in electrical services and environmeantal graphics. Generally, our exhibition services are provided in a package involving all three services mentioned above. The duration of our exhibition services projects varies depending on the scale and complexity of the projects. Projects can be as short as a week or as long as six months.

Our event management services encompasses the organization of corporate activities, where we conceptualise, develop, organise and host corporate events in collaboration with our clients. Event management projects generally last between two and six months.

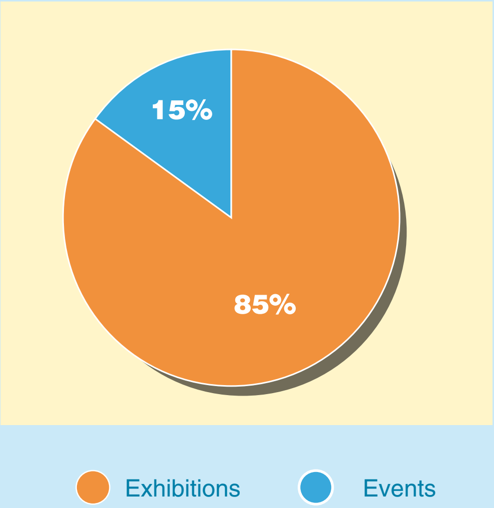
We booked a record revenue of $41.2 million in FY2006. This was an increase of 41% from FY2005 revenue of $29.3 million. The $11.9 million increase was composed of $9.2 million from our exhibition services business and $2.7 million from our event management business.

Geographically, our revenue and profit before taxation are segmented by the country of origin of our customers. Revenue growth from our Singapore market was $2.5 million or 17% in FY2006. The Middle East market saw a significant increase of 113% or $7.4 million. Revenue from Malaysia grew by $0.9 million or 25% while revenue from Others (which comprise of Europe, US, PRC, India, Hong Kong, Japan and Brazil, etc.) grew by $1.1 million or 24%. In terms of revenue breakdown by geographical segment, Singapore comprised about 41%; the Middle East, 34%; Malaysia, 11%; and Others, 14% for FY2006.

REVENUE BY GEOGRAPHICAL REGION



REVENUE BY BUSINESS ACTIVITIES



In Singapore, some of the major projects which we delivered in FY2006 include exhibition services contracts for mega events such as the Asian Aerospace, Food & Hotel Asia, CommunicAsia, Career Fair, NATAS Fair (National Association of Travel Agents, Singapore), Pumps & Systems Asia, and World Lottery Asia.

In the Middle East, major projects undertaken during the year in review include exhibition services provided for the Bahrain Formula One event, the Arabian Travel Mart, Jewellery Arabia 2006, Cityscape 2006, Gastech, and Autumn Fair 2006, as well as the seven contracts awarded by the Qatar Museum Authority and Doha Asian Games Organizing Committee in conjunction with the hosting of the Doha Asian Games 2006.

In Malaysia, included in the major contracts garnered were exhibition services contracts for the Formula One event, the Motor Show 2006, the Bio Malaysia 2006 and the Bio 2006 Chicago Annual International Convention.

Profits

With strong growth in turnover, the Group registered gross profit of $17.8 million in FY2006. This represented an increase of 37% from $13.0 million in FY2005. Net profits

Financial Review

attributable to shareholders of the Company increased by 31% to $4.0 million in FY2006, from $3.1 million in FY2005. Gross profit margin was maintained at above 40% while net profit margin remained relatively stable at above 10%.

Other Operating Income

An increase in foreign exchange gain, as a result of the strengthening of Singapore Dollar against other major currencies, was the main factor for the increase of $0.4 million or 79% in other operating income.

Marketing and Distribution Costs

Marketing and distribution costs increased by $0.5 million, or 66%, from $0.8 million in FY2005 to $1.3 million in FY2006, attributable mainly to the increases in sales commissions and marketing expenses on account of the higher turnover, as well as increases in public relations expenses incurred because of the public listing of the company.

Administrative Expenses

We saw an increase of $3.4 million, or 39%, in administrative and other operating expenses from $8.8 million in FY2005 to $12.2 million in FY2006, due mainly to an increase in staff costs and overhead expenditure to support the increased business activities in FY2006, as well as the higher provision for performance bonuses in lieu of the improved financial performance of the Group.

Cash Flow and Balance Sheet Highlights

Major factors contributing to the change in the Group's cash flow and balance sheet position were surpluses from the business operations for the year, aligned with the acquisition of additional shares in a subsidiary, the purchase of club memberships, the repayment to our ultimate holding company for the purchase of new subsidiaries in prior years, as well as the payment of dividends to our shareholders.

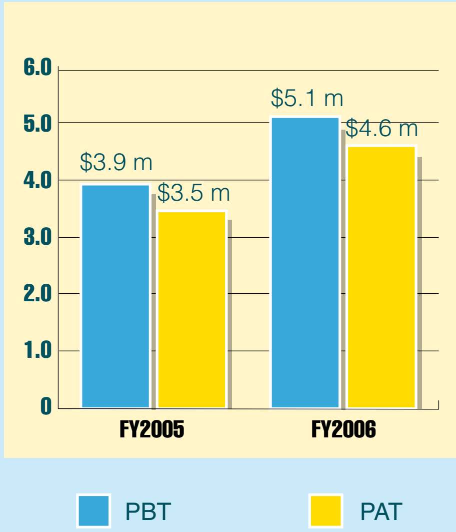
Financial Analysis

The Compounded Growth Rate (CAGR) measures a market's annual growth over a period of time (usually several years). This measure is a constant percentage rate at which a market would grow or contract year on year to reach its current value.

Our CAGR from FY2004 to FY2006 for profit before taxation and profit after taxation were 54.0% and 56.1% respectively.

Total tangible assets for FY2006 grew $2.8 million to $23.3 million from a base of $20.5 million for FY2005.

PROFIT BEFORE TAX (PBT) AND PROFIT AFTER TAX BEFORE MINORITY INTERESTS (PAT)



Return on Assets, used to measure the company's productive usage of its assets to generate earnings, is derived by dividing profit before taxation and finance cost over average total tangible assets. It held about even at 23.3% in FY2006, compared with 23.7% in FY2005.

The Group's current ratio, derived by dividing current assets over current liabilities, is a useful measure of our ability to repay short-term debt. Our FY2006 current ratio is about even, at 2.1, while FY2005's current ratio was 2.3. The gearing ratio, used to measure the extent of financial leverage the company has, is derived by dividing interest bearing long term debts over total assets. For FY2006, our gearing was 0.016, an improvement over FY2005's 0.021.

In sum, the Group's financial position is stable and puts us on a solid footing for any expansion plans.


BASAH.BUGIS
SENSE OF HERITAGE AND IDENTITY
BRAS BASAH.BUGIS
Cathay Building
Future Singapore Arts School
Orchard Presbyterian Church
National Museum
Fort Canning Green
FORT CANNING PARK
MRT

URA Launch @ Bugis

Singapore

Corporate Information

Registered office

84 Genting Lane #05-01
Cityneon Design Centre
Singapore 349584
Tel: +65 6741 1611
Fax: +65 6749 3633
www.cityneon.net

Directors

Will Hoon Wee Teng Non-executive Chairman
Ko Chee Wah Managing Director
Lim Poh Hock Executive Director
Cheong Kok Yew Non-executive Director
Chay Wai Chuen Independent Director
Chua Soo Chiew @ Chua Kaw Kia Independent Director

Audit Committee

Chua Soo Chiew @ Chua Kaw Kia Chairman
Chay Wai Chuen
Cheong Kok Yew

Nominating Committee

Chua Soo Chiew @ Chua Kaw Kia Chairman
Ko Chee Wah
Chay Wai Chuen

Remuneration Committee

Chay Wai Chuen Chairman
Chua Soo Chiew @ Chua Kaw Kia
Lim Poh Hock

Secretary

Wong Juar Ming
Usha Balasubramanian Resigned on 27.2.2006
Dorothy Ho Lai Yong Appointed on 27.2.2006

Registrar

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

Bankers

United Overseas Bank Limited
Citibank Singapore Limited
Standard Chartered Bank

Auditors

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Chinese Chamber of Commerce & Industry Building
Singapore 179365
Partner-in-charge : Ong Soo Ann
(since financial year ended 31 December 2005)

Contents

Corporate Governance

For the period 1 January 2006 to 31 December 2006

The Board and Management of Cityneon Holdings Limited (the "Company") recognise the importance of practicing good corporate governance and are committed to ensuring that effective self-regulatory corporate practices exist to protect and increase shareholder value. This report sets out the Company's corporate governance processes, with specific references to the recommendations of the Singapore Code of Corporate Governance ("Code"), which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The primary function of the Board is to protect and enhance long-term value and returns for its shareholders. Broadly, the responsibilities of the Board include but are not limited to the following:

- providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resource are in place for the Company to meet its objective;
- establishing a framework of prudent and effective controls which enables risk to be assessed and managed;
- reviewing management performance; and
- setting the Company's value and standards, and ensuring that obligation to shareholders and others are understood and met.

The Board meets at least twice in a year and ad-hoc Board meetings are convened as and when they are deemed necessary. In the course of the year under review, the Board held two (2) meetings which were attended by all directors.

The following table summarises the Directors' attendance at Board and Committee meetings during the year:

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of Meetings Held	2	3	1	1
Name of Director : Number of Meetings Attended				
Will Hoon Wee Teng	2	N.A.	N.A.	N.A.
Ko Chee Wah	2	N.A.	N.A.	1
Lim Poh Hock	2	N.A.	1	N.A.
Cheong Kok Yew	2	3	N.A.	N.A.
Chua Soo Chiew @ Chua Kaw Kia	2	3	1	1
Chay Wai Chuen	2	3	1	1

Matters which are specifically reserved to the Board for approval include corporate restructuring, 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 Company embraces the importance of appropriate training for its 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 will also be regularly briefed on accounting and regulatory changes, as well as major industry and market developments.

Corporate Governance

For the period 1 January 2006 to 31 December 2006

Principle 2: Board Composition and Guidance

As at 31 December 2006, the Board comprises six (6) Directors. They include one non-executive chairman, two executive directors, one non-executive director and two independent directors. This composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors.

The Board members come from diversified background and possess diversified knowledge and experiences in various fields. A brief description on the background of each director is presented on "Board of Directors" section on Page 8 and 9.

The size and composition of the Board are reviewed annually by the Nominating Committee, which seeks to ensure that the size of the Board is conducive to effective discussion and decision-making, and that the Board has an appropriate balance of Independent Directors.

Principle 3: Chairman and Chief Executive Officer

The Chairman, Mr Will Hoon Wee Teng, and the Managing Director, Mr Ko Chee Wah, are not related to each other. There is a division of responsibilities between the Chairman and the Managing Director, which ensures a balance of power and authority within the Company.

The Chairman manages and leads the Board in its oversight over management. He facilitates and ensures active and comprehensive board discussions on matters brought up to the Board, and steers the Board in making sound decisions.

The Managing Director oversees the execution of the Group corporate and business strategy, and is responsible for the day-to-day management of the Group operations.

Principle 4 and 5: Board Membership and Performance

The Nominating Committee ("NC") was established on 16 September 2005. It comprises three (3) directors, namely Mr Chua Soo Chiew @ Chua Kaw Kia as Chairman, Mr Chay Wai Chuen and Mr Ko Chee Wah as members.

The NC is guided by its written Terms of Reference which describes the responsibilities of NC and the procedures for NC meetings.

During the financial year under review, the NC held one (1) meeting. The NC's principal responsibilities are as follows:

- recommend to the Board on all board appointments and re-nominations, having regard to the directors' contributions and performance (e.g. attendance, preparedness, participation and candour);

- ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years;

- 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 judgment. The NC shall:

  - determine independence of the directors annually, bearing in mind the definition of independence under the Code;
  - ensure every director shall, upon appointment, and subsequently on an annual basis, submit to the Company Secretary a Return of Independence. The NC shall review the change in circumstances and make its recommendation to the Board;

Corporate Governance

For the period 1 January 2006 to 31 December 2006

- 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. The NC shall review the change in circumstances and make its recommendation to the Board.

◆ assess the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board. In this respect, the NC shall adopt an objective performance criterion which shall be approved by the Board. Such performance criteria should:

- allow comparison with industry's peers;
- address how the Board has enhanced long term shareholders' value; and
- consider the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

Other performance criteria that may be used include return on assets, return on equity, return on investment, economic value added and profitability on capital employed. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify such changes.

The Directors submit themselves 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.

Princple 6: Access to Information

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 directors have separate and direct access to the services of 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

Principle 7, 8 and 9: Procedures for Developing Remuneration Policies, Level and Mix of Remuneration, and Disclosure on Remuneration

Remuneration Committee

The Remuneration Committee ("RC") was established on 16 September 2005. It comprises three (3) directors, namely Mr Chay Wai Chuen as chairman, Mr Chua Soo Chiew @ Chua Kaw Kia and Mr Lim Poh Hock as members.

The RC is guided by its written Terms of Reference, which describes the responsibilities of RC and the procedures for RC meetings.

Corporate Governance

For the period 1 January 2006 to 31 December 2006

The RC held one (1) meeting in the financial year 2006. The principal duties and responsibilities of the RC include the following:

- administer the Group's employee share option scheme in accordance with the Scheme Rules;
- recommend to the Board a 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;
- 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 as Chairman of the committees.

Level and Mix of Remuneration

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.

Executive Directors do not receive directors' fees. The remuneration of executive directors and key executives comprises basic salary component and a yearly bonus equivalent to one month's salary, as well as performance bonuses based on the performance of the Group and their individual performances. The service agreements entered into with two (2) executive directors, namely Mr Ko Chee Wah and Mr Lim Poh Hock, are valid for an initial period of three (3) years commencing 24 September 2004, which may be renewed thereafter until terminated by either party giving the other not less than six months' notice in writing. None of the service agreements provide for any benefits upon termination of the service agreements.

Remuneration package

A breakdown showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2006 is as follows:

Remuneration Band & Names of Directors	Fee	Salary & allowance	Bonus	Benefits in Kind	Other benefits*	Total
Below S$250,000						
Non-executive directors						
Will Hoon Wee Teng	100%	-	-	-	-	100%
Cheong Kok Yew	100%	-	-	-	-	100%
Chua Soo Chiew @ Chua Kaw Kia	100%	-	-	-	-	100%
Chay Wai Chuen	100%	-	-	-	-	100%
S$250,000 to S$499,999						
Executive directors						
Ko Chee Wah	-	47%	51%	-	2%	100%
Lim Poh Hock	-	47%	52%	-	1%	100%

* Other benefits include mainly employers' contributions to the Central Provident Fund.

Corporate Governance

For the period 1 January 2006 to 31 December 2006

Key Executives Remuneration

The code recommends that the remuneration of at least the top five key executives who are not also directors be disclosed within the bands of $250,000. However, the Board is of the opinion that the remuneration details of individual key executives are confidential and disclosure of such information would not be in the interest of the Company.

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

For the financial year ended 31 December 2006, there are no employees who are immediate family members of a Director, Chairman or the 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 the year under review, no options were granted during the financial year under the ESOS to take up unissued shares of the Company and subsidiaries and there were no unissued shares under option at the end of the financial year.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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.

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.

Dealing in Securities

In line with the Best Practices Guide by the SGX-ST, 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.

In line with Listing Rule 1207(18) issued by the SGX-ST, the Company issues a notification to all officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company’s full year results and two weeks before the Company’s half-year results until after the announcement.

Principle 11: Audit Committee

The Audit Committee (“AC”) was established on 16 September 2005. It comprises three (3) non-executive directors, namely, Mr Chua Soo Chiew @ Chua Kaw Kia as chairman, Mr Chay Wai Chuen and Mr Cheong Kok Yew as members. There were three (3) AC meetings held during the financial year under review.

The AC performs the functions set out in Section 201B (5) of the Companies Act, Cap. 50, the Listing Manual, the Best Practices Guide of the Singapore Exchange and the Code of Corporate Governance.

Corporate Governance

For the period 1 January 2006 to 31 December 2006

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

- 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;
- 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;
- meet with the external auditors, without the presence of the Company's management, at least once annually;
- 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;
- 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;
- 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;
- review the adequacy of the Company's internal controls, operational and compliance controls, and risk management policies and systems;
- 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.

All interested person transactions are documented and submitted in a timely manner to the AC for their review to ensure that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The AC reviewed the following significant interested person transactions entered into by the Company during the financial year 2006 as recorded in the Register of Interested Person Transactions. The transactions conducted during the year under the IPT Mandate and outside the IPT Mandate pursuant to the Singapore Exchange's rule on interested person transactions are as follow:-

Name of interested person	Aggregate value of all interested person transactions, conducted under the IPT Mandate (excluding transactions less than S$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the IPT mandate)
	S$	S$
Mr. Ko Chee Wah	NIL	165,000
Mr. Lim Poh Hock	NIL	165,000

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.

Corporate Governance

For the period 1 January 2006 to 31 December 2006

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.

Principle 12 and 13: Internal Controls and Internal Audit

The Board acknowledges its responsibilities for maintaining a sound system of 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, 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 external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the external auditors in this respect, if any.

The Company has just appointed 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 as the internal auditor. The proposed audit plan of the internal auditors involves four (4) phrases as follow:-

1. Conducting an Enterprise Risk Assessment in order to identify and analyse risks in order to develop an enterprise risk register and enterprise risk map;
2. Reviewing of the Internal Control Environment in order to evaluate the company's philosophy regarding risk management, risk culture, and other aspect of how the corporate practices may affect its risk culture;
3. Assessing the adequacy of the system of internal controls over business functions at a point in time and recommend control improvements; and
4. Auditing the adequacy and effectiveness of the system of internal controls over business functions and processes, including financial, operational and compliance controls, and risk management policies and practices.

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.

Having an internal audit function provides assurance to the Board of the maintenance of proper accounting records and the reliability of the information used within or published by the Company.

COMMUNICATION WITH SHAREHOLDERS

Principle 14 and 15: Communication with shareholders and Greater shareholders participation

The Company believes that a high standard of disclosure is 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 are first disseminated via SGXNET followed by a news release, which is also available on the website.

Corporate Governance

For the period 1 January 2006 to 31 December 2006

The Company does not practise selective disclosure. 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. 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. Such notices are also advertised in the newspapers.

The Company 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.

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. These minutes are available to shareholders upon request.

Directors' Report

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and balance sheet of the Company for the financial year ended 31 December 2006.

Names of directors

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

Ko Chee Wah
Lim Poh Hock
Chay Wai Chuen
Chua Soo Chiew @ Chua Kaw Kia
Cheong Kok Yew
Will Hoon Wee Teng

Arrangements to acquire shares or debentures

During and at the end of the financial year, neither the Company nor its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this report.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the company and its related corporations except as follows:

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007#**	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007#**
Name of director	Number of ordinary shares			
The Company - Cityneon Holdings Limited				
Ko Chee Wah	-	**-**	52,162,400	**52,162,400**
Lim Poh Hock	-	**-**	52,162,400	**52,162,400**

Directors' Report

Directors' interest in shares or debentures (cont'd)

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007#**	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007#**
Name of director	Number of ordinary shares			
The holding company - Cityneon International Pte Ltd				
Ko Chee Wah	884,200	**884,200**	200,000	**200,000**
Lim Poh Hock	917,200	**917,200**	200,000	**200,000**
Fellow subsidiaries - Cityneon Displays (S) Pte Ltd				
Ko Chee Wah	-	**-**	1,370,000	**1,370,000**
Lim Poh Hock	-	**-**	1,370,000	**1,370,000**
	Number of ordinary shares of Peso 100 each fully paid			
Cityneon Philippines, Inc.				
Ko Chee Wah	-	**-**	53,000*	**53,000***
Lim Poh Hock	-	**-**	53,000*	**53,000***
Comprise Electrical Philippines, Inc.				
Ko Chee Wah	-	**-**	510**	**510****
Lim Poh Hock	-	**-**	510**	**510****
	Number of ordinary shares of HKD 10 each fully paid			
Cityneon Displays International Limited				
Ko Chee Wah	-	**-**	300,000	**300,000**
Lim Poh Hock	-	**-**	300,000	**300,000**
	Number of ordinary shares			
Subsidiaries - Comprise Electrical (S) Pte Ltd				
Ko Chee Wah	-	**-**	255,000	**405,000**
Lim Poh Hock	-	**-**	255,000	**405,000**
Cityneon Exhibition Services Pte Ltd				
Ko Chee Wah	-	**-**	1,258,000	**1,258,000**
Lim Poh Hock	-	**-**	1,258,000	**1,258,000**
Cityneon Concepts Pte Ltd				
Ko Chee Wah	-	**-**	100,000	**100,000**
Lim Poh Hock	-	**-**	100,000	**100,000**

Directors' Report

Directors' interest in shares or debentures (cont'd)

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007#**	As at 1.1.2006	**As at 31.12.2006 and 21.1.2007#**
Name of director	Number of ordinary shares			
Cityneon Creations Pte Ltd				
Ko Chee Wah	-	**-**	400,000	**400,000**
Lim Poh Hock	-	**-**	400,000	**400,000**
E-Graphics Displays Pte Ltd				
Ko Chee Wah	-	**-**	30,000	**30,000**
Lim Poh Hock	-	**-**	30,000	**30,000**
Cityneon-World Projects Pte Ltd				
Ko Chee Wah	-	**-**	12,750	**12,750**
Lim Poh Hock	-	**-**	12,750	**12,750**
	Number of ordinary shares of RM 1 each fully paid			
Cityneon Contracts Sdn. Bhd.				
Ko Chee Wah	-	**-**	200,000	**200,000**
Lim Poh Hock	-	**-**	200,000	**200,000**
	Number of ordinary shares of RMB 1 each fully paid			
Shanghai Cityneon Exhibition Services Co., Ltd				
Ko Chee Wah	-	**-**	2,482,980	**2,482,980**
Lim Poh Hock	-	**-**	2,482,980	**2,482,980**
	Number of ordinary shares of BD50 each fully paid			
Cityneon (Middle East) W.L.L.				
Ko Chee Wah	-	**-**	400***	**400*** **
Lim Poh Hock	-	**-**	400***	**400*** **

Ko Chee Wah and Lim Poh Hock, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, are deemed to be interested in the whole of the issued share capital of all the wholly-owned subsidiaries of Cityneon International Pte Ltd and Cityneon Holdings Limited.

* 4 shares are held in the name of nominee
** Held in the name of nominee
*** 1 share is held in the name of nominee
\# There are no changes to the above shareholdings as at 21 January 2007

Directors' Report

Directors' benefits
Since the end of the previous financial year, no director (other than as disclosed in the financial statements) has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50.

Share option scheme
At an Extraordinary General Meeting held on 15 September 2005, shareholders approved the Cityneon Employee Share Option Scheme (the "Scheme"). Under the Scheme, executive and non-executive directors and employees of the Company and its subsidiaries (including controlling shareholders and their associates, as defined in the SGX Listing Manual) are eligible to participate in the Scheme. As at the date of this report, the controlling shareholders and their associates who are eligible to participate in the Scheme are:

(a) Mr Ko Chee Wah (Managing Director who is deemed to be interested in 71.3% of the Company's issued share capital); and

(b) Mr Lim Poh Hock (Executive Director who is deemed to be interested in 71.3% of the Company's issued share capital).

The Scheme is administered by the Remuneration Committee comprising Chay Wai Chuen, Chua Soo Chiew @ Chua Kaw Kia and Lim Poh Hock, who are the directors of the Company.

Share options
No options were granted during the financial year to take up unissued shares of the Company.

No shares were issued by virtue of the exercise of options.

No options to take up unissued shares of the subsidiaries have been granted during the financial year.

There were no unissued shares under option at the end of the financial year.

Audit committee
The audit committee comprises the following members:

Chua Soo Chiew @ Chua Kaw Kia (Chairman)
Chay Wai Chuen
Cheong Kok Yew

The audit committee performs the functions set out in Section 201B(5) of the Companies Act, Cap. 50, the Listing Manual and the Best Practices Guide of the Singapore Exchange, and the Code of Corporate Governance. In performing its functions, the committee reviewed the following:

(i) overall scope of external audits and the assistance given by the company's officers to the auditors. It met with the company's external auditors to discuss the results of their respective examinations and their evaluation of the company's system of internal accounting controls;

(ii) the balance sheet of the company and the consolidated financial statements of the group for the financial year ended 31 December 2006 as well as the auditors' report thereon; and

(iii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

Directors' Report

Audit committee (cont'd)

The 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 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 Board of Directors that the auditors, Foo Kon Tan Grant Thornton, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the company.

Auditors

The auditors, Foo Kon Tan Grant Thornton, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Directors

KO CHEE WAH

LIM POH HOCK

Dated: 2 March 2007

Statement of Directors

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the directors, the accompanying balance sheets, consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date and 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

LIM POH HOCK

Dated: 2 March 2007

Auditors' Report

to the Members of Cityneon Holdings Limited

We have audited the accompanying financial statements of Cityneon Holdings Limited ("the Company") and its subsidiaries ("the Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 directors, 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:

(a) the consolidated financial statements of the Group and the balance sheet 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 2006 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in the Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Certified Public Accountants

Singapore, 2 March 2007

Balance Sheets

	Note	The Company 31 December 2006 $	The Company 31 December 2005 $	The Group 31 December 2006 $	The Group 31 December 2005 $
Assets					
Non-Current					
Goodwill on consolidation	4	**-**	-	**244,483**	194,337
Property, plant and equipment	5	**307,450**	366,794	**3,480,160**	3,514,191
Club memberships	6	**330,000**	-	**330,000**	-
Subsidiaries	7	**8,081,999**	7,338,588	**-**	-
Deferred tax assets	8	**109,000**	3,200	**338,424**	118,461
Other receivables	9	**-**	-	**-**	145,428
		8,828,449	7,708,582	**4,393,067**	3,972,417
Current					
Inventories, at cost		**-**	-	**197,283**	164,716
Excess of work-in-progress over progress billings	10	**-**	-	**268,429**	615,153
Trade and other receivables	11	**418,188**	324,931	**12,537,807**	7,912,913
Amount owing by ultimate holding company	12	**1,365**	-	**-**	-
Amount owing by subsidiaries	13	**1,743,098**	1,482,467	**-**	-
Amount owing by fellow subsidiaries	14	**4,368**	3,750	**35,193**	90,265
Amount owing by related parties	15	**-**	-	**178,888**	194,420
Fixed deposits	16	**-**	-	**89,025**	82,500
Cash and bank balances	17	**348,596**	3,839,412	**5,892,523**	7,632,792
		2,515,615	5,650,560	**19,199,148**	16,692,759
Total assets		**11,344,064**	13,359,142	**23,592,215**	20,665,176
Equity and Liabilities					
Capital and Reserves					
Share capital	18	**6,246,666**	3,658,120	**6,246,666**	3,658,120
Reserves	19	**(334,046)**	2,422,869	**7,018,237**	7,680,627
		5,912,620	6,080,989	**13,264,903**	11,338,747
Minority interest		**-**	-	**609,686**	1,334,924
Total equity		**5,912,620**	6,080,989	**13,874,589**	12,673,671
Liabilities					
Non-Current					
Finance lease obligations	20	**323,603**	368,100	**383,640**	443,642
Deferred tax liabilities	8	**-**	-	**267,595**	301,956
		323,603	368,100	**651,235**	745,598
Current					
Excess of progress billings over work-in-progress	10	**-**	-	**894,225**	296,693
Finance lease obligations	20	**44,497**	42,351	**102,813**	79,855
Amount owing to ultimate holding company	12	**-**	2,162,463	**19,184**	2,014,307
Amount owing to subsidiaries	13	**4,173,211**	4,212,668	**-**	-
Amount owing to fellow subsidiaries	14	**-**	61,497	**67,770**	81,278
Trade and other payables	21	**782,599**	431,074	**7,161,276**	4,199,830
Provision for taxation		**-**	-	**713,589**	396,820
Bank overdraft	17	**107,534**	-	**107,534**	-
Short term borrowings	22	**-**	-	**-**	177,124
		5,107,841	6,910,053	**9,066,391**	7,245,907
Total equity and liabilities		**11,344,064**	13,359,142	**23,592,215**	20,665,176

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Income Statement

	Note	The Group Year ended 31 December 2006 $	Year ended 31 December 2005 $
Revenue	3	**41,152,900**	29,254,273
Cost of sales		**(23,405,158)**	(16,282,183)
Gross profit		**17,747,742**	12,972,090
Other operating income		**796,421**	444,363
Marketing and distribution costs		**(1,257,755)**	(756,063)
Administrative and other operating expenses		**(12,185,961)**	(8,761,218)
Finance cost		**(35,619)**	(45,750)
Profit before taxation	23	**5,064,828**	3,853,422
Taxation	24	**(507,791)**	(355,604)
Profit after taxation for the year		**4,557,037**	3,497,818
Attributable to:			
Equity holders of the Company		**4,017,775**	3,074,475
Minority interests		**539,262**	423,343
		4,557,037	3,497,818
Earnings per share		**cents**	cents
Basic	26	**5.49**	8.82
Diluted	26	**5.49**	8.82

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

	< ---------------------- Attributable to shareholders				----------------------- >		
	Share capital $	Share premium $	Exchange fluctuation account $	Retained earnings $	Subtotal $	Minority interest $	Total $
Balance at 1 January 2005	1,211,988	-	(24,731)	1,898,087	3,085,344	1,151,449	4,236,793
Issue of ordinary shares pursuant to restructuring exercise	1,566,132	-	-	-	1,566,132	-	1,566,132
Issue of ordinary shares pursuant to private placement and initial public offering	880,000	3,520,000	-	-	4,400,000	-	4,400,000
Share issue expenses	-	(931,454)	-	-	(931,454)	-	(931,454)
Exchange difference arising from translation of foreign subsidiaries not recognised in income statement	-	-	144,250	-	144,250	5,372	149,622
Net profit for the year	-	-	-	3,074,475	3,074,475	423,343	3,497,818
Dividend paid to minority shareholders	-	-	-	-	-	(245,240)	(245,240)
Balance at 31 December 2005	3,658,120	2,588,546	119,519	4,972,562	11,338,747	1,334,924	12,673,671
Balance at 1 January 2006	**3,658,120**	**2,588,546**	**119,519**	**4,972,562**	**11,338,747**	**1,334,924**	**12,673,671**
Exchange difference arising from translation of foreign subsidiaries not recognised in income statement	**-**	**-**	**(833,226)**	**-**	**(833,226)**	**(1,466)**	**(834,692)**
Net profit for the year	**-**	**-**	**-**	**4,017,775**	**4,017,775**	**539,262**	**4,557,037**
Increase in interest in subsidiary	**-**	**-**	**-**	**-**	**-**	**(693,265)**	**(693,265)**
Transfer of share premium to share capital arising from abolition of par value of shares	**2,588,546**	**(2,588,546)**	**-**	**-**	**-**	**-**	**-**
Dividends paid (Note 25)	**-**	**-**	**-**	**(1,258,393)**	**(1,258,393)**	**(569,769)**	**(1,828,162)**
Balance at 31 December 2006	**6,246,666**	**-**	**(713,707)**	**7,731,944**	**13,264,903**	**609,686**	**13,874,589**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

	Note	**Year ended 31 December 2006 $**	Year ended 31 December 2005 $
Cash Flows from Operating Activities			
Profit before taxation		**5,064,828**	3,853,422
Adjustments for:			
Depreciation of property, plant and equipment		**941,483**	865,066
Property, plant and equipment written off		**58,160**	12,242
Loss on disposal of property, plant and equipment		**12,107**	5,366
Interest income		**(43,428)**	(16,265)
Interest expense		**35,619**	45,750
Operating profit before working capital changes		**6,068,769**	4,765,581
Decrease/ (increase) in inventories and work-in-progress		**911,689**	(514,787)
Increase in trade and other receivables		**(5,395,475)**	(1,370,437)
Increase/ (decrease) in trade and other payables		**3,112,898**	(853,076)
Net cash generated from operations		**4,697,881**	2,027,281
Interest paid		**(35,619)**	(45,750)
Income taxes paid		**(431,586)**	(417,708)
Net cash generated from operating activities		**4,230,676**	1,563,823
Cash Flows from Investing Activities			
Purchase of property, plant and equipment (Note A)		**(1,035,538)**	(614,282)
Purchase of club memberships		**(330,000)**	-
Proceeds from disposal of property, plant and equipment		**32,024**	19,892
Acquisition of additional shares in subsidiary from minority interest (Note B)		**(638,052)**	-
Interest received		**43,428**	16,265
Net cash inflow on acquisition of subsidiaries (Note B)		**-**	1,149,220
Net cash (used in)/ generated from investing activities		**(1,928,138)**	571,095
Cash Flows from Financing Activities			
Proceeds from shares issued		**-**	4,400,000
Payment of listing expenses		**(89,010)**	(701,029)
Repayment of finance lease obligations		**(108,574)**	(101,471)
Repayment/advance to ultimate holding company		**(1,998,216)**	(309,587)
Advance / repayment from/(to) fellow subsidiaries		**57,105**	(9,614)
Advance/ repayment from related parties		**7,259**	-
Advance/ repayment from/(to) directors		**78,381**	(24,333)
Short term (loan repayment)/borrowings from a third party		**(177,124)**	177,124
Dividend paid		**(1,828,162)**	(245,240)
Net cash (used in)/ generated from financing activities		**(4,058,341)**	3,185,850
Net (decrease)/ increase in cash and cash equivalents		**(1,755,803)**	5,320,768
Cash and cash equivalents at beginning of year		**7,632,792**	2,271,188
Exchange differences on re-translation of cash and cash equivalents at beginning of year		**(92,000)**	40,836
Cash and cash equivalents at end of year	17	**5,784,989**	7,632,792

Consolidated Cash Flow Statement

NOTE:

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,107,538 (2005 - $682,762) of which $72,000 (2005 - $68,480) was acquired by means of finance lease. Cash payments of $1,035,538 (2005 - $614,282) were made to purchase property, plant and equipment.

B. Acquisition of subsidiaries

The fair value of subsidiaries' assets acquired and liabilities assumed during the financial year were as follows:

Net assets acquired	2006 $	2005 $
Property, plant and equipment	-	1,128,422
Other non-current assets	-	51,631
Deferred tax assets	-	18,100
Inventories	-	110,760
Trade and other receivables	-	2,717,929
Amount due from fellow subsidiaries	-	3,549,811
Cash and bank balances	-	1,167,053
Trade and other payables	-	(1,765,000)
Excess of progress billings over work-in-progress	-	(260,555)
Minority interest	693,265	(239,417)
Goodwill arising from consolidation	50,146	-
Purchase consideration	743,411	6,478,734
Cash and cash equivalents acquired with the subsidiaries	-	1,167,053
Less: Cash paid	(638,052)	(17,833)
Net cash (outflow)/ inflow on acquisition of subsidiaries	(638,052)	1,149,220

In 2006, the total purchase consideration of $743,411 was satisfied by:

(1) cash settlement of $638,052; and

(2) deferred payment of $105,359.

In 2005, the total purchase consideration of $6,478,734 was satisfied by:

(1) offsetting an aggregate amount of $2,894,769 against the amount owing by the ultimate holding company;

(2) $2,000,000 loan extended by the ultimate holding company, pursuant to the restructuring exercise during the financial year;

(3) issuance of 1,566,132 ordinary shares of $1.00 each in the capital of the Company; and

(4) cash settlement of $17,833.

Notes to the Financial Statements

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The immediate and ultimate holding company is Cityneon International Pte Ltd, a company incorporated in the Republic of Singapore.

The registered office of the Company is located at 84 Genting Lane #05-01, Cityneon Design Centre, Singapore 349584.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are as stated in Note 7.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below:

2(a) Basis of preparation (cont'd)

(1) Revenue recognition

The Group has recognised gross profits of $278,671 for incomplete projects as at end of year based on percentage of completion method, in accordance with FRS 11. Based on management's best estimate, the outcome of these incomplete contracts can be estimated reliably. Therefore, the project revenue and project costs associated with the project should be recognised as revenue and costs respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion of a contract is determined using methods that measure reliably the work performed, which include:

(a) the percentage of costs incurred for work performed to date against the estimated total contract costs; or

(b) the period spent on the project to date against the total budgeted period for each contract.

(2) Impairment testing of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flow expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

Goodwill acquired through business combinations allocated to two individual cash-generating units ("CGU") which are reportable segments, subjected to impairment testing are as follows:

	2006 $	2005 $
Event management	**120,007**	120,007
Exhibition services	**124,476**	74,330
	244,483	194,337

The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets and projections approved by management for five years using the estimated rates stated below:-

	Event management	Exhibition services
Revenue growth rate	4%	15% to 27%
Cost of sale and expenses growth rate	1%	13.0% to 23.6%
Discount rate	6%	4% to 7%

The key assumptions for the value in use calculations are those regarding the growth rates, discount rates and forecast price indices to the general economy during the period.

The growth rates for revenue, direct cost and expenses are based on past historical trend of the specific CGUs, after taking into account the forecast average inflation rate of 1% and 3.2% for event management segment and exhibition services segment respectively.

Management estimate discount rates using the pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Notes to the Financial Statements

2(a) Basis of preparation (cont'd)

(3) Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be 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 provisions in the period in which such determination is made.

(4) Depreciation of property, plant & equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 10 years. The carrying amount of the company's and the group's property, plant and equipment as at 31 December 2006 are $307,450 and $3,480,160 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(5) Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts require the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

2(b) Interpretations and amendments to published standards effective in 2006

On 1 January 2006, the Group adopted the new or revised FRS and INT FRS that are mandatory for application on that date. This includes the following FRS and INT FRS, which are relevant to the Group:

FRS 19 (Amendment)	Employee Benefits
FRS 21 (Amendment)	The Effect of Changes in Foreign Exchange Rates
FRS 32 (Amendment)	Financial Instruments: Disclosure and Presentation
FRS 39 (Amendment)	Financial Guarantee Contracts
INT FRS 104	Determining whether an Arrangement contains a lease

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies. The impact of the FRS 39 (Amendment) is not material.

2(c) FRS not effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not effective:

2(c) FRS not effective (cont'd)

FRS 1 (Amendment)	Amendments relating to capital disclosure
FRS 32	Financial Instruments: Presentation
FRS 107	Financial Instruments: Disclosures
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS 102- Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements

The directors do not anticipate that the adoption of these FRS and INT FRS in future periods will have a material impact on the consolidated financial statements of the Group except that FRS 1 will increase disclosures on the capital of the Group and FRS 107 will require disclosures of qualitative and quantitative information about exposures to risk arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

2(d) Summary of significant accounting policies

Consolidation
The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Details of its subsidiaries are listed in Note 7.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated income statements from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)
Where applicable, the losses applicable to the minority in a subsidiary may exceed the minority interest in the equity of the subsidiary. The excess and any further losses applicable to the minority, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to make good the losses. If the subsidiary reports profits, the majority interest is allocated all such profits until the minority's share of losses previously absorbed by the majority has been recouped.

Related party
A related party refers to an entity under significant influence through common directors and an associate of the immediate holding company.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 years
Plant and machineries	5 years
Exhibition services assets	10 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. 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 asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively.

Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Financial assets
Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

2(d) Summary of significant accounting policies (cont'd)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company and the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in income statement. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the income statement.

Receivables are provided against when there is objective evidence that the Company and the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Subsidiaries
A subsidiary is defined as a company in which the investing company has a long-term equity interest of more than 50% or over whose financial and operating policy decision the Group controls.

Shares in the subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges. Allowance is made for obsolete, slow-moving or defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories comprise of raw materials and consumables used in delivering of exhibition services.

Work-in-progress
Work-in-progress comprises incomplete projects and is stated at cost plus attributable profits less progress billings. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as a liability.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised when incurred. When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Club memberships
Transferable corporate memberships are stated at cost. Provision for any impairment losses, on an individual basis, is taken to income statement.

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Income taxes
The liability method of tax effect accounting is adopted by the Company and the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss). Deferred income tax is provided on all temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.)

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

Group tax relief is available for the Singapore incorporated holding company and all its Singapore incorporated subsidiaries with at least 75% equity ownership, directly or indirectly (excluding any foreign shareholdings in the ownership chain) held by Singapore incorporated companies within the group. Current year's unabsorbed tax losses and capital allowances are available to be set off against taxable profits of profitable subsidiaries within the group in accordance with the rules.

Loss-carry back is available with effect from Year of Assessment 2006. Current year unabsorbed capital allowances and trade losses of up $100,000 incurred can be carried back and set off against the assessable income of the year of assessment immediately preceding the year in which the capital allowance or trade loss arose. The loss carry-back will be given on due claim and subject to satisfaction of the substantial shareholding test and some business test.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities
The Company's and the Group's financial liabilities include borrowings, provisions, trade and other payables.

Financial liabilities are recognised when the Company and the Group become a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance cost" in the income statement.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet are included in current borrowings in the balance sheet even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Finance leases
Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The excess of lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment". Lease payments made are allocated between finance charge and reduction of the lease liability.

Operating leases
Rentals on operating leases are charged to income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Employee benefits

Pension obligations
The Company and the Group participate in the defined national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund or equivalent fund, a defined contribution plan regulated and managed by the Government of Singapore or other authorities, which applies to the majority of the employees. The Company's and the Group's contributions to national pension schemes are charged to the income statement in the period to which the contributions relate.

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the balance sheet date.

Key management consists of directors of the Company and of subsidiary companies.

Impairment of assets
The carrying amounts of the company's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belongs will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss, if any, is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised, if any, may no longer exist.

An impairment loss is charged to the income statement.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset no longer exists or decreases.

- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2(d) Summary of significant accounting policies (cont'd)

Revenue recognition
Revenue from projects is recognised based on the percentage of completion method over the period taken to complete the project. Percentage of completion is measured by the percentage of costs incurred to date against the total estimated costs for each contract or the period spent on the project to date against the total budgeted period 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.

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.

Rental income is recognised on accrual basis over the respective periods of the tenancy leases.

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

Functional currencies
Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The consolidated financial statements of the Group and the balance sheet of the Company are presented in Singapore dollars, which is also the functional currency of the Company.

Conversion of foreign currencies
Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income statement in the period in which they arise.

Where a monetary item in substance forms part of the company's net investment in the foreign subsidiaries, exchange differences arising on such a monetary item are recorded directly in exchange fluctuation reserve to the extent that the net investment is represented by net assets in the foreign entity until the disposal of the investments.

Assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The income statements of foreign subsidiaries are translated using the average monthly rates. Foreign currency translation adjustments arising are recorded directly in exchange fluctuation account in reserves.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and form an integral part of cash management, and exclude deposits held as security.

Notes to the Financial Statements

2(d) Summary of significant accounting policies (cont'd)

Provisions
Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provision annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Segment reporting
A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Segment information is presented in respect of the Group's geographical and business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment asset are based on the nature of the services provided by the Group. Information for geographical segments is based on the geographical location of the assets for segment assets and the location of the customers for segment revenue.

Financial instruments
Financial instruments carried on the balance sheet include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management are provided in Note 32.

3 Revenue

Revenue of the Company represents management fee charged to subsidiaries.

Revenue of the Group represents income from services provided, excluding applicable goods and services tax.

The Group	**2006** **$**	2005 $
Exhibition services	**35,136,868**	25,926,396
Event management	**6,016,032**	3,327,877
	41,152,900	29,254,273

4 Goodwill on consolidation

The Group	2006 $	2005 $
Balance at beginning		
Goodwill	**194,337**	194,337
Negative goodwill	**-**	(277,043)
As previously reported	**194,337**	(82,706)
Effect of adopting FRS 103	**-**	277,043
As restated at beginning	**194,337**	194,337
Goodwill on acquisition of additional shares in subsidiary	**50,146**	-
Balance at end	**244,483**	194,337

In 2005, following the transition to FRS103 , the Group has on 1 January 2005 derecognised negative goodwill previously recognised amounting to $277,043 with a corresponding adjustment to the opening balance of retained earnings.

5 Property, plant and equipment

	Office equipment, furniture and fittings $	Motor vehicles $	Total $
The Company			
Cost			
At 1 January 2005	5,378	560,000	565,378
Additions	18,536	-	18,536
At 31 December 2005	**23,914**	**560,000**	**583,914**
Additions	**79,167**	**-**	**79,167**
Disposal	**(3,890)**	**-**	**(3,890)**
At 31 December 2006	**99,191**	**560,000**	**659,191**
Accumulated depreciation			
At 1 January 2005	463	102,666	103,129
Depreciation for the year	1,991	112,000	113,991
At 31 December 2005	**2,454**	**214,666**	**217,120**
Depreciation for the year	**22,621**	**112,000**	**134,621**
At 31 December 2006	**25,075**	**326,666**	**351,741**
Net book value			
At 31 December 2006	**74,116**	**233,334**	**307,450**
At 31 December 2005	21,460	345,334	366,794

(a) The Company had motor vehicles under finance lease with net book value of $233,334 (2005 - $345,334).

(b) Motor vehicles costing $560,000 (2005 - $560,000) are registered in the names of directors. These are held in trust for the Company.

Notes to the Financial Statements

5 Property, plant and equipment (cont'd)

	Office equipment, furniture and fittings $	Motor vehicles $	Plant and machineries $	Exhibition services assets $	Total $
The Group					
Cost					
At 1 January 2005	944,774	905,242	68,800	2,965,052	4,883,868
Exchange difference on translation	11,451	4,847	-	29,598	45,896
Arising from acquisition of subsidiaries	509,822	176,514	-	1,506,773	2,193,109
Additions	329,670	97,729	72,000	183,363	682,762
Disposals	(13,448)	(144,800)	-	(32,272)	(190,520)
At 31 December 2005	**1,782,269**	**1,039,532**	**140,800**	**4,652,514**	**7,615,115**
Exchange difference on translation	**(50,529)**	**(17,304)**	**-**	**(135,507)**	**(203,340)**
Additions	**585,745**	**42,517**	**116,000**	**363,276**	**1,107,538**
Disposals	**(116,294)**	**(35,500)**	**(10,000)**	**(96,001)**	**(257,795)**
At 31 December 2006	**2,201,191**	**1,029,245**	**246,800**	**4,784,282**	**8,261,518**
Accumulated depreciation					
At 1 January 2005	612,612	269,285	17,467	1,324,717	2,224,081
Exchange difference on translation	5,975	1,555	-	13,114	20,644
Arising from acquisition of subsidiaries	342,964	63,899	-	657,825	1,064,688
Depreciation for the year	212,740	169,175	28,160	454,991	865,066
Disposals	(7,429)	(50,945)	-	(15,181)	(73,555)
At 31 December 2005	**1,166,862**	**452,969**	**45,627**	**2,435,466**	**4,100,924**
Exchange difference on translation	**(26,845)**	**(7,282)**	**-**	**(71,418)**	**(105,545)**
Depreciation for the year	**250,336**	**164,115**	**47,460**	**479,572**	**941,483**
Disposals	**(60,498)**	**(37,569)**	**(10,000)**	**(47,437)**	**(155,504)**
At 31 December 2006	**1,329,855**	**572,233**	**83,087**	**2,796,183**	**4,781,358**
Net book value					
At 31 December 2006	**871,336**	**457,012**	**163,713**	**1,988,099**	**3,480,160**
At 31 December 2005	615,407	586,563	95,173	2,217,048	3,514,191

(a) The Group had plant and machineries, motor vehicles and office equipment under finance lease with net book value of $419,943 (2005 - $499,529).

(b) Motor vehicles costing $560,000 (2005 - $595,500) are registered in the names of directors. These are held in trust for the Group.

Notes to the Financial Statements

6 Club memberships

The Company and the Group	2006 $	2005 $
Transferable corporate club memberships, at cost	**330,000**	-

7 Subsidiaries

The Company	2006 $	2005 $
Unquoted equity investments, at cost	**8,081,999**	7,338,588

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2006 $	2005 $	**2006**	2005	
Held by the Company						
Cityneon-World Projects Pte Ltd	Singapore	**12,750**	12,750	**51%**	51%	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs
Cityneon Concepts Pte Ltd	Singapore	**100,000**	100,000	**100%**	100%	Provision of event organising, management and event marketing services
Comprise Electrical (S) Pte Ltd	Singapore	**998,411**	255,000	**81%**	51%	Provision of electrical services for exhibitions and event management industries
Cityneon Exhibition Services Pte Ltd	Singapore	**377,400**	377,400	**30%**	30%	Provision of exhibition services including rental of reusable modules, furnishings and furniture
Cityneon Contracts Sdn. Bhd. (1)	Malaysia	**114,704**	114,704	**100%**	100%	Provision of exhibitions and event management services, including rental of reusable modules and furnishings, road shows and custom-built pavilions

Notes to the Financial Statements

7 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2006 $	2005 $	**2006**	2005	
Held by the Company						
Cityneon (Middle East) W.L.L. (2)	Bahrain	**6,426,340**	6,426,340	**100%**	**100%**	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows
Cityneon Creations Pte Ltd	Singapore	**52,394**	52,394	**100%**	**100%**	Provision of design and build services for custom built exhibition pavilions and road shows
Held by Comprise Electrical (S) Pte Ltd						
Cityneon Exhibition Services Pte Ltd	Singapore	**-**	-	**70%**	70%	Provision of exhibition services including rental of reusable modules, furnishings and furniture
Held by Cityneon Exhibition Services Pte Ltd						
E-Graphics Displays Pte Ltd	Singapore	**-**	-	**60%**	60%	Designer and production of environmental graphic materials including banners, posters, bill-boards and general signages for event and exhibition venues
Shanghai Cityneon Exhibition Services Co., Ltd (3)	China	**-**	-	**100%**	100%	Designer and provider of services for trade fairs, exhibitions and displays
Held by Cityneon (Middle East) W.L.L.						
C.N. Overseas Services W.L.L. (2)	Bahrain	**-**	-	**100%**	**100%**	Provision of design and build services for custom-built exhibition pavilions and road shows
		8,081,999	7,338,588			

(1) Audited by A.D. Chun & Co., Malaysia
(2) Audited by KPMG, Bahrain
(3) Audited by Shanghai Donghua Certified Public Accountants Co., Ltd, People's Republic of China

Notes to the Financial Statements

8 Deferred taxation

	The Company		The Group	
	2006	2005	**2006**	2005
	$	$	**$**	$
Deferred tax assets				
Balance at beginning	**3,200**	13,700	**118,461**	53,105
Underprovision in prior years	**409**	27	**1,526**	144
Transfer (from)/to income statement (Note 24)	**105,391**	(10,527)	**224,379**	62,652
Exchange difference on translation	**-**	-	**(5,942)**	2,560
Balance at end	**109,000**	3,200	**338,424**	118,461
The balance comprises tax on:				
Unabsorbed capital allowance	**15,600**	-	**16,861**	-
Unabsorbed losses	**99,600**	-	**328,440**	116,052
Excess of net book value over tax written down value of property, plant and equipment	**(14,200)**	(3,415)	**(16,678)**	(4,925)
Provisions	**8,000**	6,615	**9,801**	7,334
	109,000	3,200	**338,424**	118,461
Deferred tax liabilities				
Balance at beginning	**-**	-	**301,956**	315,485
Transfer to income statement (Note 24)	**-**	-	**(26,251)**	(2,340)
(Over)/under provision in respect of prior year	**-**	-	**(8,004)**	6,847
Acquisition of subsidiaries	**-**	-	**-**	(18,100)
Exchange difference on translation	**-**	-	**(106)**	64
Balance at end	**-**	-	**267,595**	301,956
The balance comprises tax on:				
Excess of net book value over tax written down value of property, plant and equipment	**-**	-	**282,630**	316,850
Provisions	**-**	-	**(15,035)**	(14,894)
	-	-	**267,595**	301,956

9 Other receivables

The Group
The non-current other receivables represents prepayment of rental of premises which bears interest at 5% per annum and would be set off against future rent payable.

Notes to the Financial Statements

10 Excess of work-in-progress over progress billings/ (Excess of progress billings over work-in-progress)

The Group	2006 $	2005 $
Work-in-progress, at cost	**805,473**	834,444
Attributable profits	**278,671**	538,790
	1,084,144	1,373,234
Progress billings	**(1,709,940)**	(1,054,774)
	(625,796)	318,460
Excess of work-in-progress over progress billings	**268,429**	615,153
Excess of progress billings over work-in-progress	**(894,225)**	(296,693)
	(625,796)	318,460

11 Trade and other receivables

	The Company		The Group	
	2006 $	2005 $	2006 $	2005 $
Trade receivables	**-**	17,746	**12,024,000**	7,320,664
Allowance for doubtful receivables	**-**	-	**(754,435)**	(747,660)
Net trade receivables	**-**	17,746	**11,269,565**	6,573,004
Sundry debtors	**390,141**	281,180	**707,487**	896,908
Deposits	**-**	-	**317,523**	92,203
Prepayments	**20,495**	18,453	**235,680**	323,428
Tax recoverable	**7,552**	7,552	**7,552**	27,370
	418,188	324,931	**12,537,807**	7,912,913

Included in sundry debtors is an amount of $ Nil (2005 - $245,135) representing advances to a director of a subsidiary incorporated in the Middle East.

12 Amount owing by ultimate holding company

	The Company		The Group	
	2006 $	2005 $	2006 $	2005 $
Amount owing by ultimate holding company				
Non-trade	**1,365**	-	**-**	-
Amount owing by ultimate holding company				
Trade	**-**	14,197	**17,399**	14,306
Non-trade	**-**	2,148,266	**1,785**	2,000,001
	-	2,162,463	**19,184**	2,014,307

The non-trade amounts owing by the ultimate holding company, representing advances made are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

13 Amount owing by/to subsidiaries

The Company	**2006** $	2005 $
Amount owing by subsidiaries		
Trade	**352,758**	129,565
Non-trade	**1,390,340**	1,352,902
	1,743,098	1,482,467
Amount owing to subsidiaries		
Trade	**(668,212)**	(151,360)
Non-trade	**4,841,423**	4,364,028
	4,173,211	4,212,668

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

14 Amount owing by/to fellow subsidiaries

	The Company		The Group	
	2006 $	2005 $	**2006** $	2005 $
Amount owing by fellow subsidiaries				
Trade	**3,446**	-	**82,687**	90,265
Non-trade	**922**	3,750	**(47,494)**	-
	4,368	3,750	**35,193**	90,265
Amount owing to fellow subsidiaries				
Trade	**-**	61,997	**67,770**	90,889
Non-trade	**-**	(500)	**-**	(9,611)
	-	61,497	**67,770**	81,278

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

15 Amount owing by/to related parties

The Group	**2006** $	2005 $
Amount owing by/ to related parties		
Trade	**437,142**	445,415
Non-trade	**(258,254)**	(250,995)
	178,888	194,420

The non-trade amounts owing to related parties, representing advances received, are unsecured, interest-free and repayable on demand.

16 Fixed deposits

The Group's fixed deposits amounting to $89,025 (2005 - $82,500) were held as security for insurance guarantee issued by a financial institution on behalf of subsidiaries.

Notes to the Financial Statements

17 Cash and bank balances

	The Company		The Group	
	2006	2005	**2006**	2005
	$	$	**$**	$
Fixed deposits	**-**	463,363	**14,822**	1,477,391
Cash and bank balances	**348,596**	3,376,049	**5,877,701**	6,155,401
	348,596	3,839,412	**5,892,523**	7,632,792

For the purpose of consolidated cash flow statement, the year end cash and cash equivalents comprise the following:

	2006	2005
	$	$
Fixed deposits	**14,822**	1,477,391
Cash and bank balances	**5,877,701**	6,155,401
Bank overdraft (unsecured)	**(107,534)**	-
	5,784,989	7,632,792

The fixed deposits have an average maturity of 4 months (2005: 1 month) from the end of the financial year with the effective interest rates ranging from Nil (2005 - 1.875% to 2.97%) per annum for the Company and 3%-3.75% (2005 - 1.875% to 3%) per annum for the Group

18 Share capital

	2006	2005
	$	**$**
The Company and The Group		
Issued and fully paid:		
Balance at beginning of year- 73,162,400 (2005: 1,211,988) ordinary shares	**3,658,120**	1,211,988
Issue of nil (2005- 1,566,132) ordinary shares pursuant to the restructuring exercise	**-**	1,566,132
Issue of nil (2005- 17,600,000) ordinary shares by way of private placement and initial public offer	**-**	880,000
Transfer from share premium	**2,588,546**	-
Balance at end of year – 73,162,400 ordinary shares	**6,246,666**	3,658,120

Notes to the Financial Statements

19 Reserves

	The Company		The Group	
	2006	2005	**2006**	2005
	$	$	**$**	$
Share premium arising from shares issued	**-**	3,520,000	**-**	3,520,000
Initial public offering expenses	**-**	(931,454)	**-**	(931,454)
Share premium	**-**	2,588,546	**-**	2,588,546
(Accumulated losses)/retained profits	**(334,046)**	(165,677)	**7,731,944**	4,972,562
Exchange fluctuation account	**-**	-	**(713,707)**	119,519
	(334,046)	2,422,869	**7,018,237**	7,680,627

The share premium account is set up in accordance with Section 69 of the Companies Act, Cap 50 where the Company issued shares above par at a premium. The balance has been transferred to share capital on 30 January 2006 following changes to the Companies Act and the abolishment of par value.

Exchange fluctuation account arises from the translation of foreign subsidiaries' assets and liabilities.

20 Finance lease obligations

	The Company		The Group	
	2006	2005	**2006**	2005
	$	$	**$**	$
Minimum lease payments payable:				
Due not later than one year	**61,728**	61,728	**126,137**	105,391
Due later than one year and not later than five years	**246,912**	246,912	**308,751**	319,074
Due later than five years	**128,540**	190,268	**133,511**	204,694
	437,180	498,908	**568,399**	629,159
Finance charges allocated to future periods	**(69,080)**	(88,457)	**(81,946)**	(105,662)
Present value of minimum lease payments	**368,100**	410,451	**486,453**	523,497
Present value of minimum lease payments				
Due not later than one year	**44,497**	42,351	**102,813**	79,855
Due later than one year and not later than five years	**201,706**	191,979	**256,875**	253,798
Due later than five years	**121,897**	176,121	**126,765**	189,844
	368,100	410,451	**486,453**	523,497

The effective interest rates of the Company and the Group are 4.95% (2005 - 4.95%) per annum and 4.95% to 8.73% (2005 - 4.95% to 8.73%) per annum respectively.

21 Trade and other payables

	The Company		The Group	
	2006	2005	**2006**	2005
	$	$	**$**	$
Trade payables	**9,636**	-	**3,792,856**	2,466,850
Accruals	**737,429**	166,298	**3,023,502**	1,137,567
Deposits received	**-**	-	**-**	159,777
Amount owing to directors	**6,856**	29,257	**127,895**	49,514
Sundry creditors	**28,678**	235,519	**217,023**	386,122
	782,599	431,074	**7,161,276**	4,199,830

The amount owing to directors is unsecured, interest-free and is repayable on demand.

Notes to the Financial Statements

22 Short term borrowings

The short term borrowings represent a loan granted to a subsidiary from a third party in FY2005. The loan was repaid on 6 January 2006.

23 Profit before taxation

The Group	2006 $	2005 $
Profit before taxation has been arrived at		
after charging:		
Depreciation of property, plant and equipment	**941,483**	865,066
Directors' fee		
- directors of subsidiaries	**1,566**	93,811
Directors' remuneration other than fee		
- directors of the Company		
- salaries and related costs	**648,276**	312,000
- provident fund contributions	**10,346**	14,240
- directors of subsidiaries		
- salaries and related costs	**2,018,648**	942,231
- provident fund contributions	**35,293**	37,261
	2,712,563	1,305,732
Staff costs		
- salaries and related costs	**5,651,906**	4,195,388
- provident fund contributions	**434,775**	316,586
	6,086,681	4,511,974
Interest expense (finance cost)		
- finance lease	**28,892**	29,847
- short term borrowings	**6,727**	15,903
	35,619	45,750
Loss in exchange, net	**-**	170,141
Loss on disposal of property, plant and equipment, net	**12,107**	5,366
Operating lease expense	**914,827**	809,048
Property, plant and equipment written off	**58,160**	12,242
and crediting:		
Gain in exchange, net	**195,578**	-
Interest income		
- fixed deposits	**8,128**	8,904
- others	**35,300**	7,361
	43,428	16,265
Gain on disposal of property, plant and equipment, net	**12,107**	-

24 Taxation

The Group	2006 $	2005 $
Current taxation	**751,529**	411,422
Deferred taxation (Note 8)	**(250,630)**	(64,992)
	500,899	346,430
Under/(over) provision in respect of prior year		
- current taxation	**16,423**	2,471
- deferred taxation	**(9,531)**	6,703
	507,791	355,604

24 Taxation (cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profits as a result of the followings.

The Group	2006 $	2005 $
Profit before taxation	**5,064,828**	3,853,422
Tax at statutory rate of 20%	**1,012,966**	770,684
Tax effect on non-deductible expenses	**49,128**	75,004
Tax effect on non-taxable income	**(210)**	-
Tax effect on double tax deduction	**(8,897)**	(8,336)
Utilisation of deferred tax assets on temporary differences not recognised in previous year	**7,745**	-
Deferred tax assets on temporary differences not recognised in the year	**62,500**	-
Difference in foreign tax rates	**(588,717)**	(428,473)
Singapore statutory stepped income exemption	**(31,782)**	(61,686)
Others	**(1,834)**	(763)
	500,899	346,430

The Group has unabsorbed capital allowances and tax losses amounting to approximately $92,635 (2005 - $5,000) and $1,630,296 (2005 - $373,000) 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 companies operate.

Included in unabsorbed tax losses are losses of $113,004, $199,687 and $200,320 that will expire by 31 December 2009, 31 December 2010 and 31 December 2011 respectively.

25 Dividends paid and proposed

The Company and The Group

Dividends paid:

	2006	2005
Final dividend of $0.0147 per share tax exempt (one-tier) in respect of 2005 (2004: Nil)	**1,075,487**	-
Interim dividend of $0.0025 per share tax exempt (one-tier) in respect of 2006 (2005:Nil)	**182,906**	-
	1,258,393	-

The directors propose that a final tax exempt (one-tier) dividend of $0.0167 per share (2005: $0.0147) and a special tax exempt (one-tier) dividend of $0.0333 per share (2005: Nil) amounting to $1,221,812 (2005: $1,075,487) and $ 2,436,308 (2005: Nil) respectively be paid for the financial year ended 31 December 2006, subject to shareholders approval at the annual general meeting.

Notes to the Financial Statements

26 Earnings per share

Basic earnings per share amounts are calculated by dividing the consolidated profits attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue of 73,162,400 (2005 -34,842,197) ordinary shares during the financial year.

The earning per share calculation for 2005 has been adjusted to take into account the sub-division of ordinary shares of $1 each into 20 ordinary shares of $0.05 each pursuant to the Company's listing on the Singapore Exchange.

Diluted earning per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

27 Operating lease commitments

At the balance sheet date, the Group was committed to making the following rental payments in respect of leasing of office equipment and premises with original term of more than one year:

	2006 $	2005 $
Not later than one year	**662,572**	470,799
Later than one year and not later than five years	**426,720**	113,556

The leases on the Group's office equipment and premises on which rentals are payable will expire earliest on 6 February 2007 and latest on 31 May 2011. The current rent payable on the leases ranged from $208 to $28,645 per month.

28 Contingent liabilities

The Group has given tender bonds and guarantees through banks to its customers and suppliers for the tender of projects and usage of exhibition venues respectively. The tender bonds and guarantees amounting to $249,364 (2005 - $214,827) are secured by cash collaterals amounting to $166,864 (2005 - $147,327) out of which $89,025 (2005 - $64,827) has been included in fixed deposits.

29 Employee benefits

The Company and The Group

Employee share options scheme ("ESOS")
The Company has an employee share option scheme 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. Options granted will have a life span of 10 years with exercise prices set at a discount of the prevailing market prices and in no circumstances shall the exercise price be less than the par value of a share. The grant of options may be made at any time from time to time at the discretion of the Remuneration Committee. The options are exercisable after the first anniversary of the date of grant of that option.

At 31 December 2006, no shares options have been granted.

Notes to the Financial Statements

30 Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Group with the related parties at negotiated rates:

The Group	**2006** **$**	2005 $
Ultimate holding company		
Administrative expenses	**1,631**	5,837
Accounting fees income	**12,000**	-
Other income	**-**	776
Fellow subsidiaries		
Rental expense	**478,228**	506,551
Services rendered to	**38,310**	203,575
Services rendered by	**117,880**	5,677
Other income	**157**	605
Administrative expenses	**62,032**	8,959
Accounting fees income	**12,000**	-
Sales of property, plant and equipment to	**18,367**	-
Related parties		
Services rendered to	**306,427**	25,000
Services rendered by	**-**	7,259
Rental income	**-**	10,555
Accounting fees income	**-**	3,167

Notes to the Financial Statements

31 Statement of operations by segments

The Group

31.1 Business Segment

The group operates principally in the event management and exhibition services industries. Operations in the event management industry comprise creation, organisation, hosting and management of event as a supporting service or on a turnkey basis. Operations in the exhibition services industry 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.

Segment accounting policies are the same as the policies included in "Summary of significant accounting policies".

	Event Management		Exhibition Services		Elimination		Total Operation	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$	$	**$**	$	**$**	$	**$**	$
Revenue								
External sales	**6,016,031**	3,327,877	**35,136,869**	25,926,396	**-**	-	**41,152,900**	29,254,273
Inter-segment sales	**274,655**	281,356	**5,119,619**	2,224,031	**(5,394,274)**	(2,505,387)	**-**	-
Total revenue	**6,290,686**	3,609,233	**40,256,488**	28,150,427	**(5,394,274)**	(2,505,387)	**41,152,900**	29,254,273
Result								
Segment result	**698,952**	464,655	**6,329,477**	4,566,659	**-**	-	**7,028,429**	5,031,314
Unallocated corporate expense, net							**(1,927,982)**	(1,132,142)
Operating profit							**5,100,447**	3,899,172
Finance cost							**(35,619)**	(45,750)
Income taxes							**(507,791)**	(355,604)
Profit after taxation but before minority interests							**4,557,037**	3,497,818
Minority interests							**(539,262)**	(423,343)
Profit attributable to shareholders							**4,017,775**	3,074,475

Notes to the Financial Statements

31 Statement of operations by segments (cont'd)

31.1 Business Segment (cont'd)

	2006 $	2005 $
Capital expenditure		
Event management	**14,588**	41,858
Exhibition services	**1,052,344**	2,815,477
Unallocated	**40,606**	18,536
	1,107,538	2,875,871
Depreciation of property, plant and equipment		
Event management	**8,608**	3,778
Exhibition services	**797,411**	747,297
Unallocated	**135,464**	113,991
	941,483	865,066
Non-cash expenses other than depreciation		
Event management	**-**	-
Exhibition services	**58,160**	12,242
Unallocated	**-**	-
	58,160	12,242
Allowance for doubtful debts - trade		
Event management	**-**	-
Exhibition services	**50,527**	71,661
Unallocated	**-**	-
	50,527	71,661
Allowance for doubtful trade receivables no longer required		
Event Management	**-**	-
Exhibition services	**(33,306)**	(11,958)
Unallocated	**-**	-
	(33,306)	(11,958)
Segment assets		
Event management	**765,506**	869,681
Exhibition services	**21,380,328**	15,242,449
Unallocated	**1,446,381**	4,553,046
Consolidated total assets	**23,592,215**	20,665,176
Segment liabilities		
Event management	**470,143**	417,344
Exhibition services	**7,013,799**	3,813,650
Unallocated	**2,233,684**	3,760,511
Consolidated total liabilities	**9,717,626**	7,991,505

Notes to the Financial Statements

31 Statement of operations by segments (cont'd)

The Group

31.2 Geographical Segments

The following table shows the distribution of the Group's consolidated revenue by geographical market, regardless of where the services were provided:

	2006 $	2005 $
Revenue by geographical market		
Singapore	**17,055,105**	14,558,572
Middle East	**13,990,600**	6,572,514
Malaysia	**4,330,687**	3,451,697
Others	**5,776,508**	4,671,490
	41,152,900	29,254,273
Additions to property, plant and equipment		
Singapore	**544,071**	546,615
Middle East	**508,389**	2,206,193
Malaysia	**55,078**	82,811
Others	**-**	40,252
	1,107,538	2,875,871
Segment assets by geographical market		
Singapore	**10,361,387**	12,199,250
Middle East	**9,733,151**	5,786,338
Malaysia	**1,895,824**	1,490,340
Others	**1,601,853**	1,189,248
	23,592,215	20,665,176

Segment Revenue and Expense
All segment revenue and expenses are directly attributable to the segments.

Segment Assets and Liabilities
Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventory and property, plant and equipment, net of allowances and provisions. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and consist principally of accounts payable, wages, and accrued liabilities.

Segment assets and liabilities do not include tax payable and deferred taxation.

Inter-segment transfers
Segment revenue, segment expenses and segment results include transfer between business segments and between geographical segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar goods. These transfers are eliminated on consolidation.

32 Financial risk management

The Company and the Group do not have any written financial risk management policies and guidelines.

The Company and the Group do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

The Company's and the Group's exposures to financial risks associated with financial instruments held in the ordinary course of business are as follows:

32.1 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company's and the Group's exposure to movements in market interest rates relate primarily to its hire-purchase creditors, fixed/short-term deposits placed with financial institutions and variable-rate short term borrowings. The interest rate earned for fixed/short-term deposits ranges from 1.9% to 3.0% per annum.

32.2 Currency risk

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

The Company's and the Group's operational activities are mainly carried out in the respective currencies of the countries in which the Group operates and in United States dollar, Euro and Sterling Pounds. 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.

32.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

For majority of projects contracted, the Company and the Group usually requires a deposit ranging from 30% to 50% of the contract price from customers before commencing any work on the project. The balance of the contract price, including any variation orders, will be collected upon completion and delivery. There is no assurance that the balance amounts will be paid on time and in full. However, the management has a credit control policy in place. Credit evaluations are performed on all customers requiring credit over a certain amount. Transactions are conducted with customers with appropriate credit histories. The credit risk and amount outstanding is monitored on an ongoing basis. With these credit evaluation processes, credit control policies and collection procedures in place, the credit risk is mitigated substantially.

The Company and the Group have no significant concentrations of credit risk. The maximum exposure to credit risk in relation to each class of recognised financial assets is represented by the carrying amount of each financial asset as indicated in the balance sheet.

Notes to the Financial Statements

32 Financial risk management (cont'd)

32.4 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company and the Group do not hold any quoted or marketable financial instrument and hence, is not exposed to any movements in market prices.

32.5 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 Company's and the Group's liquidity risk is minimal as the Company and the Group maintain sufficient cash and cash equivalents and internally generated cash flows to finance their operating activities and committed liabilities.

33 Financial instruments

Fair values

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective fair values.

34 Event after balance sheet date

Pursuant to amendments to the Companies Act, Cap. 50, the concepts of par value of shares and authorised share capital were abolished with effect from 30 January 2006 and on that date, the shares of the company ceased to have a par value.

In addition, the amount standing in the share premium reserve became part of the Company's share capital.

35 Disclosure of directors' remuneration

As required by the Listing Manual of the Singapore Exchange, the remuneration of directors of the Company is disclosed in bands as follows:

	Number of directors	
	2006	2005
$250,000 to $500,000	**2**	-
Below $250,000	**4**	6
Total	**6**	6

Analysis of Shareholders
as at 15 March 2007

ISSUED AND FULLY PAID-UP CAPITAL	:	S$6,246,666
NO. OF SHARES ISSUED	:	73,162,400 SHARES
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1,000 - 10,000	340	59.75	1,803,000	2.47
10,001 - 1,000,000	222	39.02	12,761,000	17.44
1,000,001 & ABOVE	7	1.23	58,598,400	80.09
TOTAL	569	100.00	73,162,400	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
CITYNEON INTERNATIONAL PTE LTD	26,081,200	35.65
UNITED OVERSEAS BANK NOMINEES PTE LTD	20,577,200	28.13
DBS NOMINEES PTE LTD	3,586,000	4.90
LIM SONG HUAT	2,400,000	3.28
CITIBANK NOMINEES S'PORE PTE LTD	2,000,000	2.73
OVERSEA-CHINESE BANK NOMINEES PTE LTD	2,000,000	2.73
PHILLIP SECURITIES PTE LTD	1,954,000	2.67
WEE EE LIM	855,000	1.17
UOB KAY HIAN PTE LTD	755,000	1.03
OCBC SECURITIES PRIVATE LTD	657,000	0.90
KRISS CHIAM EE LENG (ZHAN YULING)	558,000	0.76
CHEN WEI CHING VINCENT	500,000	0.68
KIM ENG SECURITIES PTE. LTD.	435,000	0.60
NAH WEE KEE	241,000	0.33
TOH TIM SOON	208,000	0.28
BOON SU ANN JUANITA	195,000	0.27
MOH TSER LOONG ALVIN	177,000	0.24
CHAN KWOK WENG	170,000	0.23
HONG LEONG FINANCE NOMINEES PTE LTD	167,000	0.23
CHUA HONG CHUCK @ CHUA HONG CHUEK	160,000	0.22
	63,676,400	87.03

Based on the information available to the Company as at 15 March 2007, approximately 36.49% of the issued shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Substantial Shareholders

as at 15 March 2007

Name	No. of ordinary shares Direct Interest	%	Deemed Interest	%
Cityneon International Pte Ltd	46,462,400	63.51	-	-
Ko Chee Wah	-	-	46,462,400	63.51
Lim Poh Hock	-	-	46,462,400	63.51
Regional Investment Company Limited	-	-	46,462,400	63.51
Transpac Managers I Ltd	-	-	46,462,400	63.51
Transpac Ventures I Ltd (In Members' Voluntary Liquidation)	-	-	46,462,400	63.51

Messrs Ko Chee Wah and Lim Poh Hock and Transpac Group are deemed interested in all the shares held by Cityneon International Pte Ltd ("CIPL") in the Company as they each hold not less than 20% of the share capital of CIPL.

Transpac Group is collectively comprised of Regional Investment Company Limited, Transpac Managers I Ltd and Transpac Ventures I Ltd (In Members' Voluntary Liquidation).

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 #05-01, Cityneon Design Centre, Singapore 349584 on Friday, 27 April 2007 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 December 2006 together with the Auditors' Report thereon. **(Resolution 1)**

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

   Mr Lim Poh Hock **(Resolution 2)**
   Mr Ko Chee Wah **(Resolution 3)**

3. To declare a Final Dividend of 1.67 cents per ordinary share (nett) for the year ended 31 December 2006. **(Resolution 4)**

4. To declare a Special Dividend of 3.33 cents per ordinary share (nett) for the year ended 31 December 2006; **(Resolution 5)**

5. To approve the payment of Directors' fees of S$95,000/- for the year ended 31 December 2006. (2005: S$20,000/-) **(Resolution 6)**

6. To re-appoint Messrs Foo Kon Tan Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

7. **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, the Directors be and are hereby authorised to issue and allot whether by way of bonus issue, rights issue or otherwise (including but not limited to the issue and allotment of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to offers, agreements or options made or granted by the Company while this authority remains in force) or otherwise dispose of shares in the Company (including making and granting offers, agreements and options which would or which might require shares to be issued, allotted or otherwise disposed of, whether during the continuance of such authority or thereafter) at any time to such persons (whether or not such persons are members of the Company), upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT:-

   (a) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed 50% of the number of issued shares of the Company for the time being, and PROVIDED FURTHER THAT where members of the Company with registered addresses in Singapore are not given the opportunity to participate in the same on a pro rata basis, then the shares to be issued under such circumstances shall not exceed 20% of the number of issued shares of the Company for the time being;

Notice of Annual General Meeting

(b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of number of issued shares shall be based on the number of issued shares of the Company at the time this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options that are outstanding when this Resolution is passed.

Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting 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 Notes] **(Resolution 8)**

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

By Order of the Board

Dorothy Ho / Wong Juar Ming
Company Secretaries
Singapore, 12 April 2007

Notes

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote instead of him/her. 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 #05-01, Cityneon Design Centre, Singapore 349584 not less than 48 hours before the time appointed for holding the Meeting.

Explanatory Notes:

The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The maximum number of shares that the Directors may allot and issue under this resolution shall not exceed the quantum as set out in the resolution.

Notice of Books Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2007 for the purpose of determining Members' entitlements to the Final and Special dividends to be proposed at the Annual General Meeting of the Company to be held on 27 April 2007.

Duly completed registrable transfer of shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 9 May 2007 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 dividends. Subject to the aforesaid, members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 9 May 2007 will be entitled to the proposed dividends.

The proposed Final and Special dividends, if approved at the Annual General Meeting, will be paid on 22 May 2007.

BY ORDER OF THE BOARD
Dorothy Ho / Wong Juar Ming
Company Secretaries

Singapore: 12 April 2007

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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 shares, this Annual Report 2006 is forwarded to them at the request of their 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.

I/We, ...
of ....
being a member/members of Cityneon Holdings Limited (the "Company"), hereby appoint :-

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 27 April 2007 at 3.00 p.m. 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.

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

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors' Report and Audited Accounts for the year ended 31 December 2006		
2.	Re-election of Mr Lim Poh Hock as Director		
3.	Re-election of Mr Ko Chee Wah as Director		
4.	Declaration of Final Dividend		
5.	Declaration of Special Dividend		
6.	Approval of Directors' fees amounting to S$95,000/-		
7.	Re-appointment of Messrs Foo Kon Tan Grant Thornton as Auditors		
8.	Authority to allot and issue shares		

Dated this .... day of 2007

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

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

IMPORTANT: Please read notes overleaf

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) 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 one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number 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 #05-01 Cityneon Design Centre, Singapore 349584 not less than 48 hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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.

General:

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

Notes

Notes

Malaysia Pavilion @ ATM 2006, Dubai

Boncafe @ Food & Hotel Asia 2006, Singapore

Singapore Pavilion @ Bio 2006, Chicago