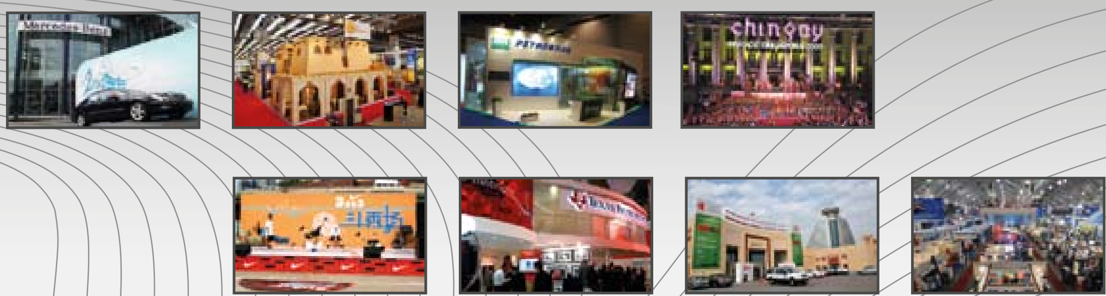
CITYNEON HOLDINGS LIMITED

Annual Report 2008



from **environments to** ***experiences***

CITYNEON HOLDINGS LIMITED I Annual Report 2008

United Nations ECOSOC Preparatory Meeting, Bahrain

Spain Pavilion @ Food & Hotel Asia, Singapore

Canon "The Magic of Business Success" show, Singapore

Contents

Pictures on cover: *Mercedes-Benz 2nd Anniversary, Singapore; Oman Pavilion @ Arabian Travel Market, Dubai; Petrobras @ Gastech, Thailand; Chingay Parade, Singapore; Singapore Pavilion @ Asia Pacific Maritime, Singapore; Nike 3 VS 3 Battleground, China; Texas Instruments @ GSMA Mobile World Congress, Barcelona and 16th Middle East Oil & Gas Show & Conference, Bahrain.*

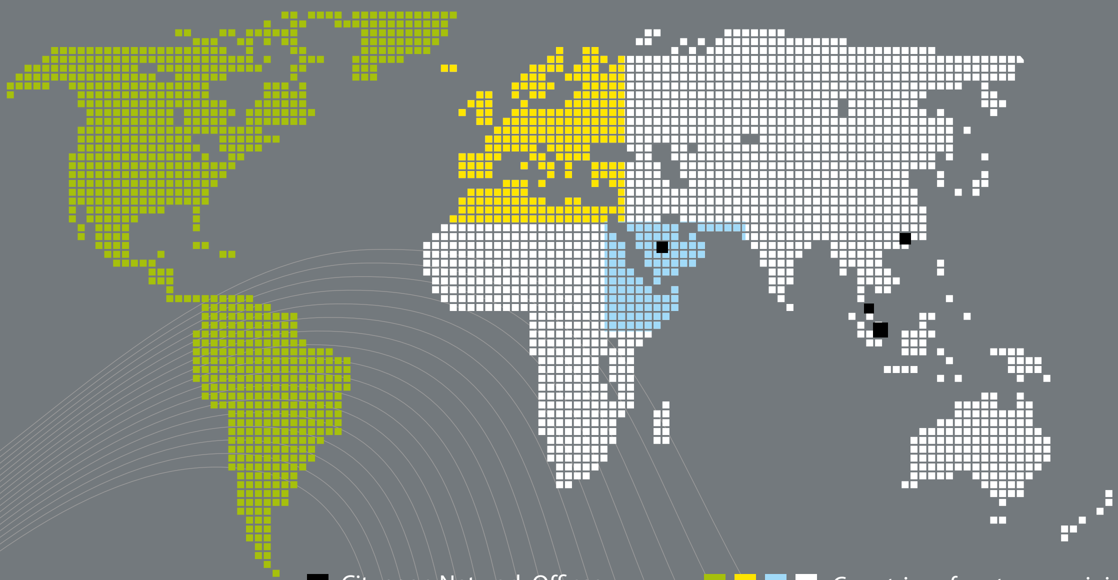
International Network

CITYNEON is a leading service provider of exhibitions, events, thematics and interior architectures in Asia and Middle East.

Founded in 1956, Cityneon serves its international clients through a global network of fully owned offices, associates and strategic partners.

With an international network of fully owned offices and associates in the core areas of our business, we deliver close to 2,000 assignments across the globe each year— testimony to the strength of our reach and the depth of our pool of talents.

Creating business opportunities from environments to experiences is our expertise. Our international clientele includes renowned multi-national corporations and state government agencies world-wide.



Cityneon Network Offices

Countries of customer origins

America
Brazil
USA

Europe
Bulgaria
Cyprus
France
Germany
Greece
Ireland
Italy
Netherlands
Russia
Spain
Switzerland
Turkey
United Kingdom

Middle East
Bahrain
Israel
Jordan
Kuwait
Oman
Qatar
Saudi Arabia
United Arab Emirates

Asia Pacific
Australia
Brunei
Cambodia
India
Indonesia
Hong Kong
Japan
Korea
People's Republic of China
Philippines
Taiwan
Thailand

America
Europe
Middle East
Asia Pacific

Our Expertise

Nomura Asia Equity Forum, Singapore

Global Entrepolis Convention, Singapore

F1 Gulf Air Bahrain Grand Prix

Franklin Offshore Gala Dinner, Singapore

Microsoft Summit, Singapore

Launch of Energy City, Qatar

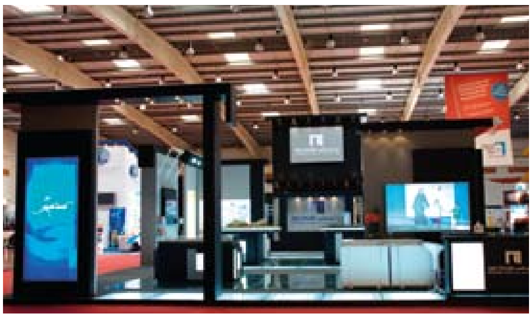
Events

From creative ideas and concept development to programme planning, set-up and on-site management, Cityneon stops at nothing to ensure your event is a roaring success by translating your visions to practical realities.

Exhibitions

With a stellar track record as the preferred official contractor of some of the largest trade fairs and exhibitions in the region, we offer a comprehensive suite of exhibition services and supplies. Design and building of customised pavilions are our forte, setting the industry standard for design, quality and service.

Bahrain International Airport @ World Air Cargo Event, Bahrain

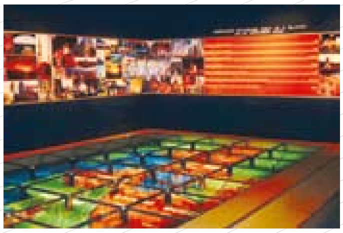


Abu Dhabi Investment House @ Property Arabia, Bahrain

Kingdom of Bahrain @ ITB Berlin, Germany

Shell Energy Gallery @ Singapore Science Centre

The Art of Cartier @ The National Museum of Singapore



Meralco Centennial Museum, Philippines

Interior Architectures

As we understand how empty spaces can be transformed into ideal interior environments, we always deliver to clients' specific requirements, on time and on budget. Our capability in fitting out interiors encompasses a wide scope of varied architecture styles, unique to each project.

Galleries

Redefining the presentation of public and corporate museums, visitor galleries and other forms of permanent exhibits through skilful artistry and the use of high technology, we aspire to carve to memory and history, wonderful moments to be revisited time and again.

Thematics

Delivering the most comprehensive solution with our team of industry experts, with in-depth knowledge of dynamic commercial needs, we create the "WOW" in any themed environment by bringing adventure to your doorsteps; whether it is an attraction, theme park or mixed-use development, we desire to delight and enthral.

15th Asian Games, Doha
***left to right**: The Lost World Returns Gallery, The Islamic Coins Gallery, The Weaponry Gallery*

Group Organisation Structure

CITYNEON HOLDINGS LIMITED

- **SINGAPORE**
  - THEMEWERKS 100%
    - ARTSCAPES THEMEWERKS 65%
  - CITYNEON CREATIONS 100%
  - CITYNEON WORLD PROJECTS 51%
  - CITYNEON GLOBAL PROJECTS 100%
  - COMPRISE ELECTRICAL (S) 100%
  - CITYNEON CONCEPTS 100%
  - CITYNEON EXHIBITION SERVICES 100%
    - E-GRAPHICS DISPLAYS 60%
- **MALAYSIA**
  - CITYNEON CONTRACTS 100%
- **MIDDLE EAST**
  - CITYNEON (MIDDLE EAST) 100%
    - C.N. OVERSEAS 100%
    - OMAN BRANCH 100%
- **CHINA**
  - SHANGHAI CITYNEON EXHIBITION SERVICES 100%

Vitol @ Asia-Pacific Petroleum Conference, Singapore

Oman Pavilion @ Arabian Travel Market, Dubai

F1 SingTel Singapore Grand Prix

left to right

Ground Protection for Lexus Cup, Singapore

Kuwait Oil Company @ Middle East Oil & Gas Show & Conference, Bahrain

DBS Home Party, Singapore

Corporate Information

Registered office

84 Genting Lane #05-01
Cityneon Design Centre
Singapore 349584

Co. Registration No.: 199903628E

Directors

Datin Ngiam Pick Ngoh
Non-Executive Director
appointed on 2.1.2009
Non-Executive Chairman
(appointed on 17.2.2009)

Ko Chee Wah
Group Managing Director

Lim Poh Hock
Executive Director

Ng Beng Lye
Non-Executive Director
(appointed on 17.2.2009)

Ong Kuee Hwa
Non-Executive Director
(appointed on 2.1.2009)

Tan Hup Foi @ Tan Hup Hoi
Independent Director

Chua Soo Chiew @ Chua Kaw Kia
Independent Director

Lim Seng Chai
Independent Director
(appointed on 17.3.2009)

Cheong Kok Yew
Non-Executive Chairman
(resigned on 9.1.2009)

Audit Committee

Chua Soo Chiew @ Chua Kaw Kia
Chairman

Tan Hup Foi @ Tan Hup Hoi

Ong Kuee Hwa (appointed on 17.2.2009)

Cheong Kok Yew (resigned on 9.1.2009)

Nominating Committee

Chua Soo Chiew @ Chua Kaw Kia
Chairman

Ko Chee Wah

Tan Hup Foi @ Tan Hup Hoi

Remuneration Committee

Tan Hup Foi @ Tan Hup Hoi
Chairman

Chua Soo Chiew @ Chua Kaw Kia

Ong Kuee Hwa (appointed on 17.2.2009)

Cheong Kok Yew (resigned 9.1.2009)

Secretary

Dorothy Ho Lai Yong

Wong Juar Ming

Registrar

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

Bankers

Standard Chartered Bank
Citibank Singapore Limited
United Overseas Bank Limited

Auditors

Foo Kon Tan Grant Thornton
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365
Partner-in-charge: Ong Soo Ann
since financial year ended 31.12.2005

Statement from the Group Managing Director

Financial year 2008 can best be described as a watershed year that witnessed the beginning of the meltdown of leading financial institutions in the developed world, resulting in a severe global liquidity crunch, which in turn has threatened the viability of even some of the largest and most established business enterprises. Most countries are facing the dim prospect of a prolonged recession without much visibility of when the recovery will be in sight. The contagion has become global in nature, with no industry being spared the battering. World and regional trade in goods and services is shrinking, consumer demand has collapsed, with job losses rising in most countries.

Against this backdrop, it will not be realistic to expect the MICE industry, which is heavily dependent on robust economies and growing world trade, to buck the trend. Our Group, with core areas of business susceptible to the health of the international MICE sector, must likewise be ready to weather some of the adverse impact resulting from the uncertainties surrounding this industry. If the current malaise continues, it is to be expected that business travel relating to, and participation at conventions, exhibitions and events will be considerably reduced, as corporations cut back on such budgets, and focus on tight cost controls to survive.

The above dismal scenario not withstanding, the Group was able to perform reasonably well for FY2008. Group revenue increased by 15% from $41.7 million in FY 2007 to $47.9 million in FY2008. This revenue growth is contributed mainly by clients in Singapore and the Middle East, which accounted for 45% and 35% of total turnover respectively. During the year, we continued to deliver some of the most prestigious MICE events successfully, such as the "Food and Hotel Asia", "Communic Asia" and "Oil and Gas SEA" series in Singapore, as well as the "Jewellery Arabia" and Bahrain F1 event in the Middle East. It is noteworthy that with the increased volume, we were able to improve our gross profit margin to 43.4% in FY2008 from that of 42.2% in FY2007. Our policy of focusing on our established clientele, efficient delivery and tight cost control management continues to work well as we pursue continual growth in our business.

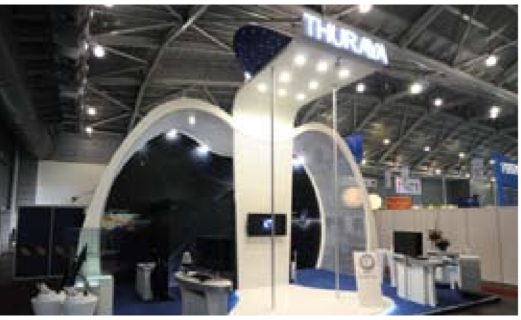
The year, however, saw our profit before tax declining by 34%, from $4.2 million in FY2007 to $2.8 million in FY2008. The reason for this drop was due to certain unexpected, as well as one-off expenses that were incurred during the year. They are :

1. Higher non-cash equity compensation cost realised due to the General Offer by Star Publications (Malaysia) Berhad
2. One time professional fees incurred in relation to the same General Offer exercise
3. Higher unrealised foreign exchange loss due to fluctuations in various currencies
4. Investment in development costs in growing a new business in theme parks and attractions

If the above-mentioned expenses were not incurred, the Group's PBT would have been maintained at $4.2 million.

OUTLOOK FOR 2009

Going forward, we are guardedly optimistic of being able to weather the severe challenges confronting the world and the MICE industry, both in Singapore and the rest of the world. We remain hopeful of being able to maintain our growth momentum, primarily because of certain strategic decisions we had taken in the past 2 years. Firstly, our 2 main markets of Singapore and the Middle East are expected to continue to contribute significantly to our revenue growth. In Singapore, our strategic decision to diversify and invest in building a capability to service the theme parks and attractions sector has begun to bear fruit. For 2009 alone, we were already awarded



Thuraya @ Asia Pacific Maritime, Singapore


Volkswagen Road Show, Singapore


Brunei Health Galleria, Brunei 2008

left to right

PBD Conference, Singapore

NATO - Bahrain Relations & the Istanbul Cooperation Initiative, Bahrain

URA Singapore @ MIPIM Asia, Hong Kong

no less than S$43 million (representing 90% of 2008 full year Group revenue) worth of contracts from the Resorts World at Sentosa (a member of the Genting Group) to participate in the design and building of 5 world-class Universal Studios attractions there.

Secondly, we have been continuing to focus and invest in our Middle East operation, and this has proven to be the right strategy as significant growth momentum in the GCC countries continues. We had been awarded a major contract valued at S$13 million to design and build the Country Pavilion for the Sultanate of Oman at the World Expo in Shanghai in 2010. In addition, we were also awarded a S$5 million, 3-year term contract by Oman Tourism to manage all their overseas events world-wide.

In November 2008, as a result of a successful public general offer, we became a subsidiary of Star Publications (Malaysia) Berhad from Malaysia. Star is a multi-platform media group which owns and publishes Malaysia's largest circulating English newspaper, The Star, 3 public radio stations, a strong stable of magazines, and Star Online, a popular news and lifestyle website. It is listed on Bursa Malaysia, with a market capitalisation of close to S$1 billion, and has strong cash reserves. By becoming a member of this group, our Malaysian operations hope to realise the synergies with the strength of Star's media platforms, and strong industry standing in Malaysia. Star, which already boasts a list of recognised leisure and consumer events, will leverage on the creative and event-logistics capabilities of Cityneon to grow this business even more aggressively. Much synergy can be reaped, to the mutual benefit of both parties.

Looking ahead, the business environment in 2009 continues to be very uncertain and volatile. Our mission continues to be a focus on strengthening our fundamentals, keeping a tight lid on costs and credit control, managing currency fluctuations, and aggressively pursuing all avenues that may contribute to revenue and profit growth. It is comforting to note that even in such trying times, our sales order book to-date already stands at S$77 million, which is 61% higher than total revenue for FY2008. It is imperative that we now pay close attention to delivering excellence on these contracts won, and to ensure that we build a solid track record of our achievements in this field.

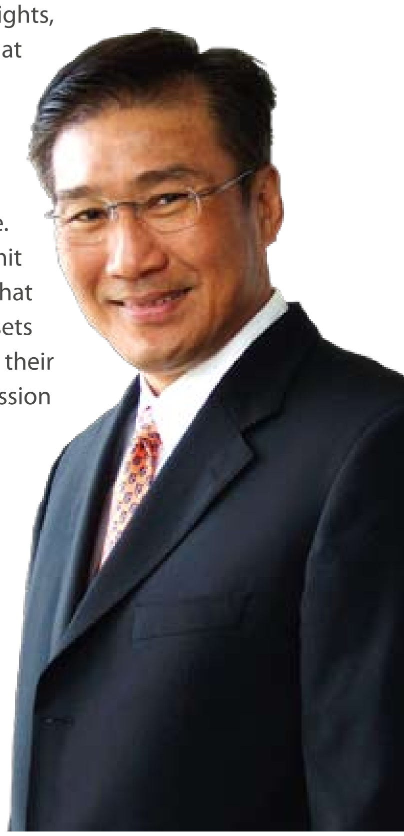
ACKNOWLEDGEMENTS

I like to take this opportunity to extend my heartfelt thanks to our previous Chairman - Mr Stanley Cheong Kok Yew who had resigned in January this year for his unstinting and selfless services rendered to our Group for the last 3 years. From the day he came on Board as our Director in 2005, Stanley stood out as a model of integrity and propriety. His insistence on high standards of governance at the management and Board levels contributed immeasurably to the laying of a solid foundation that led to the successful public listing of the Group in December 2005. I wish him the very best in all his future endeavours.

I would like to bid a warm welcome to Datin Ngiam Pick Ngoh, Mr Ng Beng Lye and Mr Richard Ong Kuee Hwa who have joined us as Non-Executive Directors of the Board. Datin Ngiam is the Chief Executive Officer, Mr Ng is the Executive Director and Mr Ong is the Group General Manager of Corporate Development of Star Publishing (Malaysia) Berhad. I would also like to welcome Mr Lim Seng Chai who has joined us as an Independent Director of the Board. Mr Lim is an established solicitor with his own practice in Malaysia. I look forward to their contribution and am confident we will benefit immeasurably from their insights, experience and participation at management and Board levels.

We are mindful that in this fast-changing and dynamic world, it is talent that makes all the difference. At Cityneon, we re-commit ourselves everyday to the belief that people are our most valuable assets and would like to thank them for their commitment, diligence and passion they have brought to their work.

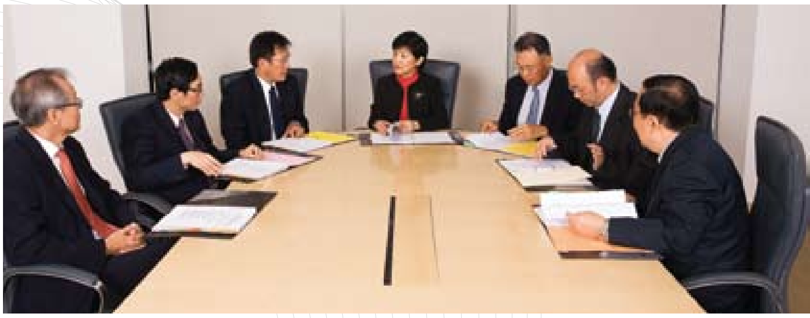
Last but not least, we also appreciate very much, the support our valued customers, bankers and business partners have extended to us. On behalf of the Board, I would like to say "Thank you".



Mr Ko Chee Wah
Group Managing Director

Board of Directors





Datin Ngiam Pick Ngoh

Datin Ngiam Pick Ngoh is appointed as Non-Executive Chairman of the Board of Directors of the Company with effect from 17 February 2009 and our Non-Executive Director since 2 January 2009. Datin Ngiam is the Group Managing Director and Chief Executive Officer of Star Publications (Malaysia) Berhad. She has been with The Star since 1985. At present, she is the Honorary Secretary of the Malaysian Newspaper Publishers Association (MNPA), a Board Member of the Advertising Standard Authority Malaysia (ASA) and a Member of the Kuala Lumpur Business Club. Datin Ngiam holds a Bachelor of Sociology and Anthropology (Honours) from the University of Malaya.

Mr Ko Chee Wah

Mr Ko Chee Wah is our Group Managing Director and has been a Director of our Company since its incorporation. Mr Ko has close to 20 years of experience in the Meetings, Incentives, Conventions and Exhibitions (MICE) industry and therefore, has in-depth knowledge of, and an extensive network of contacts and alliances in our field of work. With his illustrious background, he is responsible for the strategic business development of our Group and he is also overall-in-charge of our Company's day-to-day management. Mr Ko holds a Bachelor of Business Administration (Honours) degree from the University of Singapore.

Mr Lim Poh Hock

Mr Lim Poh Hock is our Executive Director and has been a Director of our Company since its incorporation. He is in charge of the administrative and internal management of the Group. Mr Lim has over 30 years of experience working in various industries, of which close to 20 years are in the Meetings, Incentives, Conventions and Exhibitions (MICE) industry. He is the founder of Faco Electric Co Pte Ltd which specialises in the manufacturing and distributorship of electric heaters, of which he continues to be a major shareholder. Mr Lim holds a Diploma in Business Studies from Ngee Ann Technical College, Singapore.

Mr Chua Soo Chiew

Mr Chua Soo Chiew has been an Independent Director of our Group since 15 September 2005 and is a practising public accountant. He was the sole proprietor of Chua Soo Chiew & Co. and subsequently became a partner. Currently, he serves as the Chairman of our Audit Committee and Nominating Committee. He 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 the CPA Singapore and CPA Australia, and has more than twenty years of experience in the accounting and auditing profession.

left to right

Gulf Holding Company

@ Property Arabia, Bahrain

Longines Store Opening, Singapore

Qatar Petroleum @ Doha Natural Gas Conference & Exhibition, Qatar

Mr Ng Beng Lye

Mr Ng Beng Lye is appointed as a Non-Executive Director of the Company since 17 February 2009. Mr Ng is currently a Non-Executive Director of Star Publications (Malaysia) Berhad. He held several directorial positions in the publications and media industry since 1980, of which, he was the Managing Director of Oriental Daily Marketing Sdn Bhd from 2003 to 2007. After which, he was Executive Director of Nature Environment Products Sdn Bhd. Mr Ng obtained his Master degree in Political Science, following his Bachelor (Honours) degree in the same course of study from Waseda University, Japan.

Mr Ong Kuee Hwa

Mr Ong Kuee Hwa is appointed to our Board as a Non-Executive Director with effect from 2 January 2009 and a member of the Audit and the Remuneration Committees as of 17 February 2009. He graduated with a Bachelor of Science degree and a Bachelor of Law degree. He holds a certificate of Legal practice and has been admitted as a solicitor in Malaysia, Australia and New Zealand. Following the legal practice, he held legal and corporate finance positions in the Hong Leong Group, Malaysia. From 1996 to 2001, Mr Ong held corporate finance positions with various listed companies in Malaysia. He is currently the Group General Manager, Corporate Planning of Star Publications (Malaysia) Berhad.

Mr Tan Hup Foi

Mr Tan Hup Foi is the Chairman of Ngee Ann Polytechnic Council. An Honorary Vice-President of the International Association of Public Transport (UITP) and Honorary Chairman of UITP Asia-Pacific Division, Mr Tan is also a Board member of Singapore Corporation of Rehabilitative Enterprises (SCORE). He has over 30 years' experience in the transport industry. He was the Chief Executive of Trans-Island Bus Service Ltd from 1994 to 2005 and the Deputy President of SMRT Corporation from 2003 to 2005. A Colombo Plan scholar, Mr Tan obtained his Bachelor (Honours) degree in Mechanical Engineering from Monash University, Australia and his Master of Science (Industrial Engineering) degree from University of Singapore. Mr Tan was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 1996 and the Bintang Bakti Masyarakat (Public Service Star) in 2008 by the President of Singapore.

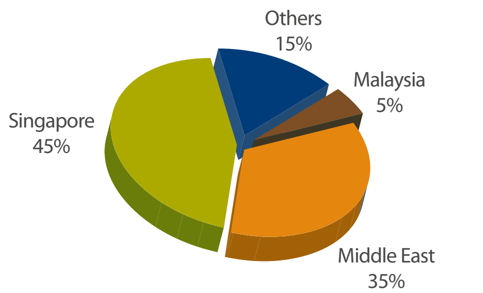
Mr Lim Seng Chai

Mr Lim Seng Chai, Simon has been appointed as an Independent Director on 17 March 2009. He is an Advocate and Solicitor of the High Court of Malaya, having been called to the Malaysian Bar in 1991 and the Bar of England and Wales in 1990 and the Managing Partner of Messrs SC Lim & Partners where his experience and portfolio includes mediation, arbitration, civil litigation and corporate and conveyancing matters. Mr Lim holds a Bachelor of Science degree from the University of Malaya and a Bachelor of Law degree from the University of London. He is a Fellow of the Chartered Institute of Arbitrators, United Kingdom FCIArb and a member of the Malaysian Institute of Arbitrator. He is an Accredited Mediator and a panel Solicitor for the Bar Council Malaysia. Mr Lim was previously on the Board of Directors as Independent Director of Tomisho Berhad (currently known as SYF Resources Berhad) Malaysia and Kumpulan Emas Berhad (currently known as EcoFirst Consolidated Berhad) Malaysia.

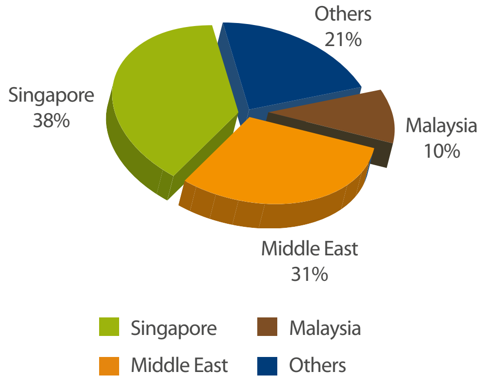
Financial Review

Revenue Track Record (S$'000)

YEAR 2008



YEAR 2007



OUR BUSINESS

Our Group of companies, with operations in Singapore, the Middle East, Malaysia and the People's Republic of China serves the needs of international exhibitions, events, interior architectures and themed attractions.

REVENUE

Our revenue is project-based and derived from two principal business divisions:-

(1) **Exhibition Services**, which cover:
   (a) renting our exhibition service assets;
   (b) designing, fabricating and installing pavilions; and
   (c) providing ancillary services in electrical services and environmental 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.

   In Singapore and Bahrain, we have in-house resources and facilities to provide the above ancillary services. In Malaysia and People's Republic of China, we outsource such ancillary services to sub-contractors.

(2) **Event Management**, which encompasses the organisation of corporate activities, where we conceptualise, develop, organise and host corporate events in collaboration with our clients. The duration of our event management projects is generally between two and six months.

In the Meetings, Incentives, Conferences & Exhibitions ("MICE") industry, we have historical trends of better revenue performance in even years as compared to odd years. This seasonal pattern is due to the result of mega projects being held in the even years, for example, Food & Hotel Asia and Oil & Gas Industry Exhibition & Conference which the Group has been participating in the even years.

As a result, the Group's revenue of $47.9 million for the year was $6.2 million or 14.9% higher, as compared to the FY2007's revenue of $41.7 million. The growth in revenue is mainly attributed by customers in the Singapore and Middle East region, offsetted by the decline in Malaysia and USA/Europe and other markets.

By the geographical markets where our customers are sourced, the Group achieved revenue growth of $5.8 million or 36.7% from the Singapore market and $4.0 million or 30.9% from the Middle East market. The increase in the Singapore market was mainly due to the mega projects held in the even years. Additionally, other major projects such as the Formula One Singapore event contributed positively to the

left to right

Draft Masterplan Exhibition, Singapore

ST Electronics @ CommunicAsia, Singapore

EDB Singapore Pavilion @ Bio International Convention, USA

Group revenue. The growth in the Middle East market came mainly from a new branch set up in Oman during the year, coupled by the increase in revenue from the existing Bahrain market.

However, the Group experienced a drop in the Malaysia market by $2.0 million and other markets by $1.5 million. This is mainly attributed to the overall economic slowdown in the said regions. In terms of business segments, the growth in exhibition services business was by $4.7 million or 13.0% and the event management business by $1.5 million or 26.7%. The growth in the exhibition sector is mainly due to mega projects in Singapore in 2008 and additional revenue raised by Oman branch. For event sector, the increase in revenue mainly came from the Formula 1 Gulf Air Bahrain Grand Prix and the Formula 1 Singapore Grand Prix events. Overall, the exhibition and event management services business contributed 84.8% and 15.2% of group's turnover in FY2008, as compared to 86.2% and 13.8% of the Group's turnover in FY2007.

GROSS PROFITS

The Group gross profit increased by $3.2 million to $20.8 million from $17.6 million in FY2007. Despite escalations in materials, transportation and labour costs, the Group managed to maintain the gross profit margin at 43.4% which is higher by 1.2% than FY2007 gross margin of 42.2%.

MARKETING AND DISTRIBUTION COSTS

Marketing and distribution costs relatively remain the same with a slight increase by 2% from FY2007. The Group continue to increase its marketing efforts to expand the Group's business networks and securing potential new customers.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative and other operating expenses increased by approximately $4.1 million (or 31.9%) from $12.8 million in FY2007 to $16.9 million in FY2008 mainly due to :

(i) an increase in depreciation expenses mainly due to additional depreciation arising from renovation of office premises, acquisition of new exhibition assets and machinery.

(ii) an increase in unrealised exchange loss due to fluctuation of various currencies during the year.

(iii) Investment in development costs eg staff costs for new growth business.

(iv) an increase in equity compensation costs arising from the vesting of employee share option scheme.

(v) a one time cost incurred for professional fees in relation to the General Offer exercise in FY2008.

PROFIT BEFORE TAXATION

The Group's profit before tax ("PBT") declined by $1.4 million or 33.9% from $4.2 million in FY2007 to $2.8 million in FY2008. FY2008 PBT margin stood at 5.8%, which is lower by 4.4 absolute percentage from FY2007 PBT margin of 10.2%. The drop in profit before tax can be attributed to the following reasons :

(i) higher non-cash equity compensation cost realised due to the General Offer

(ii) one time professional fees in relation to the same General Offer exercise

(iii) higher unrealised foreign exchange loss due to fluctuations in various currencies

(iv) Investment in development costs in growing a new business in theme parks and attractions

If the above mentioned expenses were not incurred, the Group's PBT would have been maintained at $4.2 million instead of $2.8 million in FY2008.

At the same time, the new growth business will start to bear fruit in FY2009.

EARNINGS PER SHARE

The Group's basic earnings per share (EPS) for FY2008 is 2.9 cents, decreased by 1.8 cents as compared to 4.7 cents in FY2007. This is attributable to lower net profit and the increase in weighted average number of shares from 76,612,400 shares in FY2007 to 87,222,900 shares in FY2008 subsequent to the issuance of shares in late FY2007 and FY2008. The EPS is computed based on consolidated net profit attributable to shareholders over the weighted average number of shares during the financial year.

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

Financial Review

BALANCE SHEET REVIEW

The Group recorded Total assets of $34.8 million in FY2008 versus $29.8 million in FY2007 whereas The Group recorded Total liabilities of $12.4 million in FY2008 versus $9.2 million in FY2007.

Net assets of the Group increased by $2.1 million from $20.0 million in FY2007 to $22.1 million in FY2008 as a result of :-

(i) increase in work-in-progress due to initial cash outlay for purchase of materials required for the 4 years term contract.
(ii) increase in trade receivables due to higher 4th quarter sales compared to that of FY2007
(iii) increase in net value of property, plant and equipment due to new acquisitions

offsetted by :

(iv) decrease in cash and cash equivalents as explained below under cashflow review
(v) increase in trade and other payables due to higher accruals for cost of completed and on-going projects as at year end

Share capital increased by $0.96 million in FY2008 due to exercise of employee share options scheme by staffs as a result of the General Offer.

Net assets value per share computed based on existing issued share capital increased from 22.99 cents in FY2007 to 25.01 cents in FY2008.

CASH FLOW REVIEW

The Group reported a lower profit before tax in FY2008 and incurred initial cash outlay for purchase of materials required for the 4 years term contract. These resulted in net cash outflow of $0.8 million from operating activities compared to net cash inflow of $3.6 million in FY2007.

In FY2007, the Group had cash proceeds of $7.4 million from placement exercise which resulted in net cash increase of $5.7 million from prior year end. For FY2008, Group's cash flows decreased by $3.3 million from $11.3 million as at 1 January 2008 to $8.0 million as at 31 December 2008. The movement was mainly due to the following reasons:

(i) net proceeds from the issuance of new shares on exercise of share options of $0.7 million; which is offset by
(ii) net cash used in operating activities of $0.8 million;
(iii) dividend payment of $1.5 million to our shareholders;
(iv) acquisition of $1.5 million of property, plant and machinery;
(v) acquisition of additional shares in existing subsidiaries of $0.3 million.

The Group's financial risk management policies are disclosed in page 73, under financial risk management in audited reports for the year ended 31 December 2008.

RETURNS ATTRIBUTABLE TO SHAREHOLDERS

In appreciation of the continuous support, the management has proposed a final tax exempt one–tier dividend of 0.97 cent for the financial year ended 31 December 2008 after taking into consideration of the Group's dividend policy of no less than 35% of profits attributable to equity holders, its present cash position, operating cash-flows, and projected cash requirements. The proposed final dividend has not been provided for in the FY2008 financial results and is subject to the approval of shareholders at the coming Annual General Meeting.

Audiohouse Electronics Superstore @ Liang Court, Singapore

Pfizer Office @ The Capricorn, Singapore

Qatar National Day, Qatar

Financial Contents

Corporate Governance

The Board of Directors and Management of Cityneon Holdings Limited (the "Company") is committed to ensuring high standards of corporate governance by complying with benchmark set by the Singapore Code of Corporate Governance 2005 (the 'Code') issued by the Ministry of Finance on 14 July 2005. The Board believes that good corporate governance provides the framework for an ethnical and accountable corporate environment, which will safeguard the interests of shareholders.

This report sets out the Company's corporate governance processes and structures that were in place throughout the financial year, with specific references made to the principles and guidelines of the Code. The Board is pleased to confirm that for the financial year ended 31 December 2008, the Company has generally adhered to the principles and guidelines as set out in the Code, except for certain deviations which are explained below.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

- provide entrepreneurial leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risk to be assessed and managed;
- review the performance of the Group's management; and
- set the Company's values and standards, and ensure that obligation to shareholders and others are understood and met.

A listing of the chairman and members of the Board and Board Committees are as shown in Table 1 in Page 23.

Formal board meetings are held at least twice in a year to oversee the business affairs of the Group, and to approve, if applicable, any financial or business objectives and strategies. Ad-hoc meetings are convened as and when they are deemed necessary.

The attendance of Directors at meetings of the Board and Board Committees for the financial year ended 31 December 2008, as well as the frequency of such meetings are set out in Table 2 in Page 23.

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

Board Composition and Guidance

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

The Board has maintained a strong and independent element, with two out of the five directors being independent and making up more than one-third of the Board as detailed in the Table 1 in Page 23.

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 in Pages 8 and 9.

The Board's structure, size and composition is reviewed annually by the Nominating Committee who is of view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations, to facilitate effective decision making.

The independence of each director is also reviewed annually by the Nominating Committee based on the guidelines set out in the Code. With two of the directors deemed to be independent, the Board is able to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on issues.

Chairman and Chief Executive Officer

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

The Company practices a clear division of responsibilities between the Chairman and the Managing Director since its listing on the Singapore Exchange Securities Trading Limited in 2005. This ensures an appropriate balance of power between the Chairman and the Managing Director and thereby allows for increased accountability and greater capacity of the Board for independent decision-making.

The current Chairman, Datin Ngiam Pick Ngoh (appointed on 17 Feb'09) and the ex-Chairman Mr Cheong Kok Yew (resigned on 9 Jan'09), and the Managing Director, Mr Ko Chee Wah, are not related to each other. The Chairman manages and leads the Board in its oversight over management, 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 implements the Board's strategic directions and ensures compliance with regulatory standards and corporate governance guidelines. He is also responsible for the day-to-day management of the Group operations.

Board Membership

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

The Board established the Nominating Committee ("NC") on 16 September 2005. The current NC consists of three directors, namely Mr Chua Soo Chiew @ Chua Kaw Kia as Chairman, Mr Tan Hup Foi @ Tan Hup Hoi and Mr Ko Chee Wah as members. The NC Chairman is not associated in any way with the substantial shareholders of the Company.

Corporate Governance

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

- recommend to the Board on all board appointments and re-nominations, having regard to the directors' contributions and performance;
- ensure that all directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years; and
- ensure that one-third of the Board of Directors are independent of the management and free from any business or other relationship which may materially interfere with the exercise of their independent judgement. The NC shall;
  - 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, and shall review the change in circumstances and make its recommendation to the Board;
  - ensure an independent director shall notify the Board immediately, if, as a result of change in circumstances, he no longer meets the criteria for independence, and shall review the change in circumstances and make its recommendation to the Board.

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.

The directors, Mr Ko Chee Wah, Datin Ngiam Pick Ngoh, Mr Ong Kuee Hwa, Mr Ng Beng Lye and Mr Lim Seng Chai will retire in the coming AGM and will be eligible for re-election. The dates of initial appointment and last re-election of the directors are set out in Table 3 in Page 24.

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.

Board Performance

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

The NC has established review process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual directors.

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

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.

Access to Information

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The Board established the Remuneration Committee ("RC") on 16 September 2005. The current RC consists of three directors, namely Mr Tan Hup Foi @ Tan Hup Hoi as Chairman, Mr Chua Soo Chiew @ Chua Kaw Kia and Mr Ong Kuee Hwa who was appointed on 17 Feb'09 (replacing Mr Cheong Kok Yew who had resigned on 9 Jan'09) as members. The RC Chairman is not associated in any way with the substantial shareholders of the Company.

Corporate Governance

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

- administer the Group's employee share option scheme in accordance with the Scheme Rules;
- review and recommend to the Board an appropriate and competitive framework of remuneration packages for senior management including the executive directors. The framework covers the basic salary, bonus, allowances, and fringe benefits that are worked out based on the job scope, responsibilities and the industry's standards and the countries where the staff was posted; and
- 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

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

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

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

The executive directors do not receive directors' fees. The remuneration for the 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 for an initial period of three (3) years commencing 24 September 2004 and shall remain valid, unless otherwise terminated by either party giving not less than six months' notice to the other and may also be terminated if any of these executive directors is guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of the Company. None of the service agreements provide for any benefits upon termination of the service agreements.

Remuneration package

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

The remuneration of directors is set out in Table 4 in Page 24.

Key Executives Remuneration

The code recommends the disclosure of at least the top five key executives (who are not also directors) earning remunerations which fall within the bands of $250,000. However, the Board is of the opinion that the remuneration details of individual key executives to be 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 2008, 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.

Please also refer to pages 63 and 64 for details of the options granted under the ESOS on the unissued ordinary shares of the Company as at end of the financial year.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Audit Committee

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

The Board established the Audit Committee ("AC") on 16 September 2005. The current AC consists of three non-executive directors, namely Mr Chua Soo Chiew @ Chua Kaw Kia as the Chairman, Mr Tan Hup Foi @ Tan Hup Hoi and Mr Ong Kuee Hwa who was appointed on 17 Feb'09 (replacing Mr Cheong Kok Yew who had resigned on 9 Jan'09) as members. Mr Cheong Kok Yew who was a member of the AC has resigned on 9 Jan'09. There were two 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

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.

Apart from the duties listed above, the AC shall undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC shall review any potential conflicts of interest and shall ensure that each member of the AC abstain from voting on any resolutions in respect of matters in which he is interested in.

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

Internal Controls

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

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

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

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

Based on the reports submitted by the external and internal auditors and the various controls put in place by the Management, the AC is satisfied that there are adequate internal controls to meet the needs of the Group in its current business environment.

Internal Audit

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders

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

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

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

Corporate Governance

Greater Shareholder Participation

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

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

The Board welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at such meetings. If any shareholder is unable to attend, he is allowed to appoint up to two (2) proxies to vote on his behalf at the meeting through proxy forms sent in advance.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

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.

DEALINGS 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.

INTERESTED PERSONS TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons which sets out the procedures for review and approval of such transactions.

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 all interested person transactions entered into by the Company during the financial year 2008 as recorded in the Register of Interested Person Transactions to ensure compliance with Singapore Exchange Listing Manual rule #907.

TABLE 1 – BOARD AND BOARD COMMITTEES

Name of Director	Board Membership	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Ko Chee Wah	Executive	Member	-	Member	-
Lim Poh Hock	Executive	Member	-	-	-
Chua Soo Chiew @ Chua Kaw Kia	Independent	Member	Chairman	Chairman	Member
Tan Hup Foi @ Tan Hup Hoi	Independent	Member	Member	Member	Chairman
Cheong Kok Yew (resigned on 9 Jan'09)	Non-executive	Chairman	Member	-	Member
Appointments in 2009					
Datin Ngiam Pick Ngoh					
(appointed 2 Jan'09)	Non-executive		-	-	-
(appointed 17 Feb'09)		Chairman	-	-	-
Ong Kuee Hwa					
(appointed 2 Jan'09)	Non-executive	Member	-	-	-
(appointed 17 Feb'09)			Member	-	Member
Ng Beng Lye (appointed 17 Feb'09)	Non-executive	Member	-	-	-
Lim Seng Chai (appointed 17 Mar'09)	Independent	Member	-	-	-

TABLE 2 – ATTENDANCE AT BOARD AND BOAD COMMITTEE MEETINGS

Name of Director	Executive Committee	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	2	2	1	2
Ko Chee Wah	2	-	1	-
Lim Poh Hock	2	-	-	-
Chua Soo Chiew @ Chua Kaw Kia	2	2	1	2
Tan Hup Foi @ Tan Hup Hoi	2	2	1	2
Cheong Kok Yew (resigned 9 Jan'09)	2	2	-	2

Corporate Governance

TABLE 3 – DATE OF DIRECTOR'S INITIAL APPOINTMENT & LAST RE-ELECTION

Name of Director	Board Membership	Date of initial appointment	Date of last re-election
Ko Chee Wah	Executive	28 June 1999	27 April 2007
Lim Poh Hock	Executive	10 March 2000	27 April 2007
Chua Soo Chiew @ Chua Kaw Kia	Independent	15 September 2005	18 April 2008
Tan Hup Foi @ Tan Hup Hoi	Independent	13 July 2007	18 April 2008
Cheong Kok Yew (resigned 9 Jan'09)	Non-executive	15 September 2005	28 April 2006
Datin Ngiam Pick Ngoh	Non-executive	2 January 2009	-
Ong Kuee Hwa	Non-executive	2 January 2009	-
Ng Beng Lye	Non-executive	17 February 2009	-
Lim Seng Chai	Independent	17 March 2009	-

TABLE 4 – REMUNERATION OF DIRECTORS

Remuneration Band & Names of Directors	Fee	Salary & allowance	Bonus	Benefits in Kind	Other benefits*	Total
S$250,000 to S$499,999						
Executive directors						
Ko Chee Wah	-	56%	39%	-	5%	100%
Lim Poh Hock	-	56%	39%	-	5%	100%
Below S$250,000						
Non-executive directors						
Chua Soo Chiew @ Chua Kaw Kia	100%	-	-	-	-	100%
Tan Hup Foi @ Tan Hup Hoi	100%	-	-	-	-	100%

* Other benefits include mainly employers' contributions to the Central Provident Fund and leave encashment

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 2008.

Names of directors

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

Datin Ngiam Pick Ngoh (appointed on 2.1.2009)
Ko Chee Wah
Lim Poh Hock
Tan Hup Foi @ Tan Hup Hoi
Chua Soo Chiew @ Chua Kaw Kia
Ng Beng Lye (appointed on 17.2.2009)
Ong Kuee Hwa (appointed on 2.1.2009)
Lim Seng Chai (appointed on 17.3.2009)

Arrangements to acquire shares or debentures

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

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, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.1.2008 or date of appointment, if later	**As at 31.12.2008 and 21.1.2009 #**	As at 1.1.2008 or date of appointment, if later	**As at 31.12.2008 and 21.1.2009 #**
Name of director		Number of ordinary shares		
The Company - Cityneon Holdings Limited				
Ko Chee Wah	-	**15,194,535**	46,462,400	**-**
Lim Poh Hock	-	**12,593,438**	46,462,400	**3,000,000**

Directors' Report

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

Name of director	Shares registered in the name of director: As at 1.1.2008 or date of appointment, if later	Shares registered in the name of director: **As at 31.12.2008 and 21.1.2009 #**	Shares in which director is deemed to have an interest: As at 1.1.2008 or date of appointment, if later	Shares in which director is deemed to have an interest: **As at 31.12.2008 and 21.1.2009 #**
	Number of ordinary shares			
Related parties -				
CN Event & Exhibition International Pte Ltd (in members' voluntary liquidation) (formerly known as Cityneon International Pte Ltd) ****				
Ko Chee Wah	1,157,000	**1,157,000**	200,000	**200,000**
Lim Poh Hock	1,190,000	**1,190,000**	200,000	**200,000**
CI Global Management Pte Ltd *****				
Ko Chee Wah	-	**-**	1	**1**
Lim Poh Hock	-	**-**	1	**1**
CN Displays (S) Pte Ltd (In liquidation) (formerly known as 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**

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 1.1.2008 or date of appointment, if later	**As at 31.12.2008 and 21.1.2009 #**	As at 1.1.2008 or date of appointment, if later	**As at 31.12.2008 and 21.1.2009 #**
Name of director	Number of ordinary shares			
Subsidiaries -				
Comprise Electrical (S) Pte Ltd				
Ko Chee Wah	-	-	425,000	-
Lim Poh Hock	-	-	425,000	-
Cityneon Exhibition Services Pte Ltd				
Ko Chee Wah	-	-	1,258,000	-
Lim Poh Hock	-	-	1,258,000	-
Cityneon Concepts Pte Ltd				
Ko Chee Wah	-	-	100,000	-
Lim Poh Hock	-	-	100,000	-
Cityneon Creations Pte Ltd				
Ko Chee Wah	-	-	400,000	-
Lim Poh Hock	-	-	400,000	-
E-Graphics Displays Pte Ltd				
Ko Chee Wah	-	-	30,000	-
Lim Poh Hock	-	-	30,000	-
Cityneon-World Projects Pte Ltd				
Ko Chee Wah	-	-	12,750	-
Lim Poh Hock	-	-	12,750	-
Cityneon Global Projects Pte. Ltd.				
Ko Chee Wah	-	-	500,000	-
Lim Poh Hock	-	-	500,000	-
Themewerks Pte. Ltd.				
Ko Chee Wah	-	-	78,000	-
Lim Poh Hock	-	-	78,000	-

Directors' Report

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

Name of director	Shares registered in the name of director: As at 1.1.2008 or date of appointment, if later	Shares registered in the name of director: **As at 31.12.2008 and 21.1.2009 #**	Shares in which director is deemed to have an interest: As at 1.1.2008 or date of appointment, if later	Shares in which director is deemed to have an interest: **As at 31.12.2008 and 21.1.2009 #**
	Number of ordinary shares of RM 1 each fully paid			
Cityneon Contracts Sdn. Bhd.				
Ko Chee Wah	-	-	200,000	-
Lim Poh Hock	-	-	200,000	-
	Number of ordinary shares of RMB 1 each fully paid			
Shanghai Cityneon Exhibition Services Co., Ltd				
Ko Chee Wah	-	-	2,482,980	-
Lim Poh Hock	-	-	2,482,980	-
	Number of ordinary shares of BD50 each fully paid			
Cityneon (Middle East) W.L.L.				
Ko Chee Wah	-	-	400***	-
Lim Poh Hock	-	-	400***	-

Ko Chee Wah and Lim Poh Hock, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, were deemed to be interested in the whole of the issued share capital of all the wholly-owned subsidiaries of Cityneon Holdings Limited as at 1 January 2008. However, the deemed interest in these shares ceased during the year.

* 4 shares are held in the name of nominee
** Held in the name of nominee
*** 1 share is held in the name of nominee
**** The company ceased to be the ultimate holding company during the year
***** The company ceased to be a fellow subsidiary during the year
# There are no changes to the above shareholdings from 31 December 2008 to 21 January 2009

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

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

Directors' benefits

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

The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tan Hup Foi @ Tan Hup Hoi, Chua Soo Chiew @ Chua Kaw Kia and Ong Kuee Hwa.

Other information regarding the Scheme is set out below:

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

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

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

- All options are settled by physical delivery of shares.

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

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

Date of grant of options	Exercise price per share	Options granted	Options not accepted/ forfeited/ expired	Exercised	Options outstanding at 31 December 2008	Number of options exercisable at 31 December 2008
20 August 2007	46 cents	2,428,000	198,000	723,000	1,507,000	407,000
3 November 2008	48 cents	2,549,400	-	840,000	1,709,400	564,000

Directors' Report

Share option scheme (cont'd)

The total number of options granted under the Scheme on 3 November 2008 was at a discount of 20% off market price at date of grant, which was then determined based on the average of the closing prices of the ordinary shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days immediately preceding the date of grant.

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

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted during financial year ended 31 December 2008	Aggregate options granted since commencement of Scheme to 31 December 2008	Aggregate options exercised since commencement of Scheme to 31 December 2008	Aggregate options outstanding as at 31 December 2008
Ko Chee Wah #	472,700	972,700	-	972,700
Lim Poh Hock #	472,700	972,700	-	972,700
Chua Soo Chiew @ Chua Kaw Kia	100,000	200,000	-	200,000
Tan Hup Foi @Tan Hup Hoi	100,000	100,000	-	100,000

\# Ko Chee Wah and Lim Poh Hock are also considered the controlling shareholder of the Company as they each hold directly or indirectly not less than 15% of the total number of issued shares in the Company.

Since the commencement of the Scheme, except as disclosed above, no options has been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

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

The total number of options granted to directors at end of the year is 2,245,400 (2007 - 1,100,000) of which the grant of 2,245,400 (2007 -1,100,000) options are subject to shareholders' approval.

Audit committee

The audit committee of the Company, consisting all non-executive directors, comprises the following members:

Chua Soo Chiew @ Chua Kaw Kia (Chairman)
Tan Hup Foi @ Tan Hup Hoi
Ong Kuee Hwa

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

Audit committee (cont'd)

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

The Audit Committee also reviewed the following:

- Assistance provided by the Company's officers to the internal and external auditors;

- Quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and

- Interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

The Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the 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.

Independent auditor

The independent auditor, Foo Kon Tan Grant Thornton, Certified Public Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

KO CHEE WAH

LIM POH HOCK

Dated: 27 March 2009

Statement by Directors

In the opinion of the directors,

(a) the accompanying financial statements of the Company and the consolidated financial of the Group, 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 2008 and of the results of the business, changes in equity and cash flows of the Group for the year then ended on that date; and

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

On behalf of the Directors

KO CHEE WAH

LIM POH HOCK

Dated: 27 March 2009

Independent Auditor's Report

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 Company and the Group as at 31 December 2008, and 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.

Management's responsibility for the financial statements

Management is 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:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report

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 Company and of the Group as at 31 December 2008 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
Public Accountants and
Certified Public Accountants

Singapore, 27 March 2009

Balance Sheets

		The Company		The Group	
		31 December 2008	31 December 2007	**31 December 2008**	31 December 2007
	Note	**$**	$	**$**	$
Assets					
Non-Current					
Goodwill on consolidation	5	**-**	-	**286,483**	244,483
Property, plant and equipment	6	**1,263,539**	710,627	**4,149,084**	3,706,634
Club membership	7	**330,000**	330,000	**330,000**	330,000
Subsidiaries	8	**9,334,112**	8,751,599	**-**	-
Deferred tax assets	9	**-**	-	**146,000**	203,535
		10,927,651	9,792,226	**4,911,567**	4,484,652
Current					
Inventories, at cost		**-**	-	**218,055**	225,461
Excess of work-in-progress over progress billings	10	**-**	-	**2,933,340**	142,931
Trade and other receivables	11	**313,468**	218,677	**16,849,557**	11,954,673
Deposits		**66,160**	-	**574,009**	311,910
Prepayments		**37,553**	27,806	**1,240,600**	1,103,643
Amount owing by ultimate holding company - trade		**-**	-	**-**	29
Amount owing by subsidiaries	12	**5,624,318**	2,262,951	**-**	-
Amount owing by fellow subsidiaries - trade		**-**	739	**-**	-
Amount owing by related parties - trade		**6,498**	-	**26,677**	69,312
Fixed deposits pledged	13	**-**	-	**-**	111,276
Cash and cash equivalents	14	**1,384,742**	5,579,170	**8,035,083**	11,362,401
		7,432,739	8,089,343	**29,877,321**	25,281,636
Total assets		**18,360,390**	17,881,569	**34,788,888**	29,766,288
Equity and Liabilities Capital and Reserves					
Share capital	15	**14,602,328**	13,644,849	**14,602,328**	13,644,849
Reserves	16	**1,455,079**	(3,269,652)	**7,537,467**	6,348,373
		16,057,407	10,375,197	**22,139,795**	19,993,222
Minority interest		**-**	-	**214,302**	580,971
Total equity		**16,057,407**	10,375,197	**22,354,097**	20,574,193
Liabilities					
Non-Current					
Finance lease obligations	18	**464,459**	391,112	**517,004**	470,822
Deferred tax liabilities	9	**-**	-	**211,345**	220,684
		464,459	391,112	**728,349**	691,506
Current					
Excess of progress billings over work-in-progress	10	**-**	-	**475,356**	632,236
Finance lease obligations	18	**44,115**	46,308	**68,437**	70,671
Amount owing to subsidiaries	12	**267,889**	6,300,976	**-**	-
Amount owing to fellow subsidiaries - trade		**-**	-	**-**	14,675
Trade and other payables	19	**1,526,520**	767,976	**10,955,953**	7,519,465
Provision for taxation		**-**	-	**206,696**	263,542
		1,838,524	7,115,260	**11,706,442**	8,500,589
Total equity and liabilities		**18,360,390**	17,881,569	**34,788,888**	29,766,288

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

Consolidated Income Statement

		The Group	
		Year ended 31 December 2008	Year ended 31 December 2007
	Note	**$**	$
Revenue	3	**47,883,637**	41,679,047
Cost of sales		**(27,083,583)**	(24,084,071)
Gross profit		**20,800,054**	17,594,976
Other operating income	4	**696,633**	1,203,964
Marketing and distribution costs		**(1,731,308)**	(1,697,247)
Administrative and other operating expenses		**(16,933,818)**	(12,838,053)
Finance cost		**(33,541)**	(31,282)
Profit before taxation	20	**2,798,020**	4,232,358
Taxation	21	**(263,184)**	(361,442)
Profit after taxation for the year		**2,534,836**	3,870,916
Attributable to:			
Equity holders of the Company		**2,490,108**	3,600,888
Minority interests		**44,728**	270,028
		2,534,836	3,870,916
Earnings per share		**Cents**	Cents
Basic and Diluted	23	**2.9**	4.7

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 equity holders of the Company				→		
	Share capital $	Currency translation reserve $	Retained earnings $	Share option reserve $	Subtotal $	Minority interest $	Total $
Balance at 1 January 2007	6,246,666	(713,707)	7,731,944	-	13,264,903	609,686	13,874,589
Exchange difference arising from translation of foreign subsidiaries not recognised in income statement	-	(671,077)	-	-	(671,077)	489	(670,588)
Employee share option scheme - value of employee services		-	-	58,445	58,445	1,555	60,000
Net income/(expense) recognised directly in equity for the year	-	(671,077)	-	58,445	(612,632)	2,044	(610,588)
Net profit for the year	-	-	3,600,888	-	3,600,888	270,028	3,870,916
Total recognised income/(expense) for the year	-	(671,077)	3,600,888	58,445	2,988,256	272,072	3,260,328
Increase in interest in subsidiary	-	-	-	-	-	(89,922)	(89,922)
Issue of new shares	7,728,000	-	-	-	7,728,000	-	7,728,000
Share issuance expenses (Note 17)	(329,817)	-	-	-	(329,817)	-	(329,817)
Minority shareholder's investment in a subsidiary	-	-	-	-	-	42,000	42,000
Dividends paid (Note 22)	-	-	(3,658,120)	-	(3,658,120)	(252,865)	(3,910,985)
Balance at 31 December 2007	13,644,849	(1,384,784)	7,674,712	58,445	19,993,222	580,971	20,574,193
Balance at 1 January 2008	**13,644,849**	**(1,384,784)**	**7,674,712**	**58,445**	**19,993,222**	**580,971**	**20,574,193**
Exchange difference arising from translation of foreign subsidiaries not recognised in income statement	**-**	**(126,903)**	**-**	**-**	**(126,903)**	**1,194**	**(125,709)**
Employee share option scheme - value of employee services	**-**	**-**	**-**	**299,847**	**299,847**	**(1,555)**	**298,292**
Net income/(expense) recognised directly in equity for the year	**-**	**(126,903)**	**-**	**299,847**	**172,944**	**(361)**	**172,583**
Net profit for the year	**-**	**-**	**2,490,108**	**-**	**2,490,108**	**44,728**	**2,534,836**
Total recognised income/(expense) for the year	**-**	**(126,903)**	**2,490,108**	**299,847**	**2,663,052**	**44,367**	**2,707,419**
Increase in interest in subsidiary	**-**	**-**	**-**	**-**	**-**	**(234,090)**	**(234,090)**
Issue of new shares							
- Share options exercised (Note 15)	**735,780**	**-**	**-**	**-**	**735,780**	**-**	**735,780**
- Transfer on exercise of share options (Note 16)	**221,699**	**-**	**-**	**(221,699)**	**-**	**-**	**-**
Minority shareholder's investment in a subsidiary	**-**	**-**	**-**	**-**	**-**	**35,000**	**35,000**
Dividends paid (Note 22)	**-**	**-**	**(1,252,259)**	**-**	**(1,252,259)**	**(211,946)**	**(1,464,205)**
Balance at 31 December 2008	**14,602,328**	**(1,511,687)**	**8,912,561**	**136,593**	**22,139,795**	**214,302**	**22,354,097**

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 2008 $	Year ended 31 December 2007 $
Cash Flows from Operating Activities			
Profit before taxation		**2,798,020**	4,232,358
Adjustments for:			
Depreciation of property, plant and equipment		**1,231,001**	1,086,673
Property, plant and equipment written off		**29,093**	38,114
Gain on disposal of property, plant and equipment		**(57,593)**	(68,761)
Interest income		**(77,478)**	(91,124)
Interest expense		**33,541**	31,282
Bad debts written off		**5,833**	72,642
Impairment for doubtful debts, net		**259,051**	147,313
Negative goodwill		**(840)**	(27,722)
Share-based compensation		**293,922**	60,000
Operating profit before working capital changes		**4,514,550**	5,480,775
Increase in inventories and work-in-progress		**(2,937,977)**	(234,701)
Decrease/(increase) in fixed deposits pledged		**111,276**	(22,251)
Increase in trade and other receivables		**(5,559,007)**	(678,503)
(Decrease)/increase in trade and other payables		**3,421,804**	(203,503)
Net cash (used in)/generated from operations		**(449,354)**	4,341,817
Interest paid		**(33,541)**	(31,282)
Income taxes paid		**(301,533)**	(729,851)
Net cash (used in)/generated from operating activities		**(784,428)**	3,580,684
Cash Flows from Investing Activities			
Purchase of property, plant and equipment (Note A)		**(1,526,798)**	(1,171,597)
Proceeds from disposal of property, plant and equipment		**(11,831)**	760
Proceeds from minority shareholder for investment in a new subsidiary		**-**	42,000
Acquisition of additional shares in subsidiaries from minority interest (Note B)		**(275,250)**	(167,559)
Interest received		**77,478**	91,124
Net cash used in investing activities		**(1,736,401)**	(1,205,272)
Cash Flows from Financing Activities			
Proceeds from shares issued		**735,780**	7,728,000
Payment of share issue expenses		**-**	(329,817)
Repayment of finance lease obligations		**(71,998)**	(120,474)
Repayment to ultimate holding company		**-**	(1,785)
Advance to fellow subsidiaries		**-**	(47,494)
Dividend paid to minority interests of subsidiaries		**(211,946)**	(252,865)
Dividend paid to shareholders of the Company		**(1,252,259)**	(3,658,120)
Net cash (used in)/generated from financing activities		**(800,423)**	3,317,445
Net (decrease)/increase in cash and cash equivalents		**(3,321,252)**	5,692,857
Exchange differences on re-translation of cash and cash equivalents at beginning of year		**(6,066)**	(115,445)
Cash and cash equivalents at beginning of year		**11,362,401**	5,784,989
Cash and cash equivalents at end of year	14	**8,035,083**	11,362,401

NOTE:

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,802,098 (2007 - $1,513,051) of which $275,300 (2007 - $341,454) was acquired by means of finance lease. Cash payments of $1,526,798 (2007 - $1,171,597) were made to purchase property, plant and equipment.

B. Acquisition of additional shares in subsidiary from minority interests

On 9 May 2008, the Group acquired an additional 15% interest in Comprise Electrical (S) Pte Ltd for $233,250 in cash, increasing its ownership from 85% to 100%. The carrying amount of Comprise Electrical (S) Pte Ltd's net assets in the consolidated financial statements on the date of the acquisition is $1,560,597. The Group recognised a decrease in minority interest of $234,090 and a negative goodwill of $840 which is credited to consolidated income statement.

On 20 October 2008, the Group acquired an additional 35% interest in Themewerks Pte. Ltd. for $42,000 in cash, increasing its ownership from 65% to 100%. The carrying amount of Themewerks Pte. Ltd.'s net assets in the consolidated financial statements on the date of the acquisition is $Nil. The Group recognised a decrease in minority interest of $Nil and a positive goodwill of $42,000 which is debited to the balance sheets.

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

	2008 $	2007 $
Net assets acquired		
Minority interests	**234,090**	89,922
Goodwill/(negative goodwill) arising from consolidation	**41,160**	(27,722)
Purchase consideration	**275,250**	62,200
Cash and cash equivalents from the acquisition of additional shares in subsidiary from minority interests	**-**	-
Less: Cash paid	**(275,250)**	(62,200)
Net cash outflow on acquisition of the minority interests	**(275,250)**	(62,200)
Purchase consideration satisfied by:		
Cash settlement	**275,250**	62,200

Total cash paid in 2007 amounted to $167,559. This comprised the full cash settlement of $62,200 for the increase of interest in subsidiary in 2007 and the deferred payment of $105,359 for the increase of interest in subsidiary in 2006.

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

Notes to the Financial Statements

1 General information

The financial statements of the Company and of the Group for the year ended 31 December 2008 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 principal place of business and registered office is at 84 Genting Lane #05-01, Cityneon Design Centre, Singapore 349584. The Company was listed on the Singapore Exchange Securities Trading Limited on 7 December 2005 and was upgraded from Catalist (non-sponsored) to Mainboard on 22 January 2008.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are as stated in Note 8.

In prior year, the immediate and ultimate holding company was CN Event & Exhibition International Pte Ltd (formerly known as Cityneon International Pte Ltd), a company incorporated in the Republic of Singapore.

During the year, CN Event & Exhibition International Pte Ltd sold off its shares in Cityneon Holdings Limited to other shareholders and filed for voluntary liquidation. Subsequently, Laviani Pte. Ltd., a company incorporated in the Republic of Singapore, made a General Offer for all the issued ordinary shares in the capital of Cityneon Holdings Limited and the Offer closed on 20 November 2008.

As a result of the General Offer, the immediate holding company is Laviani Pte. Ltd. and the ultimate holding company is Star Publications (Malaysia) Berhad, a company incorporated in Malaysia. Laviani Pte. Ltd. is a wholly-owned subsidiary of Star Publications (Malaysia) Berhad, a company listed on the Kuala Lumpur Stock Exchange.

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 Accounting Standards Council (“ASC”). 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.

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

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

(1) Revenue recognition

The Group has recognised gross profits of $590,514 (2007 - $325,653) 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 is 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:

	2008	2007
	$	$
Event management	**120,007**	120,007
Exhibition services	**166,476**	124,476
	286,483	244,483

The recoverable amount is determined based on a value in use calculation using the cash flow projections based on financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections are derived from cost of capital plus a reasonable risk premium at the date of assessment of the respective cash-generating units. The annual growth rates used range from 3% - 5% which are based on best estimates from the forecasted growth rates of the industry relevant to the CGUs.

No impairment loss on goodwill was required for the financial year ended 31 December 2008 as the recoverable amount was in excess of the carrying value.

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.

The carrying amount of the Group's income tax payables, deferred tax liabilities and deferred tax assets at the balance sheet date was $206,696 (2007 - $263,542), $211,345 (2007 - $220,684), and $146,000 (2007 - $203,535) respectively.

(4) Depreciation of property, plant and 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 2008 are $1,263,539 (2007 - $710,627) and $4,149,084 (2007 - $3,706,634) 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) Impairment for bad and doubtful debts

Impairment for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Impairments 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 requires 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.

(6) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including risk-free interest rate, volatility and dividend yield. The assumptions and model used are disclosed in Note 17.

2(b) Adoption of new and revised accounting standards

On 1 January 2008, the following new or amended FRS and INT FRS are mandatory for application:

FRS 101	First-time Adoption of Financial Reporting Standards
INT FRS 29	Disclosure - Service Concession Arrangements
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 111	FRS 102 - Group and Treasury Share Transactions
INT FRS 112	Service Concession Arrangements
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these FRS and INT FRS, where relevant to the Group, did not result in any substantial changes to the Group's accounting policies.

2(c) New or revised accounting standards and interpretations

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

FRS 1 (Revised 2008)	Presentation of Financial Statements
Amendments to FRS 1 (Revised 2008)	Amendments relating to puttable financial instruments and obligations arising on liquidation
FRS 23 (Revised)	Borrowing costs
Amendments to FRS 27	Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 32	Amendments relating to puttable financial instruments and obligations arising on liquidation
Amendments to FRS 101	Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
Amendments to FRS 102	Amendments relating to vesting conditions and cancellation
FRS 108	Operating Segments

The directors do not anticipate that the adoption of the new FRS and INT FRS (including their consequential amendments) that are relevant to the Group in the future periods will have a material impact on the financial statements in the period of their initial adoption, except as disclosed below:

(a) FRS 1 (revised 2008) Presentation of Financial Statements (effective for annual period beginning on or after 1 January 2009)

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;

- Components of comprehensive income not to be included in consolidated statement of changes in equity;

- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);

Notes to the Financial Statements

2(c) New or revised accounting standards and interpretations (cont'd)

- Presentation of restated balance sheets as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

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 8.

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.

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.

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

Consolidation (cont'd)

Transactions with minority interests are accounted for using the parent entity extension method, whereby, on acquisition of minority interests, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal to minority interests is recognised in the consolidated income statement.

Related party

A related party refers to an entity under significant influence through common directors and an associate of the substantial shareholders.

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
Machinery	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, 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 commit 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.

Notes to the Financial Statements

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

Financial assets (cont'd)

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.

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.

Impaired doubtful 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. Impairment 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.

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

Work-in-progress (cont'd)

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.

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. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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.

Notes to the Financial Statements

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

Income taxes (cont'd)

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 to $100,000 incurred can be carried back and be 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.

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.

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

Finance leases (cont'd)

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.

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 personnel

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

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

Share-based compensation

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

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

Notes to the Financial Statements

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

Employee benefits (cont'd)

Share-based compensation (cont'd)

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

Impairment of non-financial 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 belong 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 recognised 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.

- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset is previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

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 and presentation currency

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.

Foreign currency

(i) Transactions and balance

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined and are included as part of the fair value adjustment.

(ii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Notes to the Financial Statements

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

Foreign currency (cont'd)

(ii) Translation of Group entities' financial statements (cont'd)

(a) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting currency translation differences are recognised in the currency translation reserve.

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.

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, corporate assets and expenses, income tax and deferred tax assets and liabilities.

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.

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

Share capital and share issued expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Contingencies

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

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 29.

3 Revenue

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

The Group	**2008** **$**	2007 $
Exhibition services	**40,606,461**	35,934,397
Event management	**7,277,176**	5,744,650
	47,883,637	41,679,047

4 Other operating income

The Group	**2008** **$**	2007 $
Miscellaneous income	**421,769**	496,385
Interest income	**77,478**	91,124
Foreign exchange gain	**-**	307,657
Rental income	**99,919**	129,297
Gain on disposal of property, plant and equipment	**57,593**	68,761
Impairment for doubtful debts no longer required	**39,034**	83,018
Negative goodwill	**840**	27,722
	696,633	1,203,964

Notes to the Financial Statements

5 Goodwill on consolidation

The Group	2008 $	2007 $
Balance at beginning	**244,483**	244,483
Goodwill/(negative goodwill) on acquisition of additional shares in subsidiary	**41,160**	(27,722)
Negative goodwill credited to consolidated income statement	**840**	27,722
Balance at end	**286,483**	244,483

6 Property, plant and equipment

The Company	Office equipment, furniture and fittings $	Motor vehicles $	Total $
Cost			
At 1 January 2007	99,191	560,000	659,191
Additions	392,907	295,988	688,895
Disposals	(5,378)	(280,000)	(285,378)
At 31 December 2007	**486,720**	**575,988**	**1,062,708**
Additions	**575,389**	**289,888**	**865,277**
Disposals	**-**	**(280,000)**	**(280,000)**
At 31 December 2008	**1,062,109**	**585,876**	**1,647,985**
Accumulated depreciation			
At 1 January 2007	25,075	326,666	351,741
Depreciation for the year	95,932	112,799	208,731
Disposals	(3,058)	(205,333)	(208,391)
At 31 December 2007	**117,949**	**234,132**	**352,081**
Depreciation for the year	**149,017**	**116,681**	**265,698**
Disposals	**-**	**(233,333)**	**(233,333)**
At 31 December 2008	**266,966**	**117,480**	**384,446**
Net book value			
At 31 December 2008	**795,143**	**468,396**	**1,263,539**
At 31 December 2007	368,771	341,856	710,627

6 Property, plant and equipment (cont'd)

The Group	Office equipment, furniture and fittings $	Motor vehicles $	Machinery $	Exhibition services assets $	Total $
Cost					
At 1 January 2007	2,201,191	1,029,245	246,800	4,784,282	8,261,518
Exchange difference on translation	(46,399)	(10,473)	-	(89,063)	(145,935)
Additions	755,545	379,868	3,750	373,888	1,513,051
Disposals	(432,877)	(332,042)	-	(53,790)	(818,709)
At 31 December 2007	**2,477,460**	**1,066,598**	**250,550**	**5,015,317**	**8,809,925**
Exchange difference on translation	**(7,350)**	**(4,642)**	**-**	**(3,035)**	**(15,027)**
Additions	**848,455**	**379,428**	**60,000**	**514,215**	**1,802,098**
Disposals	**(22,302)**	**(289,415)**	**-**	**(157,343)**	**(469,060)**
At 31 December 2008	**3,296,263**	**1,151,969**	**310,550**	**5,369,154**	**10,127,936**
Accumulated depreciation					
At 1 January 2007	1,329,855	572,233	83,087	2,796,183	4,781,358
Exchange difference on translation	(21,916)	(4,430)	-	(55,384)	(81,730)
Depreciation for the year	369,418	174,486	49,799	492,970	1,086,673
Disposals	(412,562)	(238,817)	-	(31,631)	(683,010)
At 31 December 2007	**1,264,795**	**503,472**	**132,886**	**3,202,138**	**5,103,291**
Exchange difference on translation	**(574)**	**(2,371)**	**-**	**832**	**(2,113)**
Depreciation for the year	**468,115**	**182,750**	**61,110**	**519,026**	**1,231,001**
Disposals	**(16,000)**	**(233,333)**	**-**	**(103,994)**	**(353,327)**
At 31 December 2008	**1,716,336**	**450,518**	**193,996**	**3,618,002**	**5,978,852**
Net book value					
At 31 December 2008	**1,579,927**	**701,451**	**116,554**	**1,751,152**	**4,149,084**
At 31 December 2007	1,212,665	563,126	117,664	1,813,179	3,706,634

Notes to the Financial Statements

6 Property, plant and equipment (cont'd)

(a) The Company and the Group had motor vehicles with net book value of $468,396 (2007 - $341,856) and $533,460 (2007 - $441,987) respectively under finance lease; and

(b) Motor vehicles costing $585,876 (2007 - $560,000) are registered in the names of directors. These are held in trust for the Company and the Group.

7 Club memberships

The Company and The Group	**2008** **$**	2007 $
Transferable corporate club memberships, at cost	**330,000**	330,000

The Club memberships are registered in the names of directors and are held in trust for the Company and the Group.

8 Subsidiaries

The Company	**2008** **$**	2007 $
Unquoted equity investments, at cost	**8,722,199**	8,081,999
Acquisition of minority interest	**275,250**	62,200
Incorporation of new subsidiary	**-**	578,000
	8,997,449	8,722,199
Employees' share options investment, at cost	**336,663**	29,400
	9,334,112	8,751,599

8 Subsidiaries (cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2008	2007	**2008**	2007	
		$	$			
Held by the Company						
Cityneon-World Projects Pte Ltd [(1)]	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 [(1)]	Singapore	**100,000**	100,000	**100%**	100%	Provision of event organising, management and event marketing services
Comprise Electrical (S) Pte Ltd [(1)]	Singapore	**1,293,861**	1,060,611	**100%**	85%	Provision of electrical services for exhibitions and event management industries
Cityneon Exhibition Services Pte Ltd [(1)]	Singapore	**377,400**	377,400	**30%**	30%	Provision of exhibition services including rental of reusable modules, furnishings and furniture
Cityneon Contracts Sdn. Bhd. [(2)]	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
Cityneon Global Projects Pte Ltd [(1)]	Singapore	**500,000**	500,000	**100%**	100%	Provision of management, projects, logistics and ownership service for events and festivals
Themewerks Pte. Ltd. [(1)]	Singapore	**120,000**	78,000	**100%**	65%	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets

Notes to the Financial Statements

8 Subsidiaries (cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2008 **$**	2007 $	**2008**	2007	
Held by the Company						
Cityneon (Middle East) W.L.L. [(3)]	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 [(1)]	Singapore	**52,394**	52,394	**100%**	100%	Provision of design and build services for custom built exhibition pavilions and road shows
Held by Themewerks Pte. Ltd.						
Artscapes Themewerks Pte. Ltd. [(1)(5)]	Singapore	**-**	-	**65%**	-	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets
Held by Comprise Electrical (S) Pte Ltd						
Cityneon Exhibition Services Pte Ltd [(1)]	Singapore	**-**	-	**70%**	70%	Provision of exhibition services including rental of reusable modules, furnishings and furniture

8 Subsidiaries (cont'd)

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2008 **$**	2007 $	**2008**	2007	
Held by Cityneon Exhibition Services Pte Ltd						
E-Graphics Displays Pte Ltd (1)	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 (4)	China	**-**	-	**100%**	100%	Designer and provider of services for trade fairs, exhibitions and displays
Held by Cityneon iddle East) W.L.L.						
C.N. Overseas Services W.L.L. (3)	Bahrain	**-**	-	**100%**	100%	Provision of design and build services for custom-built exhibition pavilions and road shows
		8,997,449	8,722,199			

(1) Audited by Foo Kon Tan Grant Thornton
(2) Audited by A.D. Chun & Co., Malaysia
(3) Audited by KPMG, Bahrain
(4) Audited by Shanghai Donghua Certified Public Accountants Co., Ltd, People's Republic of China
(5) Newly incorporated on 11 December 2008

Notes to the Financial Statements

9 Deferred taxation

	The Company		The Group	
	2008	2007	**2008**	2007
	$	$	**$**	$
Deferred tax assets				
Balance at beginning	**-**	109,000	**203,535**	338,424
Over provision in prior years	**-**	(112,587)	**(149,377)**	(141,758)
Transfer to income statement (Note 21)	**-**	3,587	**87,262**	5,258
Exchange difference on translation	**-**	-	**4,580**	1,611
Balance at end	**-**	-	**146,000**	203,535

The balance comprises tax on:

Unabsorbed capital allowance	**-**	-	**827**	-
Unabsorbed losses	**-**	-	**145,448**	203,060
Excess of net book value over tax written down value of property, plant and equipment	**-**	-	**(506)**	(525)
Provisions	**-**	-	**231**	1,000
	-	-	**146,000**	203,535

Deferred tax liabilities				
Balance at beginning	**-**	-	**220,684**	267,595
Transfer to income statement (Note 21)	**-**	-	**(9,838)**	(47,412)
Over provision in respect of prior year	**-**	-	**1,412**	491
Exchange difference on translation	**-**	-	**(913)**	10
Balance at end	**-**	-	**211,345**	220,684

The balance comprises tax on:

Excess of net book value over tax written down value of property, plant and equipment	**-**	-	**223,234**	233,384
Provisions	**-**	-	**(11,889)**	(12,700)
	-	-	**211,345**	220,684

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

The Group	2008 $	2007 $
Work-in-progress, at cost	**2,627,384**	480,252
Attributable profits	**590,514**	325,653
	3,217,898	805,905
Progress billings	**(759,914)**	(1,295,210)
	2,457,984	(489,305)
Excess of work-in-progress over progress billings	**2,933,340**	142,931
Excess of progress billings over work-in-progress	**(475,356)**	(632,236)
	2,457,984	(489,305)

11 Trade and other receivables

	The Company		The Group	
	2008 $	2007 $	**2008 $**	2007 $
Trade receivables	**38,079**	9,104	**14,464,939**	11,221,688
Impairment for doubtful receivables	**-**	-	**(672,640)**	(541,033)
Net trade receivables	**38,079**	9,104	**13,792,299**	10,680,655
Sundry debtors	**275,389**	202,021	**3,008,591**	1,259,331
Tax recoverable	**-**	7,552	**48,667**	14,687
	313,468	218,677	**16,849,557**	11,954,673

12 Amount owing by/to subsidiaries

The Company	2008 $	2007 $
Amount owing by subsidiaries		
Trade	**2,596,421**	741,662
Non-trade	**3,027,897**	1,521,289
	5,624,318	2,262,951
Amount owing to subsidiaries		
Trade	**(581,632)**	(873,863)
Non-trade	**849,521**	7,174,839
	267,889	6,300,976

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

Notes to the Financial Statements

13 Fixed deposits pledged

The Group's fixed deposits amounting to $Nil (2007 - $111,276) were held as security for insurance guarantee and bankers' guarantee issued by financial institutions on behalf of subsidiaries.

14 Cash and cash equivalents

	The Company		The Group	
	2008	2007	**2008**	2007
	$	$	**$**	$
Fixed deposits	**-**	3,503,653	**127,807**	4,337,856
Cash and bank balances	**1,384,742**	2,075,517	**7,907,276**	7,024,545
	1,384,742	5,579,170	**8,035,083**	11,362,401

The fixed deposits have maturity period of 3 days to 5 months (2007 - 2 days to 4 months) from the end of the financial year with the effective interest rates ranging from Nil% (2007 - 1.8% to 2.1%) per annum for the Company and 3.0% to 3.7% (2007 - 1.8% to 4.5%) per annum for the Group.

15 Share capital

The Company and The Group	**2008** **$**	2007 $
Issued and fully paid, with no par value:		
Balance at beginning of year - 86,962,400 (2007 - 73,162,400) ordinary shares	**13,644,849**	6,246,666
Issue of Nil (2007 - 13,800,000) ordinary shares by way of placement	**-**	7,728,000
Issue of 1,563,000 (2007 - Nil) ordinary shares on exercise of options	**735,780**	-
Share issuance expenses	**-**	(329,817)
Transfer of share option reserve to share capital on exercise of options	**221,699**	-
Balance at end of year - 88,525,400 (2007 - 86,962,400) ordinary shares	**14,602,328**	13,644,849

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

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

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

As at 31 December 2008, there are 971,000 (2007 - 1,235,000) options held by employees of which 971,000 (2007-Nil) options are exercisable. The expiry date of these options is 28 April 2009, unless prior to the expiry date, at the recommendation of Laviani Pte. Ltd. and with the approvals of the ESOS Committee and the SGX-ST, the expiry date may extend to a later date no later than 19 August 2014.

As at 31 December 2008, there are 2,245,400 (2007 - 1,100,000) options held by directors and controlling shareholders. Grant of these options are subject to shareholders' approval and will have initial vesting period of 2 years with an exercise period to expire at the end of 7 years (or 5 years for options granted to non-executive directors) from the date shareholders' approval is obtained.

16 Reserves

	The Company		The Group	
	2008	2007	**2008**	2007
	$	$	**$**	$
Retained profits/(accumulated losses)	**1,318,486**	(3,329,652)	**8,912,561**	7,674,712
Share option reserves	**136,593**	60,000	**136,593**	58,445
Currency translation reserve	**-**	-	**(1,511,687)**	(1,384,784)
	1,455,079	(3,269,652)	**7,537,467**	6,348,373

Share option reserve represents the equity-settled share options granted to employees (Note 17).

17 Share-based compensation

Share options

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

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

	Number of share options 2008	Number of share options 2007
The Company and The Group		
Outstanding at beginning of year	**2,335,000**	-
Granted during the year	**2,549,400**	2,428,000
Not accepted/lapsed during the year	**(105,000)**	(93,000)
Exercised during the year	**(1,563,000)**	-
Outstanding at end of year	**3,216,400**	2,335,000

The options granted on 3 November 2008 had an initial vesting period of 2 years with an exercise period to expire at the end of 7 years (or 5 years for option granted to non-executive directors) from the date of grant. However, due to the General Offer during the year, such options were vested upon grant and had a 6 month exercise period unless extended in accordance with the rules of the Scheme and with the approval of the shareholders.

Notes to the Financial Statements

17 Share-based compensation (cont'd)

Employees

Grant date	Exercise price	Granted	Forfeited	Exercised	Expired	Outstanding as at 31.12.2008	Exercisable as at 31.12.2008
20 August 2007	46 cents	1,328,000	(198,000)	(723,000)	-	407,000	407,000
3 November 2008	48 cents	1,404,000	-	(840,000)	-	564,000	564,000

The above options outstanding at the end of the year have a weighted average remaining life of 4 months, unless the shareholders approved the extension of the expiry dates of these options to the original expiry dates stated in the letter of grant of options.

Directors and controlling shareholders

Grant date	Exercise price	Granted	Forfeited	Exercised	Expired	Outstanding as at 31.12.2008	Exercisable as at 31.12.2008
20 August 2007	46 cents	1,100,000*	-	-	-	1,100,000	-
3 November 2008	48 cents	1,145,400*	-	-	-	1,145,400	-

* Grant of these options are subject to shareholders' approval and will have initial vesting period of 2 years with an exercise period to expire at the end of 7 years (or 5 years for option granted to non-executive directors) from the date shareholders' approval is obtained.

In 2008, options were granted on 3 November and the estimated fair value of the options granted on date of grant was $0.13. In 2007, options were granted on 20 August and the estimated fair value of the options granted on date of grant was $0.15.

This fair value for the share options was calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	2008	2007
Share price	**$0.61**	$0.55
Exercise price	**$0.48**	$0.46
Expected volatility	**40%**	57%
Expected life	**6 months**	7 years
Risk free rate	**0.57%**	2.5%
Expected dividend yield	**6.7%**	8.8%

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

The Group and the Company recognised total expenses of $293,922 (2007 - $60,000) related to equity-settled share-based compensation transactions during the year.

The share option reserve arises on the grant of share options to employees under the employee share options plan.

18 Finance lease obligations

	The Company 2008 $	The Company 2007 $	The Group 2008 $	The Group 2007 $
Minimum lease payments payable:				
Due not later than one year	**66,711**	66,024	**94,468**	95,430
Due later than one year and not later than five years	**278,304**	264,096	**334,456**	351,080
Due later than five years	**277,967**	200,301	**277,967**	200,301
	622,982	530,421	**706,891**	646,811
Finance charges allocated to future periods	**(114,408)**	(93,001)	**(121,450)**	(105,318)
Present value of minimum lease payments	**508,574**	437,420	**585,441**	541,493
Present value of minimum lease payments				
Due not later than one year	**44,115**	46,308	**68,437**	70,671
Due later than one year and not later than five years	**211,113**	209,012	**263,658**	288,722
Due later than five years	**253,346**	182,100	**253,346**	182,100
	464,459	391,112	**517,004**	470,822
	508,574	437,420	**585,441**	541,493

The effective interest rates of the Company and the Group are 4.61% (2007 - 4.61% to 4.95%) per annum and 4.30% to 8.73% (2007 - 4.30% to 8.73%) per annum respectively.

19 Trade and other payables

	The Company 2008 $	The Company 2007 $	The Group 2008 $	The Group 2007 $
Trade payables	**-**	-	**4,095,167**	3,690,543
Accruals	**686,752**	604,055	**5,092,449**	3,386,189
Amount owing to directors	**2,959**	-	**480,034**	127,473
Sundry creditors	**836,809**	163,921	**1,288,303**	315,260
	1,526,520	767,976	**10,955,953**	7,519,465

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

Trade payables are generally on 30 - 60 days credit terms.

Notes to the Financial Statements

20 Profit before taxation

The Group	2008 $	2007 $
Profit before taxation has been arrived at		
after charging:		
Depreciation of property, plant and equipment	**1,231,001**	1,086,673
Non-audit fees paid to:		
- auditors of the Company	**22,800**	3,100
- other auditors	**15,968**	-
Directors' fee		
- directors of subsidiaries	**30,534**	45,584
Directors' remuneration other than fee		
- executive directors of the Company (key management personnel)		
- salaries and related costs	**760,943**	707,800
- CPF contributions	**9,912**	10,094
- executive directors of subsidiaries (key management personnel)		
- salaries and related costs	**1,549,627**	1,511,051
- CPF contributions	**30,067**	33,081
	2,350,549	2,262,026
Staff costs (excluding directors and key management personnel)		
- salaries and related costs	**8,432,700**	6,163,751
- CPF contributions	**675,015**	488,020
	9,107,715	6,651,771
Staff costs - share-based compensation	**293,922**	60,000
Impairment for doubtful debts		
- trade receivables	**238,105**	230,331
- related party	**59,980**	-
Interest expense (finance cost)		
- finance lease	**30,553**	27,431
- short-term borrowings	**2,988**	3,851
	33,541	31,282
Operating lease expense	**1,093,329**	849,052
Property, plant and equipment written off	**29,093**	38,114
Loss in exchange, net	**398,219**	-
and crediting:		
Gain in exchange, net	**-**	222,698
Interest income		
- fixed deposits	**19,680**	23,970
- others	**57,798**	67,154
	77,478	91,124
Gain on disposal of property, plant and equipment, net	**57,593**	68,761
Negative goodwill	**840**	27,722
Impairment for doubtful debts no longer required	**39,034**	83,018

21 Taxation

The Group	2008 $	2007 $
Current taxation	**175,064**	447,375
Deferred taxation (Note 9)	**(97,100)**	(52,670)
	77,964	394,705
Under/(over) provision in respect of prior year		
- current taxation	**34,431**	(175,512)
- deferred taxation	**150,789**	142,249
	263,184	361,442

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 following:

Profit before taxation	**2,798,020**	4,232,358
Tax at statutory rate of 18%	**503,644**	761,824
Tax effect on non-deductible expenses	**145,117**	105,942
Tax effect on non-taxable income	**50,032**	(24,381)
Tax effect on double tax deduction	**(3,270)**	(13,598)
Utilisation of deferred tax assets on temporary differences not recognised in previous year	**(15,196)**	(8,114)
Deferred tax assets on temporary differences not recognised in the year	**129,197**	53,937
Difference in foreign tax rates	**(645,702)**	(376,724)
Singapore statutory stepped income exemption	**(90,962)**	(81,478)
Changes in tax rate of Nil% (2007 - 2%)	**-**	(18,764)
Others	**5,104**	(3,939)
	77,964	394,705
Under/(over) provision in respect of prior year		
- current taxation	**34,431**	(175,512)
- deferred taxation	**150,789**	142,249
	263,184	361,442

The Group has unabsorbed capital allowances and tax losses amounting to approximately $4,596 (2007 - $Nil) and $1,573,756 (2007 - $1,067,784) respectively, which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate.

Included in unabsorbed tax losses are losses of $115,552, $204,189, $204,836, $78,711 and $71,755 that will expire by 31 December 2009, 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 respectively.

Notes to the Financial Statements

22 Dividends paid and proposed

The Company and The Group	**2008** **$**	2007 $
Dividends paid:		
Special tax exempt (one-tier) dividend of $Nil per share in respect of 2007 (2007 - $0.0333 per share in respect of 2006)	**-**	2,436,308
Final tax-exempt (one-tier) dividend of $0.0144 per share in respect of 2007 (2007 - $0.0167 per share in respect of 2006)	**1,252,259**	1,221,812
	1,252,259	3,658,120

The directors propose that a final tax exempt (one-tier) dividend of $0.0097 (2007 - $0.0144) per share amounting to $858,696 (2007 - $1,252,259) be paid for the financial year ended 31 December 2008, subject to shareholders approval at the annual general meeting.

23 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 87,222,900 (2007 - 76,612,400) ordinary shares during the financial year.

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

24 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:

	2008 **$**	2007 $
Not later than one year	**868,052**	609,638
Later than one year and not later than five years	**4,815,633**	4,563,844

The leases on the Group's office equipment and premises on which rentals are payable will expire earliest on 19 May 2009 and latest on 4 October 2017. The current rent payable on the leases range from $194 to $44,856 per month.

25 Capital commitment

At the balance sheet date, the Group was committed to making the following capital commitment:

	2008 **$**	2007 $
Not later than one year	**100,000**	-

26 Contingent liabilities

The Group has given tender bonds and guarantees through banks to its landlord for office rental deposit amounting to $538,277 (2007 - $505,235) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $2,800,232 (2007 - $339,960) respectively. The tender bonds and guarantees are secured by cash collaterals amounting to $Nil (2007 - $111,276) out of which $Nil (2007 - $111,276) has been included in fixed deposits.

The company has given written confirmation of its continued financial support to its subsidiaries Cityneon-World Projects Pte Ltd and Themewerks Pte. Ltd. to enable these subsidiaries to meet their obligations as and when they fall due, such that they continue their operations on a going concern basis.

27 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	**2008** **$**	2007 $
Ultimate holding company		
Accounting fees income	**-**	6,000
Fellow subsidiaries		
Rental expense	**-**	246,001
Services rendered to	**-**	662
Services rendered by	**-**	6,500
Administrative expenses	**-**	33,446
Accounting fees income	**-**	4,000
Sales of property, plant and equipment to	**-**	1,597
Purchase of property, plant and equipment from	**-**	1,639
Related parties		
Services rendered to	**-**	3,138
Services rendered by	**5,145**	-
Sale of property, plant and equipment to	**9,700**	-

28 Statement of operations by segments

The Group

28.1 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	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	$	$	**$**	$	**$**	$	**$**	$
Revenue								
External sales	**7,277,176**	5,744,650	**40,606,461**	35,934,397	**-**	-	**47,883,637**	41,679,047
Inter-segment sales	**440,179**	437,109	**3,545,266**	3,165,254	**(3,985,445)**	(3,602,363)	**-**	-
Total revenue	**7,717,355**	6,181,759	**44,151,727**	39,099,651	**(3,985,445)**	(3,602,363)	**47,883,637**	41,679,047
Result								
Segment result	**680,822**	401,016	**4,763,017**	5,729,595	**-**	-	**5,443,839**	6,130,611
Unallocated expenses, net							**(2,612,278)**	(1,866,971)
Finance cost							**(33,541)**	(31,282)
Profit before taxation							**2,798,020**	4,232,358
Income taxes							**(263,184)**	(361,442)
Profit after taxation but before minority terests							**2,534,836**	3,870,916
Minority interests							**(44,728)**	(270,028)
Profit attributable to shareholders							**2,490,108**	3,600,888

28 Statement of operations by segments (cont'd)

28.1 Business Segment (cont'd)

	2008 $	2007 $
Capital expenditure		
Event management	**19,309**	3,888
Exhibition services	**918,624**	825,667
Unallocated	**864,165**	683,496
	1,802,098	1,513,051
Depreciation of property, plant and equipment		
Event management	**9,245**	6,992
Exhibition services	**956,360**	871,071
Unallocated	**265,396**	208,610
	1,231,001	1,086,673
Non-cash expenses other than depreciation		
Event management	**14,734**	983
Exhibition services	**68,489**	34,810
Unallocated	**80,874**	62,321
	164,097	98,114
Impairment for doubtful debts - trade		
Event management	**-**	6,455
Exhibition services	**298,085**	223,876
Unallocated	**-**	-
	298,085	230,331
Impairment for doubtful trade receivables no longer required		
Event Management	**-**	-
Exhibition services	**39,034**	(83,018)
Unallocated	**-**	-
	39,034	(83,018)
Segment assets		
Event management	**4,025,648**	1,270,745
Exhibition services	**27,095,939**	21,567,256
Unallocated	**3,667,301**	6,928,287
Consolidated total assets	**34,788,888**	29,766,288
Segment liabilities		
Event management	**1,648,603**	790,017
Exhibition services	**8,335,053**	6,712,456
Unallocated	**2,451,135**	1,689,622
Consolidated total liabilities	**12,434,791**	9,192,095

Notes to the Financial Statements

28 Statement of operations by segments (cont'd)

The Group

28.2 Geographical segments

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

	2008	2007
	$	$
Revenue by geographical market		
Singapore	**21,483,102**	15,718,387
Middle East	**16,959,229**	12,951,509
Malaysia	**2,202,675**	4,245,531
Asia Pacific	**3,895,145**	4,498,822
United States/Europe/Others	**3,343,486**	4,264,798
	47,883,637	41,679,047
Additions to property, plant and equipment		
Singapore	**1,523,508**	1,099,670
Middle East	**271,591**	292,547
Malaysia	**4,324**	120,834
China	**2,675**	-
	1,802,098	1,513,051
Segment assets by geographical market		
Singapore	**16,054,549**	16,241,216
Middle East	**15,011,113**	9,041,483
Malaysia	**1,807,986**	1,675,182
China	**64,786**	-
Asia Pacific	**1,460,247**	2,278,995
United States / Europe / Others	**390,207**	529,412
	34,788,888	29,766,288

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 impairments 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.

28 Statement of operations by segments (cont'd)

28.2 Geographical segments (cont'd)

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.

29 Financial risk management

Financial risk factors

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

Risk management is carried out by all divisions and units under policies approved by the Board of Directors. All divisions and units identify, evaluate and hedge financial risks in close co-operation with each other. The board of directors reviews and agrees the policies and procedures for the management of these risks which are executed by all divisions and units in consultation with the Group Managing Director and the Group's operating units. The audit committee provides independent oversight to the effectiveness of the risk management process.

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

29.1 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 interest rates risk arises primarily due to its hire-purchase creditors and fixed/short-term deposits placed with financial institutions.

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

Notes to the Financial Statements

29 Financial risk management (cont'd)

29.1 Interest rate risk (cont'd)

The Group	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000
2008					
Financial assets					
Fixed deposits	13,14	**3.0% to 3.7%**	**128**	**128**	**-**
Financial liabilities					
Finance lease obligations	18	**4.3% to 8.73%**	**(585)**	**(68)**	**(517)**
			(457)	**60**	**(517)**
2007					
Financial assets					
Fixed deposits	13,14	1.8% to 4.5%	4,338	4,338	-
Financial liabilities					
Finance lease obligations	18	4.3% to 8.73%	(541)	(70)	(471)
			3,797	4,268	(471)

The Company	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000
2008					
Financial assets					
Fixed deposits	13,14	**-**	**-**	**-**	**-**
Financial liabilities					
Finance lease obligations	18	**4.61%**	**(508)**	**(44)**	**(464)**
			(508)	**(44)**	**(464)**
2007					
Financial assets					
Fixed deposits	13,14	1.8% to 2.1%	3,504	3,504	-
Financial liabilities					
Finance lease obligations	18	4.61% to 4.95%	(437)	(46)	(391)
			3,067	3,458	(391)

29 Financial risk management (cont'd)

29.1 Interest rate risk (cont'd)

For illustrative purpose, the sensitivity analysis performed below is based on the exposure to interest rates for financial instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year with all other variables held constant throughout the financial year ended 31 December 2008.

	2008		2009	
	Profit before taxation $'000	**Equity $'000**	Profit before taxation $'000	Equity $'000
The Group				
Interest rate				
- decreased by 0.5% per annum	**2**	**-**	(19)	-
- increased by 0.5% per annum	**(2)**	**-**	19	-
The Company				
Interest rate				
- decreased by 0.5% per annum	**2**	**-**	(15)	-
- increased by 0.5% per annum	**(2)**	**-**	15	-

29.2 Foreign currency risk

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

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

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

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

The Company and the Group entered into forward foreign exchange contracts to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. The Group entered into a forward currency contract to buy Euro dollars with a financial institution, at a spot rate of USD 1.57/Euro 1, and this will take place at six transaction dates over the period of 15 May 2008 to 17 December 2010. The purpose of this contract is to hedge the Omani Riyal receipts, which are pegged to US Dollars, against future Euro currency payments.

As at 31 December 2008, the settlement dates on the open forward foreign exchange contract range from 4 months to 24 months.

Notes to the Financial Statements

29 Financial risk management (cont'd)

29.2 Foreign currency risk (cont'd)

The Euro dollar amounts to be received on the contractual exchange rates of outstanding contracts and their corresponding favourable and unfavourable fair values at the balance sheet date were:

	Notional principal 2008	Favourable fair value adjustment 2008	Unfavourable fair value adjustment 2008
Buy contracts			
To buy Euro dollar at forward contract rate of 1.57	Euro 950,000	-	S$283,000

The fair values of forward foreign exchange contracts have been calculated using the rates quoted by Standard Chartered Bank at the balance sheet date.

The unfavourable fair value adjustment has been charged to the consolidated income statement.

The Company and the Group do not apply hedge accounting.

29 Financial risk management (cont'd)

29.2 Foreign currency risk (cont'd)

The Company's and the Group's exposures to foreign currency are as follows:

	Singapore dollar	Ringgit Malaysia	United States dollar	Euro	Qatari Rial	Omani Riyal	Others*
	$	$	$	$	$	$	$
2008							
The Group							
Trade and other receivables	**9,600**	**-**	**654,061**	**261,377**	**-**	**3,601,723**	**51,670**
Cash and cash equivalents	**1,045**	**-**	**978,385**	**1,003,158**	**5,951**	**181**	**33,168**
Trade and other payables	**(94,029)**	**(43,248)**	**(158,695)**	**(208,138)**	**(52,735)**	**-**	**(170,381)**
Amount owing to related parties	**-**	**-**	**-**	**-**	**-**	**-**	**(2,344)**
	(83,384)	**(43,248)**	**1,473,751**	**1,056,397**	**(46,784)**	**3,601,904**	**(87,887)**
The Company							
Cash and cash equivalents	**-**	**-**	**34,471**	**694,016**	**-**	**-**	**-**
	-	**-**	**34,471**	**694,016**	**-**	**-**	**-**
2007							
The Group							
Trade and other receivables	405	-	995,953	410,820	1,409,445	52,829	242,533
Cash and cash equivalents	39,577	-	1,514,552	179,263	-	-	3,780
Trade and other payables	-	-	(57,957)	(138,209)	-	-	(57,300)
Amount owing to fellow subsidiaries	-	-	(5,356)	-	-	-	-
	39,982	-	2,447,192	451,874	1,409,445	52,829	189,013
The Company							
Trade and other receivables	-	105,076	-	-	-	-	-
Cash and cash equivalents	-	-	97,506	-	-	-	-
	-	105,076	97,506	-	-	-	-

Notes to the Financial Statements

29 Financial risk management (cont'd)

29.2 Foreign currency risk (cont'd)

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) equity and profit or loss before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	The Group		The Company	
	Equity $	Profit or loss before taxation $	Equity $	Profit or loss before taxation $
31 December 2008				
Ringgit Malaysia	**-**	**4,325**	**-**	**-**
United States dollars	**-**	**(147,375)**	**-**	**(3,447)**
Euro	**-**	**(105,640)**	**-**	**(69,402)**
Qatari Rial	**-**	**4,678**	**-**	**-**
Omani Riyal	**-**	**(360,190)**	**-**	**-**
Others*	**-**	**8,789**	**-**	**-**
31 December 2007				
Ringgit Malaysia	-	-	-	(10,508)
United States dollars	-	(245,255)	-	(9,751)
Euro	-	(45,187)	-	-
Qatari Rial	-	(140,945)	-	-
Omani Riyal	-	(5,282)	-	-
Others*	-	(18,901)	-	-

A 10% weakening of Singapore dollar against the following currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

*Other currencies include UAE Dirhams, British Pound, Saudi Riyal, Kuwaiti Dinar, Swiss Franc, Thai Baht, Hong Kong dollars, Brunei Dollar and Philippine Peso.

29.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient deposits ranging from 30% to 50% of the contract price for majority of the projects contracted, where appropriate, to mitigate credit risk. The credit risk and amount outstanding is monitored on an ongoing basis. The Group is not exposed to significant concentration of credit risk.

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

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

29 Financial risk management (cont'd)

29.3 Credit risk (cont'd)

The credit risk for trade receivables is as follows:

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**38**	9	**3,682**	2,678
Middle East	**-**	-	**7,513**	4,248
Malaysia	**-**	-	**675**	1,089
Asia-Pacific	**-**	-	**1,532**	2,136
United States/Europe/Others	**-**	-	**390**	530
	38	9	**13,792**	10,681

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

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

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

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

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

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

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Past due 1 to 90 days	**-**	-	**8,923**	6,220
Past due over 90 days	**-**	-	**4,063**	2,104
	-	-	**12,986**	8,324

The carrying amount of trade receivables individually determined to be impaired and the movement in the related impairment for doubtful debts are as follows:

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Trade receivables - Gross	**38**	9	**14,465**	11,222
Impairment for doubtful debts				
Beginning of year	**-**	-	**(541)**	(754)
Currency translation difference	**-**	-	**(3)**	8
Impairment made	**-**	-	**(238)**	(230)
Impairment utilised	**-**	-	**70**	352
Impairment written back	**-**	-	**39**	83
End of year	**-**	-	**(673)**	(541)
Trade receivables - carrying amount	**38**	9	**13,792**	10,681

Notes to the Financial Statements

29 Financial risk management (cont'd)

29.4 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.

29.5 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.

In addition, the Group maintains $9.6 million of credit facilities which includes the following:

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

(2) loan facilities for certain projects which are secured by each project's trade receivables.

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

The Group also monitors its gearing closely. Details of its gearing are set out in Note 30.

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments:

	2008		2007	
	1 year or less $'000	**1 to 5 Years $'000**	1 year or less $'000	1 to 5 years $'000
The Company				
Trade and other payables	**1,526**	**-**	768	-
Loans and borrowings	**44**	**464**	46	391
	1,570	**464**	814	391
The Group				
Trade and other payables	**10,956**	**-**	7,519	-
Amount owing to fellow subsidiaries - trade	**-**	**-**	15	-
Loans and borrowings	**68**	**517**	71	471
	11,024	**517**	7,605	471

30 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to shareholders, where applicable, subject to the pursuant in the Memorandum of Articles of the Company, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio, used to measure the extent of financial leverage of the Group, is derived by dividing interest bearing long-term debts over total assets.

	The Company		The Group	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Interest-bearing long-term debts	**464**	391	**517**	471
Total assets	**18,360**	17,882	**34,789**	29,766
Gearing ratio	**2.5%**	2.2%	**1.5%**	1.6%

The Group is not subject to externally imposed capital requirements.

31 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.

32 Events after balance sheet date

1. The company has set up a wholly-owned subsidiary in the Socialist Republic of Vietnam on 23 January 2009. The principal activities of the subsidiary are consultancy on construction, design of interior and exterior decoration, renting furniture required for the exhibition booths, pavilions, shops and offices. The proposed capital of the subsidiary is approximately S$76,000.

2. The company has increased its investment in a wholly-owned subsidiary in Kingdom of Bahrain, Cityneon (Middle East) W.L.L., from S$6,426,340 to approximately S$6,747,000 on 12 February 2009.

33 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	
	2008	2007
$250,000 to $500,000	**2**	2
Below $250,000	**3**	3
Total	**5**	5

Analysis of Shareholdings

As at 12 March 2009

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

The Company does not have any Treasury Shares.

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	1	0.71	1	0.00
1,000 - 10,000	108	76.59	375,000	0.42
10,001 - 1,000,000	28	19.86	943,671	1.07
1,000,001 & ABOVE	4	2.84	87,206,728	98.51
TOTAL	141	100.00	88,525,400	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
LAVIANI PTE LTD	56,418,755	63.73
KO CHEE WAH	15,194,535	17.16
LIM POH HOCK	12,593,438	14.23
MAYBAN NOMINEES (S) PTE LTD	3,000,000	3.39
CN EVENT & EXHIBITION INTERNATIONAL PTE LTD	120,879	0.14
LEONG KOK TOONG	108,792	0.13
CHEY CHOR WAI	100,000	0.11
NG KAM MING	58,000	0.07
LIM ENG CHEE	50,000	0.06
SOH ENG TAI	50,000	0.06
SEAH EANG GEK OR TAN ANTHONY	48,000	0.05
CHOA KIM SOON	34,000	0.04
OW YEOW BUNG	30,000	0.03
TAN BOON SON @TAN TECK LONG	25,000	0.03
OCBC NOMINEES SINGAPORE PTE LTD	21,000	0.02
CHAN YOKE MOON	20,000	0.02
CHANG KEE YOOK	20,000	0.02
LEE LENG MRS CATHERINE ONG @ CATHERINE LEE	20,000	0.02
LOW CHUAN HOCK	20,000	0.02
MOEY TUCK MENG	20,000	0.02
	87,952,399	**99.35**

Based on the information available to the Company as at 12 March 2009, approximately 1.49% of the issued shares of the Company is held in the hands of the public. Therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has not been complied with.

Substantial Shareholders
As at 12 March 2009

Name	No. of ordinary shares Direct Interest	%	Deemed Interest	%
Ko Chee Wah	15,194,535	17.16	-	-
Lim Poh Hock	12,593,438	14.22	3,000,000	3.39
Laviani Pte. Ltd.	56,418,755	63.73	-	-
Star Publications (Malaysia) Berhad	-	-	56,418,755	63.73
Huaren Holdings Sdn Bhd	-	-	56,418,755	63.73

Notes:-

(1) Mr Lim Poh Hock has a deemed interest in 3,000,000 shares registered in the name of Mayban Nominees (Singapore) Private Limited.

(2) Star Publications (Malaysia) Berhad is deemed to be interested in 56,418,755 shares held by Laviani Pte Ltd by virtue of its 100% shareholding in Laviani Pte. Ltd.

(3) Huaren Holdings Sdn Bhd is deemed to be interested in 56,418,755 shares held by Laviani Pte Ltd by virtue of its 40.4% interest (direct and deemed) in Star Publications (Malaysia) Berhad which, in turn, holds 100% of Laviani Pte. Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cityneon Holdings Limited ("the Company") will be held at 84 Genting Lane, Cityneon Design Centre, Singapore 349584 on Monday, 27 April 2009 at 2.30 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 2008 together with the Auditors' Report thereon.
(Resolution 1)

2. To re-elect Mr Ko Chee Wah retiring pursuant to Article 104 of the Company's Articles of Association.
(Resolution 2)

3. To re-elect the following Directors retiring pursuant to Article 108 of the Company's Articles of Association:

   Datin Ngiam Pick Ngoh **(Resolution 3)**
   Mr Ong Kuee Hwa **(Resolution 4)**
   Mr Ng Beng Lye **(Resolution 5)**
   Mr Lim Seng Chai **(Resolution 6)**

   (Datin Ngiam Pick Ngoh, Mr Ong Kuee Hwa and Mr Ng Beng Lye are non-executive Directors. Mr Lim Seng Chai is an indepdendent Director. Datin Ngiam Pick Ngoh shall, upon re-election as a Director, remain as the Chairman of the Board of Directors. Mr Ong Kuee Hwa shall, upon re-election as a Director, remain as a member of the Audit Committee.)

4. To declare a Final Dividend of 0.97 cents per ordinary share for the year ended 31 December 2008.
(Resolution 7)

5. To approve the payment of Directors' fees of S$80,000/- for the year ended 31 December 2008. (2007: S$80,000/-)
(Resolution 8)

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 9)

AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION: AUTHORITY TO ALLOT AND 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, authority be and is hereby given to the Directors of the Company to:

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

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

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

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

PROVIDED THAT:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% (100% for a pro-rata renounceable rights issue) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

ii) any subsequent bonus issue or consolidation or subdivision of shares;

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (1) below] **(Resolution 10)**

Notice of Annual General Meeting

8. ORDINARY RESOLUTION: AUTHORITY TO ALLOT AND ISSUE NEW SHARES OTHER THAN ON A PRO-RATA BASIS TO SHAREHOLDERS AT A DISCOUNT EXCEEDING 10% BUT NOT MORE THAN 20%

"That, conditional upon the passing of Resolution 10 above, but without limiting the effect of the authority in Resolution 10 above, authority be and is hereby given to the Directors to issue new shares and convertible securities in the capital of the Company (whether in pursuance of any offer, agreement or option made or granted by the Directors or otherwise) other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price may represent a discount exceeding 10% but not more than 20% (or such other discount as may be permitted by the SGX-ST from time to time) to the price per share determined in accordance with the requirements of the SGX-ST."
[See Explanatory Note (2) below]

(Resolution 11)

9. ORDINARY RESOLUTION: AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO THE CITYNEON EMPLOYEE SHARE OPTION SCHEME

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Cityneon Employee Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in 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 Note (3) below]

(Resolution 12)

10. 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, 9 April 2009

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:

(1) Ordinary Resolution 10 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.

(2) Ordinary Resolution 11 proposed in item 8 above, if passed, will empower the Directors of the Company to issue shares in the capital of the Company OTHER THAN on a pro-rata basis to shareholders of the Company at a price which shall represent not more than a 20% discount (or such other discount as may be permitted by the SGX-ST from time to time) to the price per share determined in accordance with the requirements of the SGX-ST, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the resolution.

(3) Ordinary Resolution 12 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, 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 of up to a number not exceeding in total 15% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notice of Books Closure

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 7 May 2009 for the purpose of determining Members' entitlements to the Final Dividend to be proposed at the Annual General Meeting of the Company to be held on 27 April 2009.

Duly completed registrable transfer of shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 6 May 2009 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 dividend. Subject to the aforesaid, members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 7 May 2009 will be entitled to the proposed dividend.

The proposed Final Dividend, if approved at the Annual General Meeting, will be paid on 20 May 2009.

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

Singapore: 9 April 2009

This page has been intentionally left blank.

This page has been intentionally left blank.

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

IMPORTANT:
1. For investors who have used their CPF monies tobuy Cityneon Holdings Limited shares, this Annual Report 2008 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.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ...

of ....

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Monday, 27 April 2009 at 2.30 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 [X] within the box provided)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 31 December 2008		
2.	Re-election of Mr Ko Chee Wah as Director		
3.	Re-election of Datin Ngiam Pick Ngoh as Director		
4.	Re-election of Mr Ong Kuee Hwa as Director		
5.	Re-election of Mr Ng Beng Lye as Director		
6.	Re-election of Mr Lim Seng Chai		
7.	Declaration of Final Dividend		
8.	Approval of Directors' fees amounting to S$80,000/-		
9.	Re-appointment of Messrs Foo Kon Tan Grant Thornton as Auditors		
10.	Special Business: Authority to allot and issue shares		
11.	Special Business: Authority to allot and issue new shares OTHER THAN on a pro-rata basis to shareholders at a discount exceeding 10% but not more than 20%		
12.	Special Business: Authority to allot and issue shares pursuant to the Cityneon Employee Share Option Scheme		

Dated this .... day of 2009

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 relevant power of attorney or a notarially certified copy of the power of attorney 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.

CITYNEON HOLDINGS LTD

Cityneon Design Centre
84 Genting Lane #05-01
Singapore 349584

Tel: +(65) 6571 6338 (Main)
Fax: +(65) 6749 3633
Website: www.cityneon.net
Email: info@cityneon.com.sg

Designed+Produced by
Xpress
+65 6880 2881