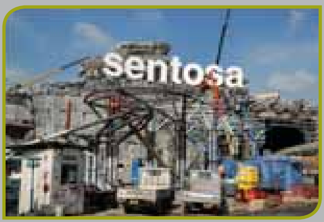

CITYNEON HOLDINGS LIMITED

ANNUAL REPORT 2009

www.cityneon.net

events | exhibitions | interior architechtures | galleries | thematics

from environments to *experiences*

CITYNEON

1 Qatar Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China
2 Singtel Exclusive School Tour Roadshow, Singapore

Contents

Pictures on cover:
1 Oman Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China
2 F1 Bahrain Grand Prix, Bahrain
3 Ancient Egypt @ Resort World Sentosa, Singapore
4 Grand Mountain @ Resort World Sentosa, Singapore

International Network

Listed on the mainboard of the Singapore Stock Exchange, CITYNEON is a leading provider of Event, Exhibition and Thematics services in Asia & Middle East. We have proven expertise in the design and construction of exhibition booths, interior and exterior architectures, galleries and theme parks as well as the conceptualisation and management of both indoor and outdoor events.

Established since 1956, our list of international clientele includes renowned multi-national corporations and state government agencies. We commit ourselves to the successes of our esteemed clients by means of excellence in quality, design and project delivery, exceeding expectations to be the preferred service provider of our industry.

Above the rest, we are the ones with the winning formula to create valuable opportunities, from environments to experiences.

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

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.

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1 11th Hainan World Congress, Singapore
2 Chingay Parade, Singapore
3 Pfizer Event, Singapore
4 Singapore Polytechnic Open House, Singapore
5 Batelco Kickoff (Bahrain National Telecoms), Bahrain
6 Oman Cultural Village @ Geneva Festival, Switzerland
7 SMU 10th Anniversary Celebration, Singapore
8 F1 Bahrain Grand Prix, Bahrain
9 GPIC Safety Summit & Award Gala Dinner, Bahrain
10 GPIC Safety Summit & Award Gala Dinner, Bahrain
11 Launch of CIMB Middle East, Bahrain
12 SMU 10th Anniversary Celebration, Singapore

Our Expertise

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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.

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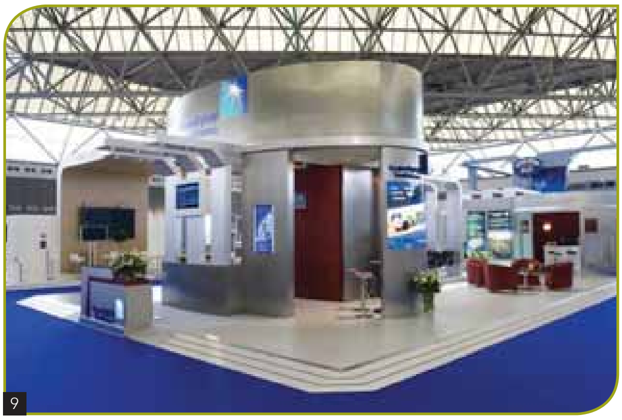
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1 CBOSS @ CommunicAsia, Singapore
2 DOW @ International Water Week, Singapore
3 Colgate @ FDI World Dental Federation, Singapore
4 HDB @ International Water Week, Singapore
5 URA @ MIPIM ASIA, Hong Kong
6 Occidental Petroleum Corps @ MEOS, Bahrain
7 Doosan @ Power Gen Middle East 2009, Bahrain
8 Oman Tourism @ ITB Berlin, Germany
9 Saudi Aramco Stand EAGE Exhibition, Netherlands
10 URA @ MIPIM ASIA, Hong Kong
11 Audemarspiguet @ Jewellery Arabia, Bahrain
12 UK Pavilion @ MEOS 2009, Bahrain

Our Expertise


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13 Oman Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China
14 Oman Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China
15 Indonesian Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China
16 Indonesian Pavilion @ World Expo 2010 in Shanghai (Perspective drawing), China
17 Indonesian Pavilion @ World Expo 2010 in Shanghai (Perspective drawing), China
18 Qatar Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China


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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.

1 Mel's Drive-in @ Resort World, Singapore
2 KT's Grill @ Resort World, Singapore
3 Loui's NY Pizza Parlor @ Resort World, Singapore
4 KT's Grill @ Resort World, Singapore

Our Expertise


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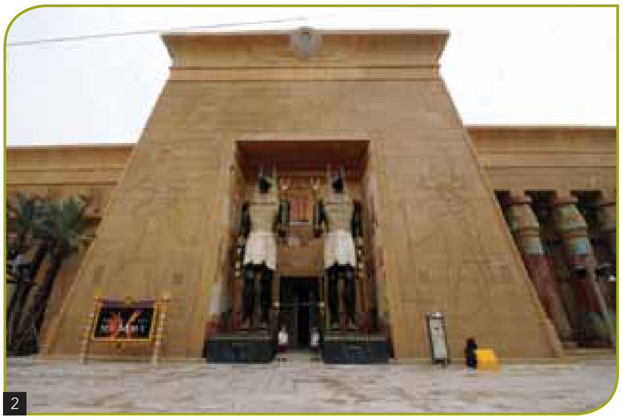
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THEMATICS

Delivering the most comprehensive solution with our team of industry experts, with indepth 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.

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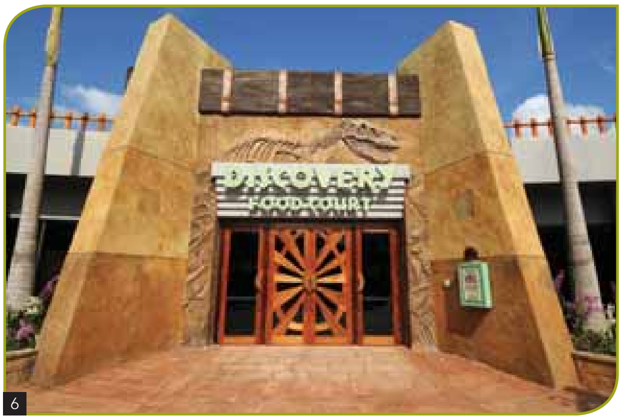

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1 Ancient Egypt @ Resort World, Singapore
2 Ancient Egypt @ Resort World, Singapore
3 Ancient Egypt @ Resort World, Singapore
4 Battlestar Galactica @ Resort World Sentosa, Singapore
5 Grand Mountain @ Resort World, Singapore
6 The Lost World @ Resort World Sentosa, Singapore
7 Battlestar Galactica @ Resort World Sentosa, Singapore
8 Battlestar Galactica @ Resort World Sentosa, Singapore
9 The Lost World @ Resort World Sentosa, Singapore
10 The Lost World @ Resort World Sentosa, Singapore
11 The Lost World @ Resort World Sentosa, Singapore
12 Tea Cup @ Resort World Sentosa, Singapore
13 Battlestar Galactica @ Resort World Sentosa, Singapore

Joint Statement from Chairman and Group Managing Director



1 SingTel, Singapore
2 Qatar Pavillion @ World Expo 2010 in Shanghai (Perspective drawing), China
3 Oman Cultural Village @ Geneva Festival, Switzerland

A Perilous Year

Financial year 2009 was the year that would be long remembered for the huge downturn in global financial markets. And despite seeing markets bottom out and a technical recovery from economic recession in most economies, business confidence and job creation are still lingering worries. We had reported last year that the MICE industry was severely impacted by the financial crisis and this year, the situation is no different. Across the world, business travel and participation in conventions, exhibitions and events were very much a luxury given the need for tight cost control and closer budget management.

Given this, we are delighted to report that we have achieved record financial performance in financial year 2009. Group revenue increased by 89% from $47.9 million in FY2008 to $90.4 million in FY2009. Profit before tax also improved by approximately 82%, from $2.8 million in FY2008 to $5.1 million in FY2009. This record performance is largely attributed to our investments in our Thematics business bearing fruit as well as our work in the World Expo 2010 in Shanghai compensating for the slowdown in our Exhibition business. Our financial performance is especially satisfying as a large part of this response had been planned for and strategised as early as financial year 2007.

In previous years, the percentage of revenue coming from clients outside Singapore has traditionally been more than 50% of total revenue. This has been a reflection of the rather international nature of our business. While this percentage of revenue has dropped to 39% of total revenue this financial year, it is not because of a slowdown overseas. In actual fact, revenue from clients outside Singapore grew 33% from $26.4 million in FY2008 to $35.2 million in FY2009. The reason for the percentage fall in overseas revenue is due to the substantial revenue from the Thematics business which was generated from work in Singapore.

It is worth pointing out that the revenue from Middle East clients grew 34% from $17.0 million to $22.8 million. We are delighted to see our operations in Bahrain, Qatar and Oman grow from strength to strength. Besides the usual exhibition services work, we managed some noteworthy events such as the Batelco Kickoff, the Oman Cultural Village in the Geneva Festival, launch of CIMB Middle East and the GPIC Conference cum Awards Dinner.

Exhibition Services

Our Exhibition business grew a modest 7% from $40.6 million in FY2008 to $43.3 million in FY2009. And while we continued to deliver some of the largest and most prestigious shows, such as CommunicAsia, NATAS, Jewellery Arabia and MEOS, we have our work at

DATIN NGIAM PICK NGOH
Chairman

the World Expo 2010 in Shanghai to thank for the performance. Revenues on the three pavilions, namely the Indonesia, Qatar and Oman Pavilions have been progressively recognised based on the % of projects completion. These are on track for completion in May 2010 when the World Expo 2010, the largest exhibition of sorts, opens to visitors from all over the world.

The work we have done for these three pavilions in particular have been rather comprehensive, encompassing exterior work, interior finishes as well as the design and concept of what to showcase in the pavilion. The right combination of design excellence, exhibition know-how and cultural appreciation are required in order to win these projects and to subsequently meet and exceed the expectations of our client.

Event Management

Our Event business grew, in terms of revenue, approximately 7% from $7.3 million in FY2008 to $7.8 million in FY2009. Some of the more significant event work that we have done include work for the F1 Bahrain Grand Prix and F1 Singapore Grand Prix. We firmly believe that we are on the right track and there are strategic plans in place to ensure that we build on these competitive advantages going forward.

Thematics

Our Thematics business is a new business and contributed $39.4 million in terms of revenue for FY2009. Having initiated this business in financial year 2007, we have successfully executed the plan to develop a capability to service theme parks and the attractions sector. The bulk of the revenue is derived from the work for Resorts World Sentosa and the attractions in their Universal Studios Singapore theme park. We have successfully completed all our projects with the exception of the Grand Mountain which is scheduled for completion in 2Q 2010.

Outlook for FY2010

The Singapore Tourism Board forecasted in March 2010 that tourist arrivals in 2010 will hit 11.5 to 12.5 million from 9.7 million in 2009. Tourism receipts in 2010 are similarly forecasted to hit $17.5 to $18.5 billion from $12.4 billion in 2009. This is a healthy 19% to 29% increase in tourist arrivals and a staggering 41% to 49% increase in tourism receipts. This certainly bodes well for the MICE industry and predictably underpinned by the opening of the two Integrated Resorts, Resorts World Sentosa and Marina Bay Sands, in Singapore this year. We are cautiously optimistic about financial year 2010 as our sales order book stands at $53.6 million in March 2010, which is 59% of the FY2009 revenue.

For the year, we see work coming out from the second phase of development at Resorts World Sentosa. There are also some landmark sporting events that will happen in the region this year such as the Singapore 2010 Youth Olympic Games, the Commonwealth Games 2010 Delhi and the Guangzhou 2010 Asian Games. We hope to secure some work so as to achieve satisfactory financial performance for the financial year 2010. Our projects in the World Expo 2010 and Resorts World Sentosa will stand us in good stead as we attempt to win new mega projects. We will also seek and explore all growth opportunities that are in the MICE or Events industry.

Our Pledge of Service Excellence

We are happy to have completed work in financial year 2009 for our customers such as Bayer, CBOSS, Cycle & Carriage, Exxon Mobile, Franklin Offshore, HSBC, HTL, Longines, Merck Serono, Petrobras, Pfizer, S Oil, Saudi Petroleum, SingTel, Stanley Tools, Texas Instruments, Vitol and Volkswagen, as well as government agencies such as HDB, iDA, Oman Ministry of Tourism, People's Association, Singapore Poly, SMU and URA among many other esteemed clients.

We would like to thank our customers for their continued faith in us. We will continue to strive to achieve and maintain service excellence in the work that we are carrying out or will be carrying out for them.

We would also like to thank our corporate stakeholders and business partners, both internal and external for their continued confidence and support in how we run our business and execute our projects.

And finally in our business, we believe our people make the difference. The innovation, passion and commitment that they bring to work every day are the reasons why our customers keep coming back.

MR KO CHEE WAH
Group Managing Director

Board of Directors

1 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 and a Diploma in Advertising and Marketing from the Institute of Communications, Advertising and Marketing (CAM), United Kingdom.

2 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.

3 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.

4 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.

Board of Directors

5 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 an 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.

6 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, Broadcasting of Star RFM.

7 Mr Tan Hup Foi

Mr Tan Hup Foi is the Chairman of Ngee Ann Polytechnic Council. He is also an Honorary Vice-President of the International Association of Public Transport (UITP) and Honorary Chairman of UITP Asia-Pacific Division, Mr Tan 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.

8 Dato' Loke Yuen Yow

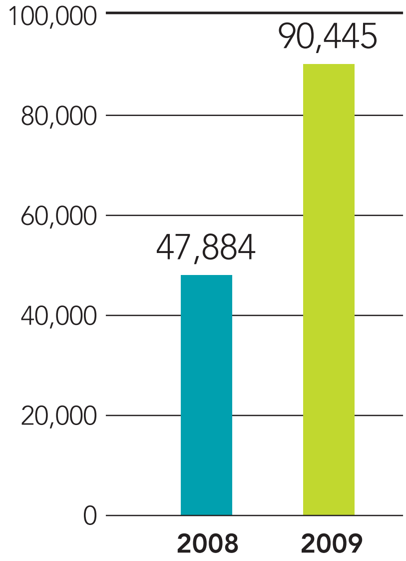
Dato' Loke Yuen Yow is appointed to our Board as a Non-Executive Director with effect from 29 July 2009. He graduated with a Bachelor of Science (Honors) degree from the University of Malaya. He held office as Deputy Minister of Finance from 1986 to 1995 and Deputy Minister of Youth & Sports from 1995 to 1999. After which, he was also a Member of Parliament from 1999 to 2008. From 2005 until August 2009, he was the Executive Chairman of Perumahan Permai Sandakan Jaya Sdn Bhd. Now he also sits on the Board of Directors of Huaren Holdings Sdn Bhd.

9 Mr Liaw Siau Chi

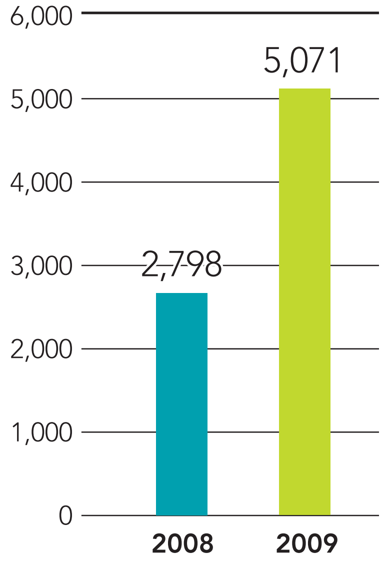
Mr Liaw Siau Chi is appointed to our Board as an Independent Non-Executive Director with effect from 29 July 2009. He graduated with a Bachelor of Arts degree in Philosophy from the National Cheng Chi University in Taipei and also obtained a Master of Philosophy from The Chinese University of Hong Kong. From 2004 to 2006, he served as Special Assistant to the Deputy Minister of Youth & Sports, and served as Private Secretary to the Deputy Minister of Higher Education from 2006 to 2008. From 2008 to 2009, he was appointed Director of Research & Development for Voice Academy Sdn Bhd.

Financial Highlights

Revenue ($'000)



Profit Before Tax ($'000)



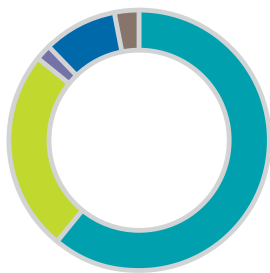
Revenue by Business Segment

Thematics
39,415

Exhibiton Services
43,310

Event Management
7,720

Revenue by Geographical Segment



Singapore
55,267

Middle East
22,792

Malaysia
1,792

Asia Pacific
8,355

Others
2,239

Financial Highlights

Financial Results ($'000)	FY2008	FY2009
Revenue	47,884	90,445
Profit before tax	2,798	5,071
Profit after tax and minority interest	2,490	4,132

Financial Positions ($'000)	FY2008	FY2009
Property, plant and equipment	4,149	3,208
Current assets	29,877	59,867
Other Non-current assets	762	1,246
Current Liabilities	(11,706)	(37,274)
Non-current liabilities	(728)	(1,366)
Minority Interest	(214)	(725)
Shareholders' equity	22,140	24,956

Ratios	FY2008	FY2009
Earnings per share (cents) - basic	2.85	4.67
Net asset per share (cents)	25	28

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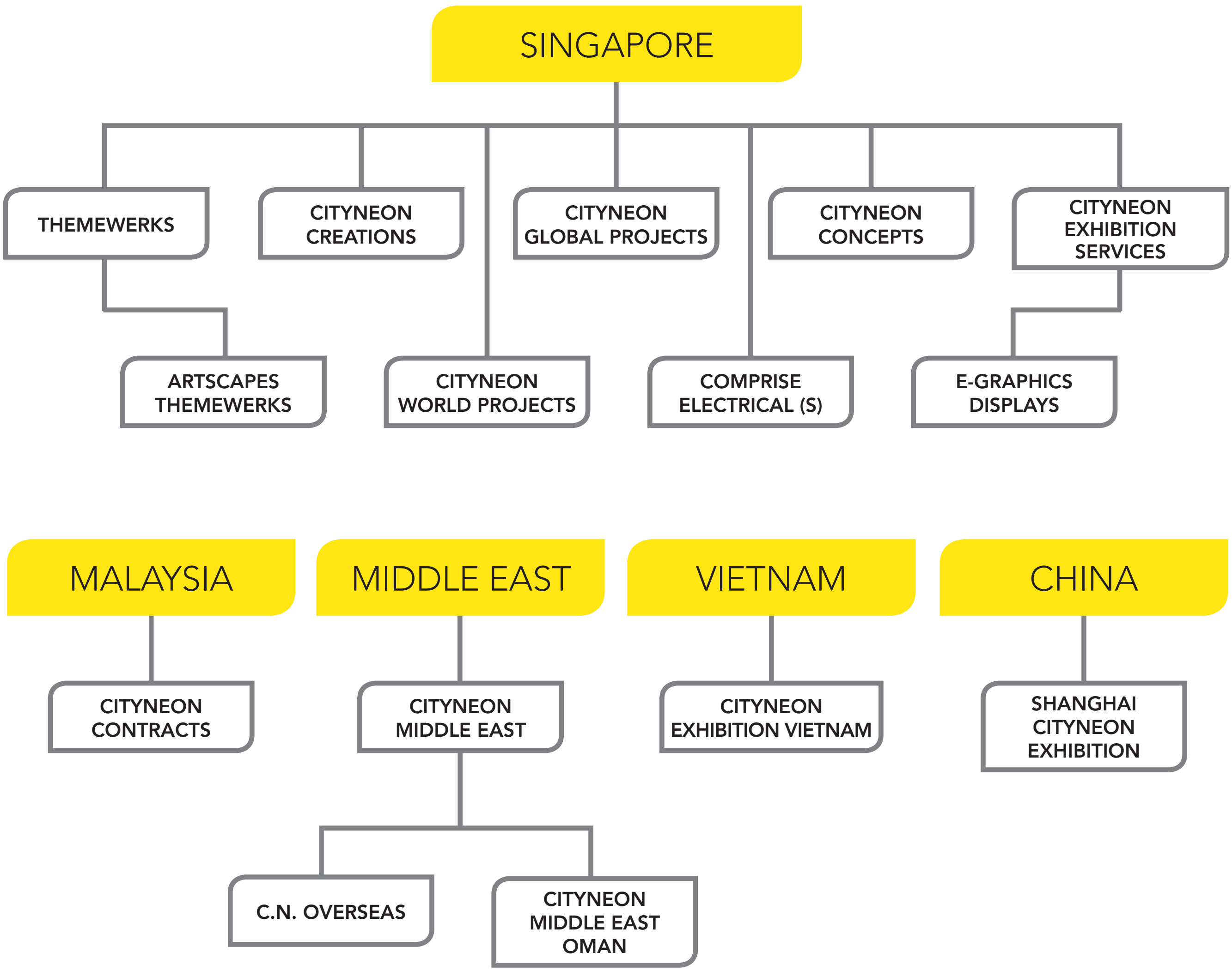
1 Launch of CIMB Middle East, Bahrain
2 DOW @ International Water Week, Singapore

Group Organisation Structure



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 2009, the Company has generally adhered to the principles and guidelines as set out in the Code, and where there are deviations from the code, the reasons for which deviation are explained accordingly.

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 Committee are as shown in Table 1 in Page 28.

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 2009, as well as the frequency of such meetings are set out in Table 2 in Page 29.

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

Corporate Governance

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 three out of the nine directors being independent and making up one-third of the Board as detailed in the Table 1 in Page 28.

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 12 and 13.

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 three 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 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. She 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.

Corporate Governance

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.

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 Lim Poh Hock, Mr Chua Soo Chiew, Dato' Loke Yuen Yow and Mr Liaw Siau Chi 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 29.

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

Corporate Governance

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.

Corporate Governance

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. The RC Chairman is not associated in any way with the substantial shareholders of the Company.

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.

Corporate Governance

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.

Disclosure on remuneration

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

The remuneration of directors is set out in Table 4 in Page 30.

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.

The remuneration of key executives is set out in Table 5 in Page 30.

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

For the financial year ended 31 December 2009, 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 78 to 80 for details of the options granted under the ESOS on the unissued ordinary shares of the Company as at end of the financial year.

Corporate Governance

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Audit Committee

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

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 as members. 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.

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 auditors, 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 auditors, 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;

Corporate Governance

- 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 has an interest.

The AC has full access to and co-operation of the Management, has full discretion to invite any director or executive officer to attend 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 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 review performed 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.

Corporate Governance

Internal Audit

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders

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

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

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

Greater Shareholder Participation

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

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

Corporate Governance

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 2009 as recorded in the Register of Interested Person Transactions to ensure compliance with Singapore Exchange Listing Manual rule #907.

Corporate Governance

USE OF PROCEEDS FROM SHARE PLACEMENT

The Company refers to the net proceeds raised in October 2007 from the share placement of 13,800,000 new ordinary shares in the capital of the company.

As at 31 December 2009, the company has fully utilised the net proceeds in the following manner.

a) approximately S$0.7 million was used for investment in existing and new subsidiaries in Singapore

b) approximately S$1.5 million was used for development in growing a new business in themeparks and attractions

c) approximately S$2.6 million was used for the acquisition of additional exhibition and event management assets and

d) The balance of S$2.6 million was used for general working capital

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
Datin Ngiam Pick Ngoh	Non-executive	Chairman	-	-	-
Ong Kuee Hwa	Non-executive	Member	Member	-	Member
Ng Beng Lye	Non-executive	Member	-	-	-
Lim Seng Chai (resigned 29 Jul'09)	Independent	Member	-	-	-
Dato' Loke Yuen Yow (appointed 29 Jul'09)	Non-executive	Member	-	-	-
Liaw Siau Chi (appointed 29 Jul'09)	Independent	Member	-	-	-
Cheong Kok Yew (resigned 9 Jan'09)	Non-executive	Chairman	Member	-	Member

Corporate Governance

TABLE 2 – ATTENDANCE AT BOARD AND BOAD COMMITTEE MEETINGS

Name of Director	Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	3	2	1	1
Datin Ngiam Pick Ngoh	3	-	-	-
Ko Chee Wah	3	-	1	-
Lim Poh Hock	3	-	-	-
Chua Soo Chiew @ Chua Kaw Kia	3	2	1	1
Tan Hup Foi @ Tan Hup Hoi	2	2	1	1
Ong Kuee Hwa	2	-	-	-
Ng Beng Lye	3	-	-	-
Dato' Loke Yuen Yow	1	-	-	-
Liaw Siau Chi	1	-	-	-
Lim Seng Chai (resigned 29 Jul' 09)	-	-	-	-
Cheong Kok Yew (resigned 9 Jan' 09)	-	-	-	-

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 2009
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
Datin Ngiam Pick Ngoh	Non-executive	2 January 2009	27 April 2009
Ong Kuee Hwa	Non-executive	2 January 2009	27 April 2009
Ng Beng Lye	Non-executive	17 February 2009	27 April 2009
Lim Seng Chai (resigned on 29 Jul'09)	Independent	17 March 2009	27 April 2009
Dato'Loke Yuen Yow	Non-executive	29 July 2009	
Liaw Siau Chi	Independent	29 July 2009	

Corporate Governance

TABLE 4 – REMUNERATION OF DIRECTORS

Remuneration Band & Names of Directors	Fee	Salary	Bonus/ Performance-related bonus	Other benefits*	Total
S$500,000 to below S$750,000					
Executive directors					
Ko Chee Wah	-	51%	36%	13%	100%
Lim Poh Hock	-	51%	36%	13%	100%
Below S$250,000					
Non-executive directors					
Chua Soo Chiew @ Chua Kaw Kia	100%	-	-	-	100%
Tan Hup Foi @ Tan Hup Hoi	100%	-	-	-	100%
Dato' Loke Yuen Yow	100%	-	-	-	100%
Liaw Siau Chi	100%	-	-	-	100%
Lim Seng Chai	100%	-	-	-	100%

TABLE 5 – REMUNERATION OF KEY EXECUTIVES

Remuneration Band & Names	Fee	Salary	Bonus / Performance-related bonus	Other benefits*	Total
S$1.5M to below S$1.75M					
Lee Song Liat	-	17%	52%	31%	100%
Below S$250,000					
Khoo Shao Tze	-	87%	8%	5%	100%
Chan Chai Hee	-	86%	7%	7%	100%
Ng Siew Lay	-	50%	46%	4%	100%
Goh Lih Foong	-	57%	36%	7%	100%

* Other benefits include statutory employers' contributions, Cityneon share based compensation, overseas benefits, family benefits and leave encashment.

Corporate Information

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

Dato' Loke Yuen Yow
Non-Executive Director
(appointed on 29.7.2009)

Liaw Siau Chi
Independent Director
(appointed on 29.7.2009)

Lim Seng Chai
Independent Director
(appointed on 17.3.2009)
(resigned on 29.7.2009)

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

REGISTERED OFFICE
84 Genting Lane #05-01
Cityneon Design Centre
Singapore 349584
Co. Registration No.: 199903628E

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

BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
Citibank Singapore Limited
United Overseas Bank Limited

AUDITORS
BDO LLP
Certified Public Accountants
19 Keppel Road #02-01
Jit Poh Building
Singapore 089058
Partner-in-charge: Lew Wan Ming
(since financial year ended 2009)

Report of the Directors

The directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2009 and the statement of financial position of the Company as at 31 December 2009.

1. Directors

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

Datin Ngiam Pick Ngoh
Ko Chee Wah
Lim Poh Hock
Tan Hup Foi @ Tan Hup Hoi
Chua Soo Chiew @ Chua Kaw Kia
Ng Beng Lye
Ong Kuee Hwa
Dato' Loke Yuen Yow (Appointed on 29.7.2009)
Liaw Siau Chi (Appointed on 29.7.2009)

2. Arrangements to acquire shares or debentures

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

3. Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, the 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 1.1.2009 or date of appointment, if later	As at 31.12.2009	As at 1.1.2009 or date of appointment, if later	As at 31.12.2009
Name of director and companies in which interests are held	**Number of ordinary shares**			
The Company				
Cityneon Holdings Limited				
Ko Chee Wah	15,194,535	12,699,400	-	-
Lim Poh Hock	12,593,438	10,098,303	3,000,000	3,000,000

Report of the Directors

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

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.1.2009 or date of appointment, if later	As at 31.12.2009	As at 1.1.2009 or date of appointment, if later	As at 31.12.2009
	Number of ordinary shares of RM1.00 each			
Ultimate holding company				
Star Publications (Malaysia) Berhad				
Datin Ngiam Pick Ngoh	1,108,200	999,000	-	-
Ong Kuee Hwa	-	3,000	-	-

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (SGX-ST), the directors of the Company state that, according to the Register of Directors' Shareholdings, the directors' interests as at 21 January 2010 in the shares of the Company have not changed from those disclosed as at 31 December 2009.

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

4. Directors' 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.

5. Share options

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

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

Report of the Directors

5. Share options (Continued)

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

- The options can be exercised at any time after 2 years but before 7 years from the date of grant (except for grant to non-executive directors, 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	Total options granted	Options outstanding at the beginning of the financial year	Options not accepted/ forfeited/ expired	Exercised	Options outstanding at the end of the financial year	Exercise period
		$						
Directors								
Ko Chee Wah #	20.08.2007	0.46	500,000	500,000	-	-	500,000	27.04.2011 to 26.04.2016
Ko Chee Wah #	03.11.2008	0.48	472,700	472,700	-	-	472,700	27.04.2011 to 26.04.2016
Lim Poh Hock #	20.08.2007	0.46	500,000	500,000	-	-	500,000	27.04.2011 to 26.04.2016
Lim Poh Hock #	03.11.2008	0.48	472,700	472,700	-	-	472,700	27.04.2011 to 26.04.2016
Chua Soo Chiew @ Chua Kaw Kia	20.08.2007	0.46	100,000	100,000	-	-	100,000	27.04.2011 to 26.04.2014
Chua Soo Chiew @ Chua Kaw Kia	03.11.2008	0.48	100,000	100,000	-	-	100,000	27.04.2011 to 26.04.2014
Tan Hup Foi @ Tan Hup Hoi	03.11.2008	0.48	100,000	100,000	-	-	100,000	27.04.2011 to 26.04.2014
				2,245,400	-	-	2,245,400	
Employees	20.08.2007	0.46	1,328,000	407,000	(3,000)	-	404,000	29.10.2008 to 19.08.2014
Employees	03.11.2008	0.48	1,404,000	564,000	(20,000)	-	544,000	03.11.2008 to 02.11.2015
				971,000	(23,000)	-	948,000	
				3,216,400	(23,000)	-	3,193,400	

Report of the Directors

5. Share options (Continued)

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

In year 2007 and 2008, Ko Chee Wah and Lim Poh Hock were 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.

During the year, Ko Chee Wah and Lim Poh Hock each disposed 2,495,135 number of Cityneon shares. As a result of the disposal, Ko Chee Wah and Lim Poh Hock now hold 14.35% and 14.80% of the Company's share capital issued respectively.

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.

At beginning of the year, there are 2,245,400 options granted to directors and controlling shareholders in 2007 and 2008 which are subject to shareholders approval. On 27 April 2009, the shareholders approved these share options granted. These options have initial vesting period of 2 years with exercise period to expire at the end of 7 years (or 5 years for the options granted to non-executive directors) from the date shareholders' approval is obtained.

6. Audit committee

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

Chua Soo Chiew @ Chua Kaw Kia (Chairman)
Tan Hup Foi @ Tan Hup Hoi
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.

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.

Report of the Directors

6. Audit committee (Continued)

The Audit Committee also reviewed the following:

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

- Half-yearly 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 directors that the auditors, BDO LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

7. Auditors

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

On behalf of the directors

Ko Chee Wah Director	Lim Poh Hock Director

Singapore
10 March 2010

Statement by Directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Ko Chee Wah Director	Lim Poh Hock Director

Singapore
10 March 2010

Independent Auditors' Report

of the Members of Cityneon Holdings Limited

We have audited the accompanying financial statements of Cityneon Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

The financial statements for the financial year ended 31 December 2008 were audited by another firm of auditors whose report dated 27 March 2009 expressed an unqualified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the 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 Auditors' Report

of the Members of Cityneon Holdings Limited

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the statements of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results, changes in equity and cash flows of the Group for the financial 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 Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
10 March 2010

Statement of Financial Position

As at 31 December 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	**$**	**$**	**$**	**$**
Assets					
Non-current					
Property, plant and equipment	4	3,208,267	4,149,084	1,065,172	1,263,539
Goodwill	5	286,483	286,483	-	-
Club membership	5	220,000	330,000	220,000	330,000
Subsidiaries	6	-	-	9,819,701	9,334,112
Other non-current assets	7	738,571	-	-	-
Deferred tax assets	8	-	146,000	-	-
		4,453,321	4,911,567	11,104,873	10,927,651
Current					
Inventories, at cost	9	346,408	218,055	-	-
Amounts due from contract customers	10	14,520,660	2,933,340	-	-
Trade and other receivables	11	19,264,375	16,849,557	75,075	313,468
Deposits		574,021	574,009	66,160	66,160
Prepayments		1,442,692	1,240,600	44,047	37,553
Amounts owing by ultimate holding company	12	78,318	-	-	-
Amounts owing by subsidiaries	13	-	-	11,633,581	5,624,318
Amounts owing by related parties	14	17,721	26,677	-	6,498
Cash and cash equivalents	15	23,623,005	8,035,083	2,344,816	1,384,742
		59,867,200	29,877,321	14,163,679	7,432,739
Total assets		64,320,521	34,788,888	25,268,552	18,360,390
Equity and liabilities					
Equity					
Share capital	16	14,602,328	14,602,328	14,602,328	14,602,328
Reserves	17	10,353,780	7,537,467	2,454,950	1,455,079
Equity attributable to owners of the Company		24,956,108	22,139,795	17,057,278	16,057,407
Minority interests		724,740	214,302	-	-
Total equity		25,680,848	22,354,097	17,057,278	16,057,407

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

Statement of Financial Position

As at 31 December 2009

		Group		Company	
		2009	**2008**	**2009**	**2008**
	Note	**$**	**$**	**$**	**$**
Liabilities					
Non-current					
Finance lease obligations	19	444,331	517,004	415,277	464,459
Bank borrowings	20	731,045	-	231,040	-
Deferred tax liabilities	8	190,617	211,345	-	-
		1,365,993	728,349	646,317	464,459
Current					
Amounts due to contract customers	10	5,450,924	475,356	-	-
Finance lease obligations	19	66,120	68,437	49,189	44,115
Bank borrowings	20	987,524	-	487,529	-
Loan from ultimate holding company	21	4,000,000	-	4,000,000	-
Amounts owing to subsidiaries	13	-	-	1,230,922	267,889
Trade and other payables	22	26,416,278	10,955,953	1,712,317	1,526,520
Income tax payable		352,834	206,696	85,000	-
		37,273,680	11,706,442	7,564,957	1,838,524
Total liabilities		38,639,673	12,434,791	8,211,274	2,302,983
Total equity and liabilities		64,320,521	34,788,888	25,268,552	18,360,390

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

Consolidated Income Statement

For the Financial Year Ended 31 December 2009

	Note	Group 2009 $	Group 2008 $
Revenue	23	90,445,319	47,883,637
Cost of sales		(67,107,202)	(27,083,583)
Gross profit		23,338,117	20,800,054
Other operating income	24	929,360	696,633
Marketing and distribution costs		(1,224,785)	(1,731,308)
Administrative and other operating expenses		(17,813,292)	(16,933,818)
Finance costs	25	(158,482)	(33,541)
Profit before income tax	26	5,070,918	2,798,020
Income tax expense	27	(478,625)	(263,184)
Profit for the year		4,592,293	2,534,836
Attributable to:			
Owners of the Company		4,132,404	2,490,108
Minority interests		459,889	44,728
		4,592,293	2,534,836
Earnings per share		**Cents**	**Cents**
Basic	29	4.67	2.85
Diluted	29	4.62	2.84

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2009

	Group	
	2009	2008
	$	$
Profit for the year	4,592,293	2,534,836
Other comprehensive income:		
Exchange differences on translating foreign operations, net of tax amounting to $Nil (2008 : $Nil)	(551,858)	(125,709)
Total comprehensive income for the year	4,040,435	2,409,127
Attributable to:		
Owners of the Company	3,580,546	2,363,205
Minority interests	459,889	45,922
	4,040,435	2,409,127

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

Statement of Changes in Equity

For the Financial Year Ended 31 December 2009

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	Statutory reserve	Share option reserve	Currency translation reserve	Minority interests
	$	$	$	$	$	$	$	$
Balance at 1 January 2009	22,354,097	22,139,795	14,602,328	8,912,561	-	136,593	(1,511,687)	214,302
Profit for the year	4,592,293	4,132,404	-	4,132,404	-	-	-	459,889
Other comprehensive income	(551,858)	(551,858)	-	-	-	-	(551,858)	-
Total comprehensive income for the year	4,040,435	3,580,546	-	4,132,404	-	-	(551,858)	459,889
Employee share option scheme								
- value of employee services	94,463	94,463	-	-	-	94,463	-	-
Minority shareholder's investment in a subsidiary	70,000	-	-	-	-	-	-	70,000
Transfer to statutory reserve	-	-	-	(148,608)	148,608	-	-	-
Dividends								
- paid to shareholders of the Company (Note 28)	(858,696)	(858,696)	-	(858,696)	-	-	-	-
- paid to minority shareholders of subsidiaries	(19,451)	-	-	-	-	-	-	(19,451)
Balance at 31 December 2009	25,680,848	24,956,108	14,602,328	12,037,661	148,608	231,056	(2,063,545)	724,740

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

Statement of Changes in Equity

For the Financial Year Ended 31 December 2009

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	Statutory reserve	Share option reserve	Currency translation reserve	Minority interests
	$	$	$	$	$	$	$	$
Balance at 1 January 2008	20,574,193	19,993,222	13,644,849	7,674,712	-	58,445	(1,384,784)	580,971
Profit for the year	2,534,836	2,490,108	-	2,490,108	-	-	-	44,728
Other comprehensive income	(125,709)	(126,903)	-	-	-	-	(126,903)	1,194
Total comprehensive income for the year	2,409,127	2,363,205	-	2,490,108	-	-	(126,903)	45,922
Employee share option scheme								
- value of employee services	298,292	299,847	-	-	-	299,847	-	(1,555)
Increase in interest in subsidiary	(234,090)	-	-	-	-	-	-	(234,090)
Issue of new shares								
- Share options exercised (Note 16)	735,780	735,780	735,780	-	-	-	-	-
- Transfer on exercise of share option	-	-	221,699	-	-	(221,699)	-	-
Minority shareholder's investment in a subsidiary	35,000	-	-	-	-	-	-	35,000
Dividends								
- paid to shareholders of the Company (Note 28)	(1,252,259)	(1,252,259)	-	(1,252,259)	-	-	-	-
- paid to minority shareholders of subsidiaries	(211,946)	-	-	-	-	-	-	(211,946)
Balance at 31 December 2008	22,354,097	22,139,795	14,602,328	8,912,561	-	136,593	(1,511,687)	214,302

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2009

	2009	2008
	$	$
Cash flows from operating activities		
Profit before income tax	5,070,918	2,798,020
Adjustments for:		
Depreciation of property, plant and equipment	1,271,746	1,231,001
Property, plant and equipment written off	38,305	29,093
Gain on disposal of property, plant and equipment	(1,693)	(57,593)
Interest income	(90,203)	(77,478)
Interest expense	158,482	33,541
Bad debts written off	-	5,833
Allowance for doubtful debts, net	26,727	259,051
Negative goodwill	-	(840)
Amortisation expense	110,000	-
Share-based compensation	94,368	293,922
Operating profit before working capital changes	6,678,650	4,514,550
Inventories	(128,353)	7,406
Amounts due from contract customers, net	(6,611,752)	(2,945,383)
Fixed deposits pledged	-	111,276
Trade and other receivables	(4,066,554)	(5,559,007)
Trade and other payables	15,579,596	3,421,804
Net cash generated from/(used in) operations	11,451,587	(449,354)
Interest paid	(158,482)	(33,541)
Income taxes paid	(207,457)	(301,533)
Net cash generated from/(used in) operating activities	11,085,648	(784,428)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note A)	(408,949)	(1,526,798)
Proceeds from disposal of property, plant and equipment	51,244	144,234
Acquisition of additional shares in subsidiaries from minority shareholders (Note B)	-	(275,250)
Interest received	90,203	77,478
Net cash used in investing activities	(267,502)	(1,580,336)
Cash flows from financing activities		
Proceeds from shares issued	-	735,780
Proceeds from minority shareholders for investment in a subsidiary	105,000	-
Repayments of finance lease obligations	(74,528)	(228,063)
Repayments of bank borrowings	(281,431)	-
Proceed from bank borrowings	2,000,000	-
Term loan from ultimate holding company	4,000,000	-
Dividend paid to minority shareholders of subsidiaries	(19,451)	(211,946)
Dividend paid to shareholders of the Company	(858,696)	(1,252,259)
Net cash generated from/(used in) financing activities	4,870,894	(956,488)

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2009

	2009	2008
	$	$
Net change in cash and cash equivalents	15,689,040	(3,321,252)
Exchange differences on re-translation of cash and cash equivalents at beginning of year	(101,118)	(6,066)
Cash and cash equivalents at beginning of year	8,035,083	11,362,401
Cash and cash equivalents at end of year	23,623,005	8,035,083

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $450,539 (2008: $1,802,098) of which $Nil (2008: $275,300) was acquired by means of finance lease and $41,590 (2008: $Nil) as provision of reinstatement cost. Cash payments of $408,949 (2008: $1,526,798) were made to purchase property, plant and equipment.

B. Acquisition of additional shares in subsidiaries from minority shareholders

In 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 interests of $234,090 and a negative goodwill of $840 which is credited to consolidated statement of comprehensive income.

In 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 interests of $Nil and a positive goodwill of $42,000 which is debited to statement of financial position.

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

	2009	2008
	$	$
Net assets acquired		
Minority interests	-	234,090
Goodwill/(negative goodwill) arising from consolidation	-	41,160
Purchase consideration	-	275,250
Cash and cash equivalents from the acquisition of additional shares in subsidiary from minority shareholders	-	-
Less: Cash paid	-	(275,250)
Net cash outflow on acquisition of the minority interests	-	(275,250)
Purchase consideration satisfied by:		
Cash settlement	-	275,250

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

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

1. General

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is a public limited company and domiciled in Singapore. The principal place of business and registered office is at 84 Genting Lane #05-01, Cityneon Design Centre, Singapore 349584.

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

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

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

2. Summary of significant accounting policies

2.1. Basis of preparation

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

FRS 1 (2008) Presentation of Financial Statements

The Group has adopted FRS 1 (2008) for annual periods beginning on or after 1 January 2009. FRS 1 (2008) requires the Group to present all changes in equity arising from transactions with non-owners in a statement of comprehensive income separately from those equity changes arising from transactions with owners in their capacity as owners to be presented in the statement of changes in equity. FRS 1 (2008) also requires the Group to disclose income tax relating to each component of other comprehensive income and to disclose reclassification adjustments relating to components of other comprehensive income. Where the Group restates or reclassifies comparative information, the Group will be required to present a restated balance as of the beginning of the earliest comparative period in addition to the current requirement to present the statements of financial position as at the end of the current period and comparative period. With the adoption of FRS 1 (2008), the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been represented so that it is also in conformity with the revised standard.

FRS 108 Operating Segments

The Group has adopted FRS 108 for annual periods beginning on or after 1 January 2009. FRS 108 replaces FRS 14 Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes to the chief operating decision makers. There is no significant change in the presentation of the reportable segments from that reported in 2008.

FRS and INT FRS issued but not yet effective

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

		Effective date (Annual periods beginning on or after)
FRS 24	: Related Party Disclosures (Revised)	1 January 2011
FRS 27	: Consolidated and Separate Financial Statements (Revised)	1 July 2009
FRS 32	: Classification of Rights Issues (Amendments to FRS 32)	1 February 2010
FRS 39	: Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedge Items	1 July 2009
FRS 39 and INT FRS 109	: Amendments to INT FRS 109 and FRS 39 Financial Instruments: Embedded Derivatives	30 June 2009
FRS 101	: First-time Adoption of Financial Reporting Standards	1 July 2009
	: Additional Exemptions for First-time Adapters (Amendments to FRS 101)	1 January 2010

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

		Effective date (Annual periods beginning on or after)
FRS 102	: Group Cash-settled Share-based Payment Transactions (Amendments to FRS 102)	1 January 2010
FRS 103	: Business Combinations (Revised)	1 July 2009
INT FRS 114	: Prepayments of a Minimum Funding Requirement (Amendments to INT FRS 114)	1 January 2011
INT FRS 117	: Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118	: Transfer of Assets from Customers	1 July 2009
INT FRS 119	: Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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

The management anticipates that the adoption of the above FRS and INT FRS in future periods, where applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2.2. Basis of consolidation

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

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.2. Basis of consolidation (Continued)

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the fair value of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination, except where the minority's share of losses in a subsidiary exceeds its interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. Subsequently, when the subsidiary reports profits, the profits applicable to the minority interest are attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company are fully recovered.

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

2.3. Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations,* which are recognised and measured at the lower of cost and fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and 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 recognised.

When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired exceeds the cost of the business combination, and if, after reassessment, the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired remains higher than the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

2.4. Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.4. Intangible assets (Continued)

Goodwill (Continued)

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

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

Club membership

The Group has reviewed the useful life of the club membership during the financial year and due to changes in circumstances, the useful life of the club membership is now assessed to be finite and accordingly will be amortised over its estimated useful life over 3 years. The change in accounting estimates has resulted in an amortisation of club membership of $110,000 in the current financial year as well as the next 2 years.

As at the end of the financial year, the club membership is stated at cost less amortisation and any impairment losses.

2.5. Property, plant and equipment

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.5. Property, plant and equipment (Continued)

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

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

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

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

2.6. Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.7. Inventories

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

2.8. Construction contracts

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

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

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

2.9. Financial instruments

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

Effective interest method

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.9. Financial instruments (Continued)

Financial assets

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.9. Financial instruments (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Other financial liabilities

Trade and other payables

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.9. Financial instruments (Continued)

Borrowings

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

Derecognition of financial liabilities

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

2.10. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.11. Leases

Finance leases

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating leases

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.12. Provisions

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

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

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

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

2.13. Revenue recognition

Revenue from projects is recognised based on the percentage of completion method. Percentage of completion is measured by the percentage of costs incurred to date against the total estimated costs for each contract or the period spent on the project to date against the total budgeted period for each contract where appropriate. 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 an accrual basis.

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

2.14. Employee benefits

Defined contribution plan

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.14. Employee benefits (Continued)

Employee leave entitlement

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the 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 profit or loss with a corresponding increase in the share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest.

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

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

2.15. Government grant – Jobs Credit Scheme

The Singapore government introduced a cash grant known as the Jobs Credit Scheme in its Budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amounts received for jobs credit are to be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

The Group recognises the amounts received for jobs credit at their fair value as other income in the month of receipt of these grants from the government.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.17. Income tax

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

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

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.17. Income tax (Continued)

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

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

2.18. Dividends

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

2.19. Foreign currency transactions and translation

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

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

Exchange differences which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

2. Summary of significant accounting policies (Continued)

2.19. Foreign currency transactions and translatio (Continued)

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

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

2.20 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

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

3.1. Income tax (Continued)

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of the financial year, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date against the estimated total contract costs. Significant assumptions are required to estimate the total contact cost and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the work specialists. The carrying amounts of assets and liabilities arising from construction contracts at the end of the financial year are disclosed in Note 10 to the financial statements.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including risk-free interest model used are disclosed in Note 18.

3.2. Key sources of estimation uncertainty

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

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables including the amounts owing by ultimate holding company, subsidiaries and related parties as at 31 December 2009 were $19,360,414 (2008: $16,876,234) and $11,708,656 (2008: $5,944,284) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

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

3.2. Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2009 were $3,208,267 (2008: $4,149,084) and $1,065,172 (2008: $1,263,539) respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2009 was $286,483 (2008: $286,483).

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amounts of the Group's and Company's current tax payable as at 31 December 2009 was $352,834 (2008: $206,696) and $85,000 (2008: $Nil) respectively. The carrying amount of the Group's deferred tax liabilities and deferred tax assets as at 31 December 2009 was $190,617 (2008: $211,345) and $Nil (2008: $146,000) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

4. Property, plant and equipment

Group	Office equipment, furniture and fittings	Motor vehicles	Machinery	Exhibition services assets	Total
	$	$	$	$	$
2009					
Cost					
At 1 January 2009	3,296,263	1,151,969	310,550	5,369,154	10,127,936
Exchange difference on translation	(45,961)	(14,133)	-	(59,781)	(119,875)
Additions	296,385	124,138	-	30,016	450,539
Disposals/write-offs	(278,270)	(62,074)	-	(47,713)	(388,057)
At 31 December 2009	3,268,417	1,199,900	310,550	5,291,676	10,070,543
Accumulated depreciation					
At 1 January 2009	1,716,336	450,518	193,996	3,618,002	5,978,852
Exchange difference on translation	(32,152)	(5,607)	-	(50,362)	(88,121)
Depreciation	557,128	173,422	52,309	488,887	1,271,746
Disposals/write-offs	(255,597)	(17,790)	-	(26,814)	(300,201)
At 31 December 2009	1,985,715	600,543	246,305	4,029,713	6,862,276
Net book value					
At 31 December 2009	1,282,702	599,357	64,245	1,261,963	3,208,267
2008					
Cost					
At 1 January 2008	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/write-offs	(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 2008	1,264,795	503,472	132,886	3,202,138	5,103,291
Exchange difference on translation	(574)	(2,371)	-	832	(2,113)
Depreciation	468,115	182,750	61,110	519,026	1,231,001
Disposals/write-offs	(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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

4. Property, plant and equipment (Continued)

Company	Office equipment, furniture and fittings $	Motor vehicles $	Total $
2009			
Cost			
At 1 January 2009	1,062,109	585,876	1,647,985
Additions	154,750	-	154,750
Disposals	(8,012)	-	(8,012)
At 31 December 2009	1,208,847	585,876	1,794,723
Accumulated depreciation			
At 1 January 2009	266,966	117,480	384,446
Depreciation	235,941	117,176	353,117
Disposals	(8,012)	-	(8,012)
At 31 December 2009	494,895	234,656	729,551
Net book value			
At 31 December 2009	713,952	351,220	1,065,172
2008			
Cost			
At 1 January 2008	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 2008	117,949	234,132	352,081
Depreciation	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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

4. Property, plant and equipment (Continued)

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Motor vehicles	389,968	533,460	351,220	468,396

As at the end of the financial year, the cost of motor vehicles registered in the name of certain directors and held in trust for the Group and the Company are as follows:

	Group and Company	
	2009	**2008**
	$	**$**
Motor vehicles	585,876	585,876

5. Intangible assets

	Group	
	2009	**2008**
	$	**$**
Goodwill		
Balance at beginning of financial year	286,483	244,483
Goodwill on acquisition of additional shares in subsidiary	-	42,000
Balance at end of financial year	286,483	286,483

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

	Group	
	2009	**2008**
	$	**$**
Thematics	42,000	42,000
Event management	120,007	120,007
Exhibition services	124,476	124,476
	286,483	286,483

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

5. Intangible assets (Continued)

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

The recoverable amount is determined based on a value in use calculation using the cash flow projections based on financial budgets approved by management covering a three-year period. The discount rates applied to the cash flow projections are derived from cost of capital at the date of assessment of the respective cash-generating units. The annual growth rates used range from 2% - 5% which are based on best estimates from the forecasted growth rates of the industry relevant to the CGUs.

No impairment loss on goodwill required for the financial year ended 31 December 2009 as the recoverable amount was in excess of the carrying value.

	Group and Company	
	2009	2008
	$	$
Club membership		
Cost		
Balance at beginning/end of financial year	330,000	330,000
Accumulated amortisation		
Balance at beginning of financial year	-	-
Amortisation for the financial year	110,000	-
Balance at end of financial year	110,000	-
Carrying amount		
Balance at 31 December	220,000	330,000

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

6. Subsidiaries

Investments in subsidiaries are as follows:

	Company	
	2009	2008
	$	$
Unquoted shares in corporations, at cost	9,498,825	8,997,449
Employee's share options investment, at cost	333,626	336,663
Allowance for impairment loss	(12,750)	-
	9,819,701	9,334,112

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

6. Subsidiaries (Continued)

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

	Company	
	2009	**2008**
	$	**$**
Balance at beginning of financial year	-	-
Impairment loss recognised during the financial year	12,750	-
Balance at end of financial year	12,750	-

As at the end of the financial year, the Company carried out a review on the recoverable amount of its investments in subsidiaries. The review led to the recognition of an impairment loss of $12,750 (2008: $Nil), that has been recognised in income statement of the Company.

Impairment loss arose mainly from Cityneon-World Projects Pte Ltd who has been incurring losses since previous years.

The details of the significant subsidiaries are as follows:

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2009 %	Effective equity interest 2008 %
Held by the Company				
Cityneon-World Projects Pte Ltd *	Singapore	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs	51	51
Cityneon Concepts Pte Ltd *	Singapore	Provision of event organising, management and event marketing services	100	100
Comprise Electrical (S) Pte Ltd *	Singapore	Provision of electrical services for exhibitions and event management industries	100	100
Cityneon Exhibition Services Pte Ltd *	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	30	30
Cityneon Contracts Sdn. Bhd. ***	Malaysia	Provision of exhibitions and event management services, including rental of reusable modules and furnishings, road shows and custom-built pavilions	100	100
Cityneon Global Projects Pte. Ltd. *	Singapore	Provision of management, projects, logistics and ownership service for events and festivals	100	100

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

6. Subsidiaries (Continued)

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2009 %	2008 %
Held by the Company				
Themewerks Pte. Ltd.*	Singapore	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	100	100
Cityneon (Middle East) W.L.L. **	Kingdom of Bahrain	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows	100	100
Cityneon Creations Pte Ltd *	Singapore	Provision of design and build services for custom built exhibition pavilions and road shows	100	100
Held by Themewerks Pte. Ltd.				
Artscapes Themewerks Pte. Ltd. *	Singapore	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	65	65
Held by Comprise Electrical (S) Pte Ltd				
Cityneon Exhibition Services Pte Ltd *	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	70	70
Held by Cityneon Exhibition Services Pte Ltd				
E-Graphics Displays Pte Ltd *	Singapore	Designer and production of environmental graphic materials including banners, posters, bill-boards and general signages for event and exhibition venues	60	60
Shanghai Cityneon Exhibition Services Co., Ltd ****	People's Republic of China	Designer and provider of services for trade fairs, exhibitions and displays	100	100

* Audited by BDO LLP, Singapore
** Audited by KPMG Bahrain, Kingdom of Bahrain
*** Audited by A.D.Chuan & Co., Malaysia
**** Audited by Shanghai Donghua Certified Public Accountants Co., Ltd, People's Republic of China

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

6. Subsidiaries (Continued)

Additions investment in subsidiaries

On 9 February 2009, the Company increased its investment in the capital of Cityneon (Middle East) W.L.L. ("Cityneon ME"), a wholly owned subsidiary from Bahrain Dinar ("BD") BD20,000 to BD100,000. The additional capital injection of BD80,000 (equivalent to $321,376) was made by way of capitalising the amounts owing by Cityneon ME to the Company.

On 17 July 2009, the Company increased its investment in the capital of Themeweks Pte Ltd, a wholly owned subsidiary following the allotment of 180,000 ordinary share capital of $1 each of Themewerks Pte Ltd.

7. Other non-current assets

Other non-current assets represent deposits for project performance bond and prepaid rents.

8. Deferred tax assets/(liabilities)

	Group	
	2009	2008
	$	$
Deferred tax assets		
Balance at beginning of financial year	146,000	203,535
Charged to profit or loss	(146,000)	(62,115)
Exchange differences on translation	-	4,580
Balance at end of financial year	-	146,000

Recognised deferred tax assets are attributable to the following:

	Group	
	2009	2008
	$	$
Unutilised capital allowance	-	827
Unabsorbed losses	-	145,448
Excess of net book value over tax written down value of property, plant and equipment	-	(506)
Provisions	-	231
	-	146,000

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

8. Deferred tax assets/(liabilities) (Continued)

	Group	
	2009	2008
	$	$
Deferred tax liabilities		
Balance at beginning of financial year	(211,345)	(220,684)
Credited to profit or loss	20,500	8,426
Exchange differences on translation	228	913
Balance at end of financial year	(190,617)	(211,345)

Deferred tax liabilities are attributable to the following:

	Group	
	2009	2008
	$	$
Excess of net book value over tax written down value of property, plant and equipment	(204,535)	(223,234)
Provisions	13,918	11,889
	(190,617)	(211,345)

9. Inventories

Inventories comprise of stocks, raw materials and consumables.

10. Amounts due from/(to) contract customers

	Group	
	2009	2008
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	56,265,900	3,217,898
Less: Progress billings	(47,196,164)	(759,914)
	9,069,736	2,457,984
Comprising:		
Amounts due from contract customers	14,520,660	2,933,340
Amounts due to contract customers	(5,450,924)	(475,356)
	9,069,736	2,457,984

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

11. Trade and other receivables

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Trade receivables	14,601,318	14,464,939	-	38,079
Allowance for doubtful debts	(395,217)	(672,640)	-	-
	14,206,101	13,792,299	-	38,079
Other receivables	5,009,758	3,008,591	75,075	275,389
Income tax recoverable	48,516	48,667	-	-
	19,264,375	16,849,557	75,075	313,468

Trade receivables are non-interest bearing and generally on 1 to 90 days credit terms.

Other receivables consist mainly of advances to suppliers.

Movements in allowance for doubtful debts are as follows:

	Group	
	2009	2008
	$	$
Balance at beginning of financial year	672,640	541,033
Allowance made during the financial year	26,727	238,105
Allowance written back during the financial year	-	(39,034)
Bad debts written off against allowance	(304,478)	(70,335)
Exchange differences on translation	328	2,871
Balance at end of financial year	395,217	672,640

Allowance for doubtful debts of $26,727 (2008: $238,105) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables. Allowances made in respect of estimated irrevocable amounts are determined by reference to past default experience.

The written back of allowance for doubtful debts amounting to $Nil (2008: $39,034) was recognised in profit or loss when the doubtful debts were recovered from the customers.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

11. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Singapore dollar	7,915,587	5,607,554	75,075	313,468
Ringgit Malaysia	1,933,403	1,154,849	-	-
Bahrain Dinar	6,179,009	5,719,448	-	-
Chinese Renminbi	4,622	41,053	-	-
United States dollar	284,820	654,061	-	-
Euro	403,819	261,377	-	-
Omani Rial	2,538,618	3,359,547	-	-
Others	4,497	51,668	-	-
	19,264,375	16,849,557	75,075	313,468

12. Amounts owing by ultimate holding company

The trade amounts owing by ultimate holding company are non-interest bearing and generally on normal trade credit terms.

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

13. Amounts owing by/(to) subsidiaries

	Company	
	2009	2008
	$	$
Amount owing by subsidiaries		
- trade	2,994,728	2,596,421
- non-trade	8,638,853	3,027,897
	11,633,581	5,624,318
Amount owing to subsidiaries		
- trade	209,910	581,632
- non-trade	(1,440,832)	(849,521)
	(1,230,922)	(267,889)
Net	10,402,659	5,356,429

The trade amounts owing by/(to) subsidiaries are non-interest bearing and generally on normal trade terms.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

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

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

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

	Company	
	2009	2008
	$	$
Singapore dollar	7,866,996	5,356,429
Bahrain Dinar	3,197,297	-
United States dollar	(661,801)	-
Euro	167	-
	10,402,659	5,356,429

14. Amounts owing by related parties

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Trade	77,701	86,657	-	6,498
Allowance for doubtful debts	(59,980)	(59,980)	-	-
	17,721	26,677	-	6,498

The trade amounts owing by related parties are non-interest bearing and generally on normal credit terms.

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

	Group	
	2009	2008
	$	$
Balance at beginning of financial year	59,980	-
Allowance made during the financial year	-	59,980
Balance at end of financial year	59,980	59,980

Allowance for doubtful debts of $Nil (2008: $59,980) was recognised in profit or loss subsequent to a debt recovery assessment performed on amounts owing by related parties. Allowances made in respect of estimated irrevocable amounts are determined by reference to past default experience.

Amounts owing by related parties are denominated in Singapore dollar.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

15. Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Fixed deposits with banks	22,800	127,807	-	-
Cash and bank balances	23,600,205	7,907,276	2,344,816	1,384,742
	23,623,005	8,035,083	2,344,816	1,384,742

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Singapore dollar	10,720,926	4,160,754	1,674,949	656,256
Euro	467,667	1,003,158	402,760	694,016
Bahrain Dinar	5,386,498	1,507,477	-	-
United States dollar	6,838,116	978,385	267,107	34,470
Ringgit Malaysia	96,228	316,286	-	-
Chinese Renminbi	34,773	30,460	-	-
Omani Riyal	30,873	181	-	-
Others	47,924	38,382	-	-
	23,623,005	8,035,083	2,344,816	1,384,742

The fixed deposits with banks have maturity period of 12 months (2008: 3 days to 5 months) from the end of the financial year with the effective interest rate of 3.5% (2008: 3.0% to 3.7%) per annum.

16. Share capital

	Group and Company			
	2009	2008	2009	2008
	Number of ordinary shares with no par value		$	$
Issued and fully-paid				
At beginning of financial year	88,525,400	86,962,400	14,602,328	13,644,849
Issuance ordinary shares on exercise of options	-	1,563,000	-	735,780
Transfer of share option reserve to share capital on exercise of options	-	-	-	221,699
At end of financial year	88,525,400	88,525,400	14,602,328	14,602,328

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

16. Share capital (Continued)

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

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

Share options granted under the employee share option scheme carry no rights to dividends and no voting rights. Further details of the employee share option scheme are disclosed in Note 18 to the financial statements.

17. Reserves

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Retained profits	12,037,661	8,912,561	2,223,896	1,318,486
Statutory reserve	148,608	-	-	-
Share option reserve	231,056	136,593	231,054	136,593
Currency translation reserve	(2,063,545)	(1,511,687)	-	-
	10,353,780	7,537,467	2,454,950	1,455,079

Statutory reserve

The Bahrain Commercial Companies Law 2001 required that 10% of net profit for the year be appropriated to a statutory reserve. Appropriation may cease when the reserve reaches 50% of the paid up share capital. The statutory reserve is not normally distributable except in accordance with the Law. The Cityneon (Middle East) W.L.L. appropriated BD40,000 during the year relative to the BD80,000 increase in its share capital.

Share option reserve

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

Currency translation reserve

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the entities from non-Singapore dollar to the presentation currency Singapore dollar and is non-distributable. Movements in the foreign currency translation reserve are shown in the statements of changes in equity.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

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

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

	Group and Company	
	Number of share options 2009	**Number of share options 2008**
Outstanding at beginning of year	3,216,400	2,335,000
Granted during the year	-	2,549,400
Not accepted/lapsed during the year	(23,000)	(105,000)
Exercised during the year	-	(1,563,000)
Outstanding at end of year	3,193,400	3,216,400

Employees

	Balance at beginning of financial year	**Granted during the financial year**	**Not accepted/ lapsed during the year**	**Exercised during the financial year**	**Balance at end of financial year**	**Remaining life**	**Exercise price**	**Fair value**
At 31 December 2009								
2007 Options	407,000	-	(3,000)	-	404,000	56 months	0.46	0.15
2008 Options	564,000	-	(20,000)	-	544,000	70 months	0.48	0.13
	971,000	-	(23,000)	-	948,000			
Exercisable as at 31 December 2009					948,000			

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

18. Share-based compensation (Continued)

	Balance at beginning of financial year	Granted during the financial year	Not accepted/ lapsed during the year	Exercised during the financial year	Balance at end of financial year	Remaining life	Exercise price	Fair value
At 31 December 2008								
2007 Options	1,235,000	-	(105,000)	(723,000)	407,000	4 months	0.46	0.15
2008 Options	-	1,404,000	-	(840,000)	564,000	4 months	0.48	0.13
	1,235,000	1,404,000	(105,000)	(1,563,000)	971,000			
Exercisable as at 31 December 2008					971,000			

The options granted on 2008 and 2007 had an initial vesting period of 2 years with an exercise period to expire at 7 years from the date of grant. However due to the General offer in 2008, such options were vested upon grant and had a 6 month exercise period unless extended in accordance with the rules of the Scheme and with the approval of the shareholders.

During the year, the shareholders approved the extension of the expiry dates to 19 August 2014 and 02 November 2015 for 2007 Options and 2008 Options respectively.

Directors and controlling shareholders

	Balance at beginning of financial year	Granted during the financial year	Balance at end of financial year	Remaining life	Exercise price	Fair value
At 31 December 2009						
2007 Options	1,100,000	-	1,100,000	52-76 months	0.46	0.13
2008 Options	1,145,400	-	1,145,400	52-76 months	0.48	0.12
	2,245,400	-	2,245,400			
Exercisable as at 31 December 2009			Nil			

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

18. Share-based compensation (Continued)

	Balance at beginning of financial year	Granted during the financial year	Balance at end of financial year	Remaining life	Exercise price	Fair value
At 31 December 2008						
2007 Options	1,100,000	-	1,100,000	-	0.46	0.13
2008 Options	-	1,145,400	1,145,400	-	0.48	0.12
	1,100,000	1,145,400	2,245,400			
Exercisable as at 31 December 2008			Nil			

There were 1,100,000 options as at 1 January 2008 and 2,245,400 options as at 31 December 2008 offered to directors and controlling shareholders which were subject to shareholders' approval in 2008.

During the year, the shareholders approved the grant of these options and the options are deemed granted from the date shareholders' approval is obtained. The options have initial vesting period of 2 years with exercise period to expire at the end of 7 years (or 5 years for the options granted to non-executive directors) from the date shareholders' approval is obtained. The fair value for these options was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2007 and 2008 Options	
	Directors and controlling shareholders	Non-executive directors
Share price	$0.61	$0.61
Exercise price	$0.48	$0.46
Expected volatility	29%	29%
Expected life	7 years	5 years
Risk free rate	1.89%	1.44%
Expected dividend yield	5.4%	5.4%

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.

No new options were granted to staffs and directors in 2009. But during the year, the shareholders approved and ratified the options granted in 2007 and 2008 to directors and controlling shareholders and the extension of the options granted to employees.

The Group and the Company recognised total expenses of $94,368 (2008: $293,922) related to equity-settled share-based compensation transactions during the year.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

19. Finance lease obligations

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Minimum lease payments payable:				
Due not later than one year	88,381	94,468	69,572	66,711
Due later than one year and not later than five years	308,574	334,456	278,290	278,304
Due later than five years	208,415	277,967	208,415	277,967
	605,370	706,891	556,277	622,982
Finance charges allocated to future periods	(94,919)	(121,450)	(91,811)	(114,408)
Present value of minimum lease payments	510,451	585,441	464,466	508,574
Present value of minimum lease payments				
Current				
Due not later than one year	66,120	68,437	49,189	44,115
Non-current				
Due later than one year and not later than five years	250,091	263,658	221,037	211,113
Due later than five years	194,240	253,346	194,240	253,346
	444,331	517,004	415,277	464,459
	510,451	585,441	464,466	508,574

The effective interest rates of the Company and the Group are 4.61% (2008: 4.61%) per annum and 4.30% to 8.73% (2008: 4.30% to 8.73%) per annum respectively.

The lease terms range from 3 years to 10 years.

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

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

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

Finance lease obligations are denominated in the following currencies:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Singapore dollar	479,960	529,262	464,466	508,574
Ringgit Malaysia	30,491	56,179	-	-
	510,451	585,441	464,466	508,574

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

20. Bank borrowings

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Secured bank loans	1,718,569	-	718,569	-
Less:				
Amounts due for settlement within 12 months	987,524	-	487,529	-
Amounts due for settlement after 12 months	731,045	-	231,040	-

The Group and Company's secured bank loans amounting to $1,718,569 and $718,569 bear an interest of 5% per annum and fully repayable on May 2011 and September 2011 respectively.

The Group and Company's bank loans are secured by the following:

(a) proceeds from a project of a subsidiary; and
(b) corporate guarantee by subsidiaries.

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

Bank borrowings are denominated in Singapore dollar.

21. Loan from ultimate holding company

Loan from ultimate holding company are unsecured with interest of 5% per annum and repayable within one year from the date of drawn down on 1 June 2009. It is denominated in Singapore dollar.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

22. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Trade payables	6,417,609	4,095,167	70,126	-
Accruals	14,346,712	5,092,449	888,703	686,752
Deposits received from customers	4,667,787	636,699	600,000	600,000
Amount owing to directors	-	480,034	-	2,959
Amount owing to shareholder	363,800	-	-	-
Provision of unutilised leave	389,535	282,696	63,606	54,900
Provision of reinstatement cost	41,590	-	41,590	-
Sundry creditors	189,245	368,908	48,292	181,909
	26,416,278	10,955,953	1,712,317	1,526,520

Trade payables are generally repayable within 30 to 90 days.

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

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

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Singapore dollar	19,834,634	6,858,685	1,712,317	1,526,520
Ringgit Malaysia	358,226	131,423	-	-
Bahrain Dinar	2,883,861	3,217,023	-	-
United States dollar	2,802,731	158,695	-	-
Euro	238,426	208,138	-	-
Chinese renminbi	235,781	158,872	-	-
Others	62,619	223,117	-	-
	26,416,278	10,955,953	1,712,317	1,526,520

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

23. Revenue

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

	Group	
	2009	2008
	$	$
Thematics	39,415,095	-
Exhibition services	43,309,694	40,606,461
Event management	7,720,530	7,277,176
	90,445,319	47,883,637

24. Other operating income

	Group	
	2009	2008
	$	$
Miscellaneous income	257,811	421,769
Interest income	90,203	77,478
Job Credit Scheme	426,825	-
Rental income	152,828	99,919
Gain on disposal of property, plant and equipment	1,693	57,593
Allowance for doubtful debts written back	-	39,034
Negative goodwill	-	840
	929,360	696,633

25. Finance costs

	Group	
	2009	2008
	$	$
Bank loan interest	39,504	-
Bank overdraft interest	-	2,988
Loan interest charged by ultimate holding company	93,151	-
Finance lease interest	25,827	30,553
	158,482	33,541

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

26. Profit before income tax

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

	Group	
	2009	2008
	$	$
Cost of sales		
Depreciation of property, plant and equipment	6,196	-
Employee benefits expenses		
- salaries, bonuses and other benefits	2,923,641	2,363,059
- contributions to the defined contribution plan	131,396	38,975
Administrative and other operating expenses		
Depreciation of property, plant and equipment	1,265,550	1,231,001
Amortisation expenses	110,000	-
Non-audit fees paid to:		
- auditor of the Company	-	22,800
- other auditor	248	15,968
Allowance for doubtful debts:		
- trade receivables	26,727	238,105
- related parties	-	59,980
Bad debts written off	-	5,833
Operating lease expenses	1,472,454	1,093,329
Property, plant and equipment written off	38,305	29,093
Foreign exchange loss, net	251,851	398,219
Employee benefits expenses		
- salaries, bonuses and other benefits	11,966,985	10,831,354
- contributions to the defined contribution plan	790,887	714,994
- share based compensation	94,368	293,922

Employee benefits expenses include the amounts shown as Directors' remuneration in Note 33 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

27. Income tax expense

	Group	
	2009	2008
	$	$
Current income tax		
- current financial year	366,550	175,064
- (over)/under provision in prior financial years	(13,425)	34,431
	353,125	209,495
Deferred tax		
- current financial year	87,915	(97,100)
- under provision in prior financial years	37,585	150,789
	125,500	53,689
	478,625	263,184

Reconciliation of effective income tax rate

	Group	
	2009	2008
	$	$
Profit before income tax	5,070,918	2,798,020
Income tax calculated at statutory tax rate of 17% (2008:18%)	862,056	503,644
Effect of different tax rates in other countries	(635,526)	(645,702)
Effect of change in statutory income tax rate	(6,331)	-
Effect of double tax deduction	(3,748)	(3,270)
Effect of income not subject to tax	(68,434)	-
Tax effect of expenses not deductible for income tax purposes	280,620	195,149
Utilisation of deferred tax assets not recognised in prior years	(43,902)	(15,196)
Deferred tax assets not recognised in profit or loss	89,329	129,197
Income tax exemption	(90,031)	(90,962)
(Over)/under provision in prior years		
- current income tax	(13,425)	34,431
- deferred tax	37,585	150,789
Others	70,432	5,104
	478,625	263,184

The Group has unabsorbed capital allowances and tax losses amounting to approximately $Nil (2008: $4,600) and $1,463,000 (2008: $1,573,700) 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 tax losses of $844,750 (2008: $675,043) which are available for a period of 5 years from the date they are first incurred.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

28. Dividends

	Group and Company	
	2009	2008
	$	$
Dividend paid:		
Final tax-exempt (one-tier) dividend of $0.0097 per share in respect of 2008 (2008: $0.0144 per share in respect of 2007)	858,696	1,252,259

The directors propose that a final tax exempt (one-tier) dividend of $0.016 (2008: $0.0097) per share amounting to $1,416,406 (2008: $858,696) be paid in respect of current financial year. This final dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval at the Annual General Meeting.

29. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue of 88,525,400 (2008: 87,222,900) ordinary shares during the financial year.

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

In 2008, a batch of 564,000 employee share option did not have dilutive effect on the Group's earnings per share because the average market price per ordinary share of the Company during the financial year was below the exercise price of the share option granted.

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

	2009	2008
	$	$
Profit for the year attributable to owners of the Company	4,132,404	2,490,108
Weighted average number of ordinary shares in basic earnings per share	88,525,400	87,222,900
Effects of dilution – share options	844,785	341,993
Weighted average number on a fully diluted basis	89,370,185	87,564,893
Basic earnings per share	4.67	2.85
Diluted earnings per share	4.62	2.84

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

30. Operating lease commitments

At the end of the financial year, the Group and the Company 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:

	2009	2008
	$	$
Not later than one year	904,156	868,052
Later than one year and not later than five years	4,094,273	4,815,633
	4,998,429	5,683,685

The leases on the Group's office equipment and premises on which rentals are payable will expire earliest on 4 October 2010 and latest on 4 October 2017. The current rent payable on the leases range from $299 to $45,978 per month.

31. Capital commitment

At the end of the financial year, the commitments in respect of capital expenditure are as follows:

	Group and Company	
	2009	2008
	$	$
Purchase of plant and equipment contracted but not provided for	40,000	100,000

32. Contingent liabilities

The Group has given tender bonds and guarantees through banks to its landlord for office rental deposit amounting to $551,734 (2008: $538,277) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $10,728,014 (2008: $2,800,232) respectively. The tender bonds and guarantees are secured by cash collaterals amounting to $823,311 (2008: $Nil).

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

As at end of the financial year, there is no provision made in respect of the obligations.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

33. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the parties:

	Group	
	2009	2008
	$	$
With ultimate holding company		
- interest expense	93,151	-
- services rendered to	369,775	-
With related party		
- services rendered by	-	5,145
- sales of property, plant and equipment to	-	9,700

Compensation of key management personnel

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

	Group		Company	
	2009	2008	2009	2008
	$	$	$	$
Directors of the Company				
Directors' fee	87,500	57,550	87,500	57,550
Short-term benefits	971,713	760,943	971,713	760,943
Central provident fund	16,696	9,912	16,696	9,912
Share based compensation	97,500	(28,144)	97,500	(28,144)
	1,173,409	800,261	1,173,409	800,261
Directors of subsidiaries				
Directors' fee	25,490	30,534	-	-
Short-term benefits	1,806,824	1,549,624	-	-
Central provident fund	20,410	30,067	-	-
Share based compensation	-	54,061	-	-
	1,852,724	1,664,286	-	-
	3,026,133	2,464,547	1,173,409	800,261

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

34. Segment information

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

Thematics

The Group has ventured into thematics business and the operations in thematics comprise architectural facades, scenic fabrication, sculptures, scaled models, wall reliefs and murals, replicas, show sets and props, artistic painting and landscaping.

Exhibition services

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

Event management

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

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

34. Segment information (Continued)

2009	Thematics	Exhibition services	Event management	Eliminations	Consolidated
	$	$	$	$	$
Revenue					
Revenue from external customer	39,415,095	43,309,694	7,720,530	-	90,445,319
Inter-segment sales	-	1,815,509	325,966	(2,141,475)	-
	39,415,095	45,125,203	8,046,496	(2,141,475)	90,445,319
Results					
Segment results	2,533,125	4,973,507	274,355	-	7,780,987
Unallocated expenses, net					(2,551,587)
Finance costs					(158,482)
Profit before income tax					5,070,918
Income tax expense					(478,625)
Profit after income tax but before minority interests					4,592,293
Minority interests					(459,889)
Profit attributable to owners					4,132,404

2008	Exhibition services	Event management	Eliminations	Consolidated
	$	$	$	$
Revenue				
Revenue from external customer	40,606,461	7,277,176	-	47,883,637
Inter-segment sales	3,545,266	440,179	(3,985,445)	-
	44,151,727	7,717,355	(3,985,445)	47,883,637
Results				
Segment results	4,763,017	680,822	-	5,443,839
Unallocated expenses, net				(2,612,278)
Finance costs				(33,541)
Profit before income tax				2,798,020
Income tax expense				(263,184)
Profit after income tax but before minority interests				2,534,836
Minority interests				(44,728)
Profit attributable to owners				2,490,108

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

34. Segment information (Continued)

	2009	2008
	$	$
Capital expenditure		
Thematics	-	-
Event management	6,823	19,309
Exhibition services	288,966	918,624
Unallocated	154,750	864,165
	450,539	1,802,098
Depreciation of property, plant and equipment		
Thematics	7,090	-
Event management	7,952	9,245
Exhibition services	903,890	956,360
Unallocated	352,814	265,396
	1,271,746	1,231,001
Non-cash expenses other than depreciation		
Thematics	-	-
Event management	42	14,734
Exhibition services	61,858	68,489
Unallocated	180,773	80,874
	242,673	164,097
Allowance for doubtful debts – trade		
Thematics	-	-
Event management	-	-
Exhibition services	26,727	298,085
Unallocated	-	-
	26,727	298,085
Allowance for doubtful debts written back		
Thematics	-	-
Event Management	-	-
Exhibition services	-	39,034
Unallocated	-	-
	-	39,034

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

34. Segment information (Continued)

	2009	2008
	$	$
Segment assets		
Thematics	18,705,590	-
Event management	5,516,113	4,025,648
Exhibition services	35,949,416	27,095,939
Unallocated	4,149,402	3,667,301
Consolidated total assets	64,320,521	34,788,888
Segment liabilities		
Thematics	14,041,146	-
Event management	2,557,571	1,648,603
Exhibition services	14,602,154	8,335,053
Unallocated	7,438,802	2,451,135
Consolidated total liabilities	38,639,673	12,434,791

Geographical information

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

	2009	2008
	$	$
Revenue from external customers		
Singapore	55,267,255	21,483,102
Middle East	22,792,026	16,959,229
Malaysia	1,792,137	2,202,675
Asia Pacific	8,355,233	3,895,145
United States/Europe/Others	2,238,668	3,343,486
	90,445,319	47,883,637
Location of non-current assets		
Additions to property, plant and equipment		
Singapore	228,831	1,523,508
Middle East	208,839	271,591
Malaysia	6,146	4,324
China	6,723	2,675
	450,539	1,802,098
Total assets		
Singapore	43,009,066	16,054,549
Middle East	18,117,365	15,011,113
Malaysia	2,297,170	1,807,986
China	145,327	64,786
Asia Pacific	275,762	1,460,247
United States / Europe / Others	475,831	390,207
	64,320,521	34,788,888

The revenue from one customer of the Group's business unit represents approximately 33% (2008: 9%) of total revenue.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. 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.

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

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

35.1 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 finance lease obligations, bank borrowings, loan from ultimate holding company 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 the end of the financial year and the periods in which they reprice or mature, whichever is earlier.

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2009						
Financial assets						
Fixed deposits	15	3.50	23	23	-	-
Financial liabilities						
Finance lease obligations	19	4.30 to 8.73	(510)	(66)	(250)	(194)
Bank borrowings	20	5	(1,718)	(987)	(731)	-
Loan from ultimate holding company	21	5	(4,000)	(4,000)	-	-
			(6,205)	(5,030)	(981)	(194)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. Financial risk management (Continued)

35.1 Interest rate risk (Continued)

	Note	Effective interest rate %	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group						
2008						
Financial assets						
Fixed deposits	15	3 to 3.70	128	128	-	-
Financial liabilities						
Finance lease obligations	19	4.30 to 8.73	(585)	(68)	(264)	(253)
			(457)	60	(264)	(253)
Company						
2009						
Financial liabilities						
Finance lease obligations	19	4.61	(464)	(49)	(221)	(194)
Bank borrowings	20	5	(718)	(487)	(231)	-
Loan from ultimate holding company	21	5	(4,000)	(4,000)	-	-
			(5,182)	(4,536)	(452)	(194)
2008						
Financial liabilities						
Finance lease obligations	19	4.61	(508)	(44)	(211)	(253)

For illustrative purpose, the sensitivity analysis performed below is based on the exposure to interest rates for financial instruments at the end of the financial year 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 2009.

	Increase/(Decrease)	
	2009	2008
	Profit before income tax $'000	Profit before income tax $'000
Group		
Interest rate		
- decreased by 0.5% per annum	31	2
- increased by 0.5% per annum	(31)	(2)
Company		
Interest rate		
- decreased by 0.5% per annum	26	2
- increased by 0.5% per annum	(26)	(2)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. Financial risk management (Continued)

35.2 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 Rial ("OMR"), Qatari Rial ("QAR"), Ringgit Malaysia ("RM"), Bahrain Dinar ("BD") and Euro.

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

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 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 2009, the settlement dates on the open forward foreign exchange contract range from 4 months to 12 months.

The foreign exchange forward contracts at the end of the financial year were as follows:

Maximum notional amount	Expiry date	Exchange rate
Buy Euro 250,000	15 April 2010	USD 1.57/ Euro 1
Buy Euro 200,000	15 December 2010	USD 1.57/ Euro 1

The fair values of forward foreign exchange contracts have been calculated using the rates quoted by Standard Chartered Bank at the end of the financial year.

Fair value gain/(loss) has been charged to the consolidated statement of comprehensive income.

The Company and the Group do not apply hedge accounting.

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. Financial risk management (Continued)

35.2 Foreign currency risk (Continued)

	Group		Company	
	Equity	Profit before income tax	Equity	Profit before income tax
	$'000	$'000	$'000	$'000
31 December 2009				
Ringgit Malaysia	60	-	-	-
United States dollars	-	432	-	(39)
Euro	-	63	-	40
Bahrain Dinar	901	-	-	320
Omani Riyal	-	337	-	-
Others*	(38)	(16)	-	-
31 December 2008				
Ringgit Malaysia	54	(4)	-	-
United States dollars	-	147	-	3
Euro	-	106	-	69
Bahrain Dinar	759	-	-	-
Qatari Rial	-	(5)	-	-
Omani Riyal	-	360	-	-
Others*	(14)	(17)	-	-

A 10% weakening of foreign currencies against the functional currencies of the Company and its subsidairies 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 dollar, Brunei Dollar, Chinese Renmimbi and Philippine Peso.

35.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient deposits ranging from 30% to 50% of the contract price for majority of the projects contracted, where appropriate, to mitigate credit risk. The credit risk and amount outstanding is monitored on an ongoing basis. The top 5 customers of the Group accounted for more than 51% (2008: 49%) of the total trade receivable amount.

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 statement of financial position.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. Financial risk management (Continued)

35.3 Credit risk (Continued)

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

The credit risk for trade receivables is as follows:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	7,423	3,682	-	38
Middle East	4,671	7,513	-	-
Malaysia	1,332	675	-	-
Asia-Pacific	304	1,532	-	-
United States/Europe/Others	476	390	-	-
	14,206	13,792	-	38

(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:

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Past due 1 to 90 days	9,295	8,923	-	-
Past due over 90 days	3,196	4,063	-	-
	12,491	12,986	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. Financial risk management (Continued)

35.4 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.

35.5 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. The Group and the Company is also financed by borrowings from ultimate holding company.

In addition, the Group maintains $38.8 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 36.

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

	2009			2008		
	1 year or less	1 to 5 years	More than 5 years	1 year or less	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Trade and other payables	26,416	-	-	10,956	-	-
Loan from ultimate holding company	4,000	-	-	-	-	-
Bank borrowings	987	731	-	-	-	-
Finance lease obligations	88	309	208	94	334	278
	31,491	1,040	208	11,050	334	278

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

35. Financial risk management (Continued)

35.5 Liquidity risk (Continued)

	2009			2008		
	1 year or less	1 to 5 years	More than 5 years	1 year or less	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Trade and other payables	1,712	-	-	1,526	-	-
Loan from ultimate holding company	4,000	-	-	-	-	-
Amount owing to subsidiaries	1,231	-	-	268	-	-
Bank borrowings	487	231	-	-	-	-
Finance lease obligations	49	221	194	49	211	253
	7,479	452	194	1,843	211	253

36. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to shareholders, where applicable, subject to the pursuant in the Memorandum of Articles of the Company, obtain new borrowings or sell assets to reduce borrowings. The Group's overall strategy remains unchanged from 2008.

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Interest-bearing long-term debts	1,175	517	646	464
Total assets	64,321	34,789	25,269	18,360
Gearing ratio	1.8%	1.5%	2.6%	2.5%

Notes to the Financial Statements

For the Financial Year Ended 31 December 2009

37. Financial instruments

Fair values

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

38. 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	
	2009	**2008**
$500,000 to $750,000	2	-
$250,000 to $499,999	-	2
Below $250,000	5	3
	7	5

The number of directors include a director resigned during the financial year.

39. Comparative figures

The comparative figures were audited by another firm of certified public accountants in Singapore other than BDO LLP.

Analysis of Shareholdings

As at 17 March 2010

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	0.27	1	0.00
1,000 - 10,000	270	73.37	1,163,000	1.31
10,001 - 1,000,000	91	24.73	3,709,671	4.19
1,000,001 & ABOVE	6	1.63	83,652,728	94.50
TOTAL	368	100.00	88,525,400	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
LAVIANI PTE LTD	52,303,025	59.08
KO CHEE WAH	12,699,400	14.35
LIM POH HOCK	10,098,303	11.41
MULTI-PURPOSE INSURANS BHD	4,000,000	4.52
MAYBAN NOMINEES (S) PTE LTD	3,000,000	3.39
CIMB-GK SECURITIES PTE. LTD.	1,552,000	1.75
LIM ANDY	564,000	0.64
PER TIONG SHIM	180,000	0.20
TAN CHONG YI	168,000	0.19
CN EVENT & EXHIBITION INTERNATIONAL PTE LTD	120,879	0.14
GAN GUAT CHING	120,000	0.14
LEONG KOK TOONG	108,792	0.12
OCBC SECURITIES PRIVATE LTD	104,000	0.11
CHEY CHOR WAI	100,000	0.11
KIEW NYOOK LIN	65,000	0.07
CHAN HENG KIAN	60,000	0.07
GOH NAE LIH	60,000	0.07
NEO WILSEN	60,000	0.07
OCBC NOMINEES SINGAPORE PTE LTD	59,000	0.07
NG KAM MING	58,000	0.06
	85,480,399	96.56

Based on the information available to the Company as at 17 March 2010, approximately 11.77% of the issued shares of the Company is held in the hands of the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

Substantial Shareholders

As at 17 March 2010

Name	No. of ordinary shares Direct Interest	%	Deemed Interest	%
Ko Chee Wah	12,699,400	14.35	-	-
Lim Poh Hock	10,098,303	11.41	3,000,000	3.39
Laviani Pte. Ltd.	52,303,025	59.08	-	-
Star Publications (Malaysia) Berhad	-	-	52,303,025	59.08
Huaren Holdings Sdn Bhd	-	-	52,303,025	59.08

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 52,303,025 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 52,303,025 shares held by Laviani Pte. Ltd. by virtue of its 41.51% 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 Wednesday, 28 April 2010 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 2009 together with the Auditors' Report thereon. **(Resolution 1)**

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

   Mr Lim Poh Hock **(Resolution 2)**
   Mr Chua Soo Chiew @ Chua Kaw Kia **(Resolution 3)**

   (Mr Chua Soo Chiew @ Chua Kaw Kia will, upon re-election as Director, remain as the Chairman of the Audit Committee and the Nominating Committee as well as a member of the Remuneration Committee. Mr Chua is considered as independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Mr Lim Poh Hock will, upon re-election, remain as an Executive Director.)

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

   Dato' Loke Yuen Yow **(Resolution 4)**
   Mr Liaw Siau Chi **(Resolution 5)**

   (Dato' Loke Yuen Yow will, upon re-election as Director, remain as a Non-executive Director. Mr Liaw Siau Chi will, upon re-election as Director, remain as an Independent Director. Mr Liaw is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.)

4. To declare a Final Dividend of 1.60 cents per ordinary share for the year ended 31 December 2009. **(Resolution 6)**

5. To approve the payment of Directors' fees of S$87,500/- for the year ended 31 December 2009. (2008: S$80,000/-) **(Resolution 7)**

6. To re-appoint BDO LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

7. **ORDINARY RESOLUTION: AUTHORITY TO ALLOT AND ISSUE NEW 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;

Notice of Annual General Meeting

(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 9)**

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 9 above, but without limiting the effect of the authority in Resolution 9 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 10)**

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 11)**

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, 13 April 2010

Notice of Annual General Meeting

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 9 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 Ordinary Resolution 9.

(2) Ordinary Resolution 10 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 representing 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, without seeking any further approval from shareholders in general meeting but within the limitation imposed by Ordinary Resolution 9.

The authority for 100% pro-rata renounceable rights issue in Note (1) and the empowerment to the Directors to issue shares OTHER THAN on a pro-rata basis at a discount exceeding 10% but not more than 20% to the price per share in Note (2) are proposed pursuant to SGX news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("SGX News Release") and will expire on 31 December 2010 unless extended by the SGX-ST.

(3) Ordinary Resolution 11 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 2010 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 28 April 2010.

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 2010 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 2010 will be entitled to the proposed dividend.

The proposed Final Dividend, if approved at the Annual General Meeting, will be paid on 19 May 2010.

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

Singapore: 13 April 2010

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CITYNEON HOLDINGS LIMITED

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

IMPORTANT:

1. For investors who have used their CPF monies to buy Cityneon Holdings Limited shares, this Annual Report 2009 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 ....

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 Wednesday, 28 April 2010 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 cross [X] within the box provided)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 31 December 2009		
2.	Re-election of Mr Lim Poh Hock as Director		
3.	Re-election of Mr Chua Soo Chiew @ Chua Kaw Kia as Director		
4.	Re-election of Dato' Loke Yuen Yow as Director		
5.	Re-election of Mr Liaw Siau Chi as Director		
6.	Declaration of Final Dividend		
7.	Approval of Directors' fees amounting to S$87,500./-		
8.	Re-appointment of Messrs BDO LLP as Auditors		
9.	Special Business: Authority to allot and issue new shares		
10.	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%		
11.	Special Business: Authority to allot and issue shares pursuant to the Cityneon Employee Share Option Scheme		

Dated this .... day of 2010

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 LIMITED

ANNUAL REPORT 2009

CITYNEON HOLDINGS LIMITED
Cityneon Design Centre
84 Genting Lane #05-01
Singapore 349584
Tel: +(65) 6571 6338 (Main)
Fax: +(65) 6749 3633
Email: info@cityneon.com.sg

Designed & Produced by Xpress
+65 6880 2828