CITYNEON HOLDINGS LIMITED

ANNUAL REPORT 2010

EVENTS
EXHIBITIONS
INTERIOR ARCHITECTURES
THEMATICS

cityneon
from environments to experiences

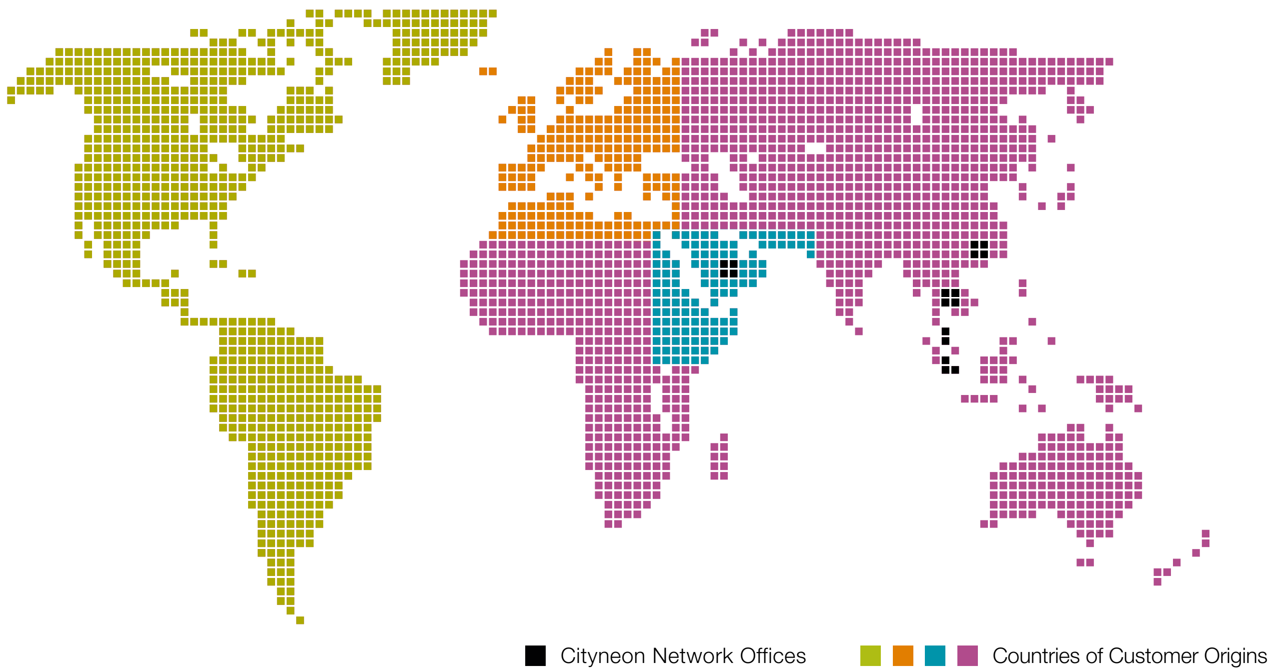
CONTENTS

INTERNATIONAL NETWORK

CITYNEON provides image marketing solutions globally using the right mix of creativity and commercial acumen, including project management and event logistics capabilities. With more than 50 years of experience in the industry, our talented and passionate individuals deliver solutions worldwide, often exceeding clients' expectations.

Our proven expertise in project design, management and delivery spans events, exhibitions, interior architecture and thematic work. Integrating this with our appreciation of branding, we transform environments such as theme parks, galleries, museums, sporting events, indoor and outdoor venues into rich and immersive experiences for our clients and their target audience.

Listed on the mainboard of the Singapore Stock Exchange, we reach out to our international clientele of multi-national corporations, local companies and state government agencies through our presence in Asia, Middle East and beyond.



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
Malaysia
People's Republic of China
Philippines
Taiwan
Thailand
Vietnam

OUR EXPERTISE

1 Formula 1 Gulf Air Bahrain Grand Prix

2 Marina Reservoir @ Youth Olympic Games 2010 in Singapore

3 Indoor Stadium @ Youth Olympic Games 2010 in Singapore

4 Village Square @ Youth Olympic Village 2010 in Singapore

5 Singapore Polytechnic Graduation 2010

6 Indoor Stadium @ Youth Olympic Games 2010 in Singapore

7 XIX Commonwealth Games 2010 in Delhi

8 Standard Chartered Bank 90 Years Celebration

Events

Our events experts work closely with clients on all projects. From event conceptualisation to event management and after event services, we provide both above-the-line and below-the-line services, from event concept, creatives, management and even marketing services.

OUR EXPERTISE

Exhibitions

Cityneon has a stellar track record as the Official Contractor for some of the largest Trade Fairs and Exhibitions in Asia and Middle East. We have also successfully delivered Corporate Stands and Pavilions for our Customers all over the world. As such, Cityneon is ready to transform your exhibition space into an Engaging and Enriching Experience for you and your Customers.

1 Qatar Pavilion @ 2010 World Expo in Shanghai
2 Asia Jewellers @ Jewellery Arabia 2010 in Bahrain
3 Blackberry @ CommunicAsia 2010 in Singapore
4 URA @ World Cities Summit 2010 in Singapore
5 Exhibition @ Youth Olympic Village 2010 in Singapore
6 Oman Pavilion @ 2010 World Expo in Shanghai
7 Indonesia Pavilion @ 2010 World Expo in Shanghai
8 ZTE @ CommunicAsia 2010 in Singapore
9 Spain Pavilion @ Food Hotel Asia 2010 in Singapore

OUR EXPERTISE

Interior Architecture

Cityneon's unique three-pronged approach of customer-centric, in-house design and planning expertise, and service excellence, gives us an extra edge in fulfilling clients' needs and providing fresh design perspectives based on your demands.

1 Capitaland Beau Rivage Showflat in Vietnam

2 SYNGENTA Office

3 Capitaland Beau Rivage Showflat in Vietnam

4 CNBC Live Studio

5 Office for United Engineers Limited

6 Singapore Pools @ IMM

OUR EXPERTISE

Thematics

Our dedicated team of thematic specialists allow us to offer clients a comprehensive suite of services for theme parks, including interior and exterior facades, replicas and show props, large scale sculptures and rock walls.

1 The Lost World @ Resorts World Sentosa in Singapore

2 Ancient Egypt @ Resorts World Sentosa in Singapore

3 Grand Mountain @ Resorts World Sentosa in Singapore

4 Battlestar Galactica @ Resorts World Sentosa in Singapore

5 Ancient Egypt @ Resorts World Sentosa in Singapore

JOINT STATEMENT FROM CHAIRMAN AND GROUP MANAGING DIRECTOR

FY2009 was a sterling year for the Group. Our revenue and profit before tax increased by 89% and 82% respectively over that of FY2008. These results were achieved despite the difficult business environment brought about by the financial crisis that beset the world in year 2008. The main contribution for this increase came from our theme parks business which we had earlier invested into in order to capitalise on opportunities from the Universal Studios in Sentosa Singapore.

By year 2010, the volume of work from the theme parks division had begun to tail off, as Phase One of the Universal Studios was completed. The challenge then was to find new areas of growth in order to sustain the Group's revenue and profitability. These challenges were met when the Group succeeded in winning and successfully delivering 4 country pavilions at the World Expo in Shanghai, as well as making inroads into the sports-infrastructure business. We are pleased that as a result of these efforts, the Group was able to sustain its FY2010 revenue at S$87 million and improve on its profit before tax from S$5 million (in FY2009) to S$5.3 million (in FY2010).

By Geographical region

An analysis of the Group's revenue by geographical region shows that the drop in revenue from Singapore from S$55 million in FY2009 to S$39 million in FY2010 was more than offset by the increase in revenue from the Middle East and the Asia Pacific region from S$31 million to S$42 million in the same period. This increase was mainly from our work on the 4 country pavilions at the World Expo in Shanghai – Bahrain, Oman, Qatar (Middle East) and Indonesia (Asia).

Sports infrastructures business

In FY2010, contributions from our events business also grew significantly from S$7.7 million in FY2009 to S$22.7 million in FY2010. A large part of this increase came from revenue generated from the sports infrastructure business - in events like the Youth Olympic Games in Singapore, F1 Grand Prix in Singapore and Bahrain, as well as the Commonwealth Games 2010 Delhi in India.

Overall, the Group's gross profit margin improved from 26% in FY2009 to 32% in FY2010.

Outlook for Year 2011

As we look towards FY2011, it is clear that there are challenges ahead. The MICE industry in the Group's traditional areas of operations has reached a state of maturity and growths in these areas is not expected to be spectacular.

Ours is a very people-dependent and talent-driven business. The challenge going forward will be wage inflation in the countries we operate in, especially Singapore. The Group expects to face severe service-support costs and wage pressures, which can be expected to weigh significantly on our margins. Therefore we need to continously identify, attract and retain the needed talent, as well as to find ways to increase productivity through enhancement of revenue and profit contribution per employee dollar incurred.

We are faced with increased volatility and uncertainty as a result of the recent tumultuous events that have overtaken some countries in the Middle East region, from which the Group draws a significant percentage of its revenue and profit contribution. These events are expected to result in major shifts to the political and economic landscape of that region. The changes are still unfolding, and we are closely monitoring the developments there, and will adjust our plans accordingly.

Our plans going forward

In view of the above, the Group will have to implement the following courses of action. We will proactively pursue and invest in opportunities in the emerging markets of China and Vietnam. This is a diversification strategy that will be implemented swiftly with resolution, discipline and care. Once successfully established, contributions from these markets can be expected to bolster and sustain the Group's performance in the coming years. Having successfully delivered six major projects at the Universal Studios Singapore, we have trained and nurtured a specialised group of personnel and a pool of expertise capable of delivering large and complex jobs in the Thematics area. We intend to pursue more opportunities in this area. It's noteworthy that the Group has also just been awarded a significant project (valued at $13.5 million) by Resorts World Sentosa to design and theme parts of its "Marine Life Park" attraction as part of the Resort's second phase development in FY2011. In addition, with more theme parks being planned in various parts of Asia such as Disneyland in Shanghai and Universal Studios in Korea, the Group is in a good position to bid proactively for some of the work there.

Over the last two years, the Group has made strong inroads into the sports events infrastructure business. It has also built up a stock of event infrastructure assets which gives it a competitive edge in bidding for future international sports events. The Group has plans to build on this advantage and grow this business further, both in Singapore as well as the international markets it operates in.

Thanking our stakeholders

The foregoing challenges notwithstanding, the Group and its management remains confident of overcoming them with hard work and innovation, doing our best to sustain the Group's performance in FY2011. This confidence is based on the fact that we have invested in very good people and we have built up a strong management and creative infrastructure that will see the Group through FY2011 and beyond. We owe this to our stakeholders, primarily our customers, suppliers, our business partners, and shareholders who have supported us all these years. Last but not least, we would like to thank all our staff whose dedication and diligence have contributed greatly to our performance.

BOARD OF DIRECTORS

From left to right:
(Sitting) **Mr Chua Soo Chiew, Mr Ko Chee Wah, Datin Ngiam Pick Ngoh, Mr Lim Poh Hock**
(Standing) **Mr Ong Kuee Hwa, Dato' Loke Yuen Yow, Mr Loh Seng Kok, Mr Tan Hup Foi, Mr Ho Kay Tat**

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 Kingdon.

MR KO CHEE WAH

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

MR LIM POH HOCK

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

MR CHUA SOO CHIEW

Mr Chua Soo Chiew has been an Independent Director of our Group since 15 September 2005 and is a practising public accountant. He was the sole proprietor of Chua Soo Chiew & Co. and subsequently became a partner. Currently, he serves as the Chairman of our Audit Committee and Nominating Committee. He holds a Master of Business degree from Victoria University, Australia and a Bachelor of Laws (Honour) degree from University of London, United Kingdom. He is also a fellow member of the CPA Singapore and CPA Australia, and has more than twenty years of experience in the accounting and auditing profession.

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' of experience in the transport industry. He was the Chief Executive of Trans-Island Bus Service Ltd from 1994 to 2005 and the Deputy President of SMRT Corporation from 2003 to 2005. A Colombo Plan scholar, Mr Tan obtained his Bachelor (Honours) degree in Mechanical Engineering from Monash University, Australia and his Master of Science (Industrial Engineering) degree from University of Singapore. Mr Tan was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 1996 and the Bintang Bakti Masyarakat (Public Service Star) in 2008 by the President of Singapore.

MR HO KAY TAT

Mr Ho Kay Tat is appointed as a Non-Executive Director of the Company since 15 July 2010. Mr Ho is currently the Chief Operating Officer of Star Publications (Malaysia) Berhad. He has had more than 27 years of experience in the journalism field and in that time has served as Editor-in-Chief of The Edge Singapore, The Edge Malaysia and The Sun. He has held the position of Managing Director of The Sun and The Edge as well as Executive Director for Nexnews Bhd from 2000 to 2008. Mr Ho graduated with a Bachelor of Social Science (Hons) from the University Sains Malaysia, Penang, majoring in Political Science and minoring in Mass Communcations.

MR ONG KUEE HWA

Mr Ong Kuee Hwa is appointed to our Board as a Non-Executive Director with effect from 2 January 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.

DATO' LOKE YUEN YOW

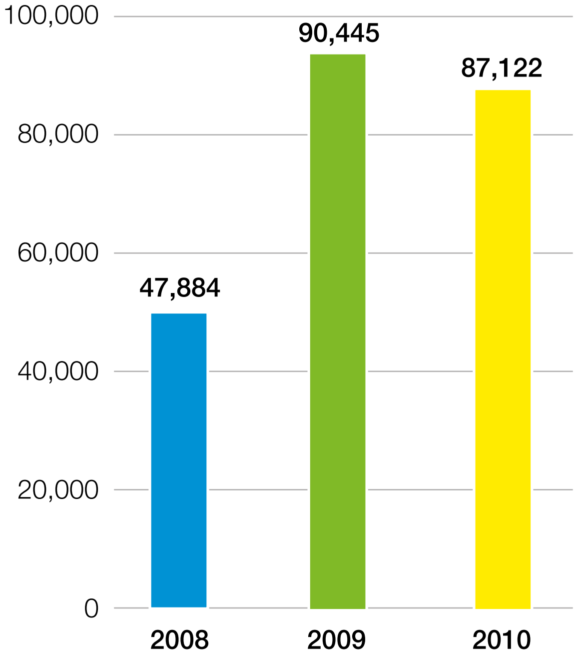
Dato' Loke Yuen Yow is appointed to our Board as a Non-Executive Director with effect from 29 July 2009 and became Independent Director since 22 September 2010. He graduated with a Bachelor of Science (Honors) degree from the University of Malaya. He held office as Deputy Minister of Finance from 1986 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. He was a Director of Huaren Holdings Sdn Bhd.

MR LOH SENG KOK

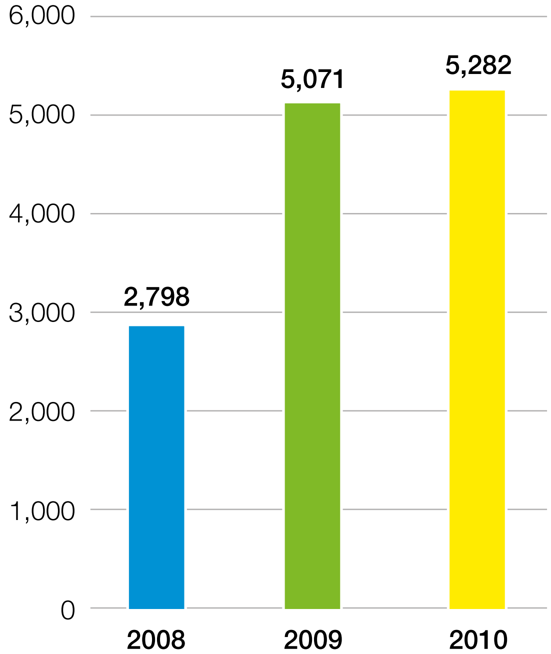
Mr Loh Seng Kok is appointed to our Board as an Independent Director with effect from 9 June 2010. He held the position of Political Secretary to the Minister of Transport from 1995 to 2003, after which he was a Member of Parliament, Malaysia from 2004 to 2008. From 2008 to 2009, he was an Executive Director in Thwinnovations Marketing Sdn Bhd. Currently, he is the Business Development Director of Malayan United Management Sdn Bhd and a Director of Koperasi Jayadiri Malaysia Berhad.

FINANCIAL HIGHLIGHTS

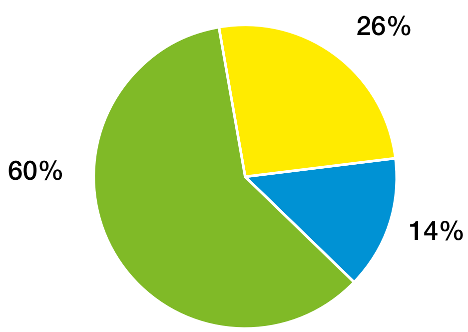
Revenue (S$'000)



Profit Before Tax (S$'000)



Revenue By Business Segment (S$'000)

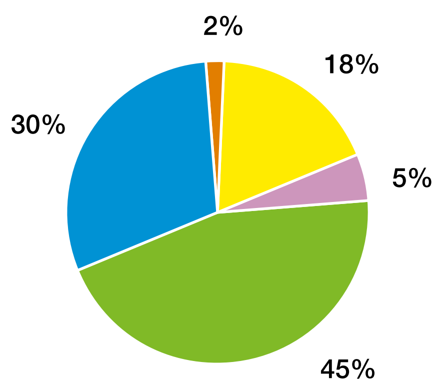


Thematics
11,914

Exhibition Services
52,514

Event Management
22,694

Revenue By Geographical Segment (S$'000)



Singapore
39,010

Middle East
26,463

Malaysia
1,984

Asia Pacific
15,544

Others
4,121

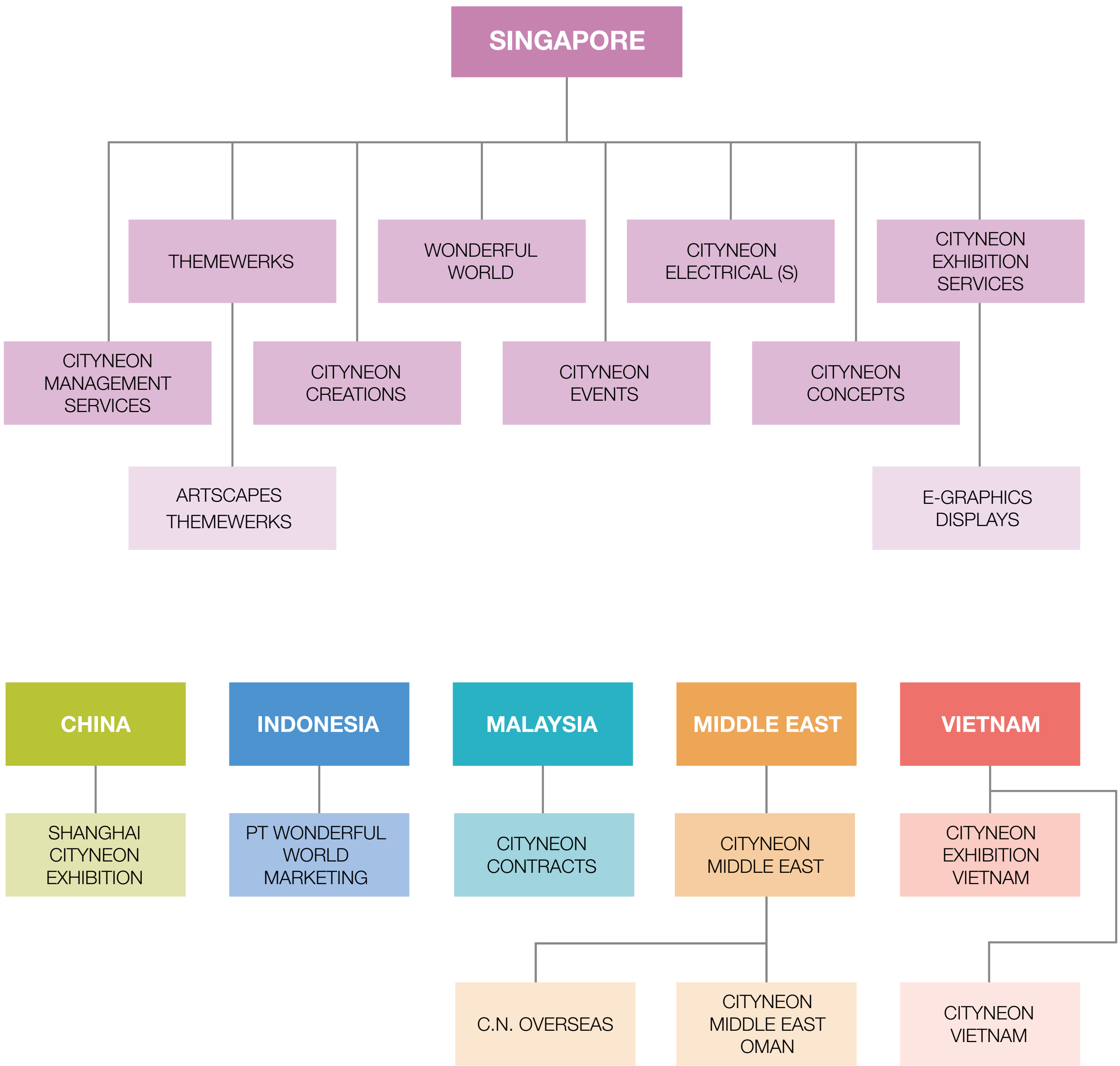
Financial Results (S$'000)	FY2008	FY2009	FY2010
Revenue	47,884	90,445	87,122
Profit before tax	2,798	5,071	5,282
Profit after tax and minority interest	2,490	4,132	4,250

Financial Positions (S$'000)	FY2008	FY2009	FY2010
Property, plant and equipment	4,149	3,208	4,627
Current assets	29,877	59,867	48,625
Other Non-current assets	762	1,246	160
Current Liabilities	(11,706)	(37,274)	(25,182)
Non-current liabilities	(728)	(1,366)	(600)
Non-controlling interests	(214)	(725)	(690)
Shareholders' equity	22,140	24,956	26,940

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

Opening Ceremony for HDB Pinnacle@Duxton

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 2010, 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 deviations are explained below.

BOARD MATTERS

The Board's Conduct of its Affairs

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

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

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

A listing of the chairman and members of the Board and Board 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 2010, as well as the frequency of such meetings are set out in Table 2 in Page 28.

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

Board Composition and Guidance

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

The Board has maintained a strong and independent element, with four out of the nine directors being independent and making up more than 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 NC 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 NC based on the guidelines set out in the Code. With four 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 Group 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 Group 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 Group 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 Group 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 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; and
    - ensure an independent director shall notify the Board immediately, if, as a result of change in circumstances, he no longer meets the criteria for independence, and shall review the change in circumstances and make its recommendation to the Board.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years.

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

The directors, Mr Ko Chee Wah, Mr Tan Hup Foi @ Tan Hup Hoi, Mr Loh Seng Kok and Mr Ho Kay Tat 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.

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 Listing 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 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 in the sub-committees.

Level and Mix of Remuneration

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

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

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

The executive directors do not receive directors' fees. The remuneration for the executive directors and key executives comprises basic salary component and yearly variable bonus, as well as performance bonuses based on the performance of the Group and their individual performances. On 11 August 2010, the two (2) executive directors, namely Mr Ko Chee Wah and Mr Lim Poh Hock, entered into a new service agreement with the Company. The service agreements are for an initial period of three (3) years commencing 11 August 2010 and shall remain valid, unless otherwise terminated by either party giving not less than six months' notice to the other and may also be terminated if any of these executive directors is guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of the Company. None of the service agreements provide for any benefits upon termination of the service agreements.

Disclosure on remuneration

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

The remuneration of directors is set out in Table 4 in Page 29.

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 Group Managing Director

For the financial year ended 31 December 2010, there are no employees who are immediate family members of a Director, Chairman or the Group Managing Director and whose remuneration exceeded S$150,000. "Immediate family member" refers to spouse, child, adopted child, stepchild, brother, sister and parent.

Employee share options scheme ("ESOS")

The Company has an employee share option scheme, administered by the RC, for granting of non-transferable options to executive and non-executive directors and employees of the Group (including controlling shareholders and their associates). The aggregate nominal amount of new shares over which options may be granted shall not exceed 15% of the issued share capital of the Company.

Please also refer to pages 77 to 79 for details of the options granted under the ESOS on the unissued ordinary shares of the Company as at end of the financial year.

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.

Corporate Governance

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 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 Ho Kay Tat 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 auditor, as well as the assistance given by the management to the auditors;

- meet with the external auditors, without the presence of the Company's management, at least once annually;

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

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

- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

- review the adequacy of the Company's internal controls, operational and compliance controls, and risk management policies and systems; and

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

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

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

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

Internal Controls

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

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

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

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

Based on the 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.

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.

Corporate Governance

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.

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 the Group's Interest Party Transactions ("IPT")

Pursuant to Rule 907 of the Listing Manual, the Group has the following IPTs entered into during the financial year ended 31 December 2010.

Name of interested person	Aggregate value of all IPTs during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Star Publications (Malaysia) Berhad	555	NIL

Corporate Governance

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
Dato' Loke Yuen Yow (since 22 Sept'10)	Independent	Member	-	-	-
Ng Beng Lye (resigned on 1 Jun'10)	Non-executive	Member	-	-	-
Liaw Siau Chi (resigned on 1 Jun'10)	Independent	Member	-	-	-
Loh Seng Kok (appointed on 9 Jun'10)	Independent	Member	-	-	-
Ho Kay Tat (appointed on 15 Jul'10)	Non-executive	Member	Member	-	-

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	3	2	1	1
Ong Kuee Hwa	2	2	-	1
Dato' Loke Yuen Yow	2	-	-	-
Ng Beng Lye (resigned on 1 Jun'10)	1	-	-	-
Liaw Siau Chi (resigned on 1 Jun'10)	1	-	-	-
Loh Seng Kok (appointed on 9 Jun'10)	2	-	-	-
Ho Kay Tat (appointed on 15 Jul'10)	2	-	-	-

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	28 April 2010
Chua Soo Chiew @ Chua Kaw Kia	Independent	15 September 2005	28 April 2010
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 (resigned on 1 Jun'10)	Non-executive	17 February 2009	28 April 2010
Liaw Siau Chi (resigned on 1 Jun'10)	Independent	29 July 2009	28 April 2010
Dato' Loke Yuen Yow (since 22 Sept'10)	Independent	29 July 2009	28 April 2010
Loh Seng Kok (appointed on 9 Jun'10)	Independent	9 June 2010	
Ho Kay Tat (appointed on 15 Jul'10)	Non-executive	15 July 2010	

TABLE 4 – REMUNERATION OF DIRECTORS

Remuneration Band & Names of Directors	Fee	Salary	Bonus/ Performance-related bonus	Other benefits*	Total
S$750,000 to below S$1M					
Executive directors					
Ko Chee Wah	-	43%	41%	16%	100%
Lim Poh Hock	-	43%	41%	16%	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%
Loh Seng Kok	100%	-	-	-	100%
Datin Ngiam Pick Ngoh	-	-	-	-	-
Ong Kuee Hwa	-	-	-	-	-
Ho Kay Tat	-	-	-	-	-
Ng Beng Lye	-	-	-	-	-

Corporate Governance

TABLE 5 – REMUNERATION OF KEY EXECUTIVES

Remuneration Band & Names	Fee	Salary	Bonus / Performance-related bonus	Other benefits*	Total
S$1.75M to below S$2M					
Lee Song Liat	-	17%	56%	27%	100%
S$250,000 to below S$500,000					
Khoo Shao Tze	-	85%	11%	4%	100%
Below S$250,000					
Chan Chai Hee	-	77%	17%	6%	100%
Ng Siew Lay	-	67%	28%	5%	100%
Goh Lih Foong	-	65%	29%	6%	100%

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

Corporate Information

Company registration number	199903628E	
Registered office	84 Genting Lane #05-01 Cityneon Design Centre Singapore 349584	
Directors	Datin Ngiam Pick Ngoh	(Non-executive Director) (Non-executive Chairman)
	Ko Chee Wah	(Group Managing Director)
	Lim Poh Hock	(Executive Director)
	Ho Kay Tat	(Non-executive Director) (appointed on 15.7.2010)
	Ong Kuee Hwa	(Non-executive Director)
	Tan Hup Foi @ Tan Hup Hoi	(Independent Director)
	Chua Soo Chiew @ Chua Kaw Kia	(Independent Director)
	Dato' Loke Yuen Yow	(Independent Director) (since 22.9.2010)
	Loh Seng Kok	(Independent Director) (appointed on 9.6.2010)
	Ng Beng Lye	(Non-executive Director) (resigned on 1.6.2010)
	Liaw Siau Chi	(Independent Director) (resigned on 1.6.2010)
Audit Committee	Chua Soo Chiew @ Chua Kaw Kia	(Chairman)
	Tan Hup Foi @ Tan Hup Hoi	
	Ho Kay Tat	(appointed on 11.8.2010)
	Ong Kuee Hwa	(resigned on 11.8.2010)
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	
Secretary	Dorothy Ho Lai Yong Wong Juar Ming	
Registrar	B.A.C.S Private Limited 63 Cantonment Road Singapore 089758	
Bankers	The Hongkong and Shanghai Banking Corporation Limited Citibank NA, Singapore Branch Standard Chartered Bank United Overseas Bank Limited	
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 31.12.2009)	

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 2010 and the statement of financial position of the Company as at 31 December 2010.

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
Ong Kuee Hwa
Dato' Loke Yuen Yow
Loh Seng Kok (appointed on 9.6.2010)
Ho Kay Tat (appointed on 15.7.2010)

2. Arrangements to acquire shares or debentures

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

3. Directors' interest in shares or debentures

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

	Shares registered in the name of director		Shares in which director is deemed to have an interest	
	As at 1.1.2010	**As at 31.12.2010**	**As at 1.1.2010**	**As at 31.12.2010**
Name of director and companies in which interests are held	**Number of ordinary shares**			
The Company				
Cityneon Holdings Limited				
Ko Chee Wah	12,699,400	10,486,265	-	-
Lim Poh Hock	10,098,303	7,885,168	3,000,000	3,000,000
	Number of ordinary shares of RM1.00 each			
Ultimate holding company				
Star Publications (Malaysia) Berhad				
Datin Ngiam Pick Ngoh	999,000	591,000	-	400,000
Ong Kuee Hwa	3,000	1,000	-	-

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited (SGX-ST), the directors of the Company state that, according to the Register of Directors' Shareholdings, the directors' interests as at 21 January 2011 in the shares of the Company have not changed from those disclosed as at 31 December 2010.

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

4. Directors' contractual benefits

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

5. Share options

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

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

Other information regarding the Scheme is set out below:

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

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

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

- All options are settled by physical delivery of shares.

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

Report of the Directors

5. **Share options** (Continued)

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

	Date of grant of options	Exercise price	Options outstanding at the beginning of the financial year	Options granted during the financial year	Options not accepted/ forfeited/ expired	Exercised	Options outstanding at the end of the financial year	Exercise period
		$						
Directors								
Ko Chee Wah	20.8.2007	0.46	500,000	-	-	-	500,000	27.4.2011 to 26.4.2016
Ko Chee Wah	3.11.2008	0.48	472,700	-	-	-	472,700	27.4.2011 to 26.4.2016
Ko Chee Wah	10.5.2010	0.312	-	500,000	-	-	500,000	10.5.2012 to 9.5.2017
Lim Poh Hock	20.8.2007	0.46	500,000	-	-	-	500,000	27.4.2011 to 26.4.2016
Lim Poh Hock	3.11.2008	0.48	472,700	-	-	-	472,700	27.4.2011 to 26.4.2016
Lim Poh Hock	10.5.2010	0.312	-	500,000	-	-	500,000	10.5.2012 to 9.5.2017
Chua Soo Chiew @ Chua Kaw Kia	20.8.2007	0.46	100,000	-	-	-	100,000	27.4.2011 to 26.4.2014
Chua Soo Chiew @ Chua Kaw Kia	3.11.2008	0.48	100,000	-	-	-	100,000	27.4.2011 to 26.4.2014
Chua Soo Chiew @ Chua Kaw Kia	10.5.2010	0.312	-	100,000	-	-	100,000	10.5.2012 to 9.5.2015
Tan Hup Foi @ Tan Hup Hoi	3.11.2008	0.48	100,000	-	-	-	100,000	27.4.2011 to 26.4.2014
Tan Hup Foi @ Tan Hup Hoi	10.5.2010	0.312	-	100,000	-	-	100,000	10.5.2012 to 9.5.2015
			2,245,400	1,200,000	-	-	3,445,400	
Employees								
Lee Song Liat	20.8.2007	0.46	250,000	-	-	-	250,000	29.10.2008 to 19.8.2014
Lee Song Liat	3.11.2008	0.48	260,000	-	-	-	260,000	3.11.2008 to 2.11.2015
Lee Song Liat	10.5.2010	0.312	-	260,000	-	-	260,000	10.5.2012 to 9.5.2017
Others	20.8.2007	0.46	154,000	-	-	-	154,000	29.10.2008 to 19.8.2014
Others	3.11.2008	0.48	284,000	-	(12,000)	-	272,000	3.11.2008 to 2.11.2015
Others	10.5.2010	0.312	-	1,626,000	(196,000)	-	1,430,000	10.5.2012 to 9.5.2017
			948,000	1,886,000	(208,000)	-	2,626,000	
			3,193,400	3,086,000	(208,000)	-	6,071,400	

5. Share options (Continued)

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

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

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

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

During the financial year, there were 3,086,000 options granted under the Scheme of which 1,200,000 options were granted to the directors of the Company.

6. Audit Committee

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

Chua Soo Chiew @ Chua Kaw Kia (Chairman)	
Tan Hup Foi @ Tan Hup Hoi	
Ho Kay Tat	(appointed on 11.8.2010)
Ong Kwee Hwa	(resigned on 11.8.2010)

The Audit Committee performs the functions set out in Section 201B (5) of the Act, 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 of 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, have expressed their willingness to accept re-appointment.

On behalf of the directors

Ko Chee Wah
Director

Lim Poh Hock
Director

Singapore
22 March 2011

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 2010, 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
22 March 2011

Independent Auditors' Report

of the Members of Cityneon Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cityneon Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 40 to 99, which comprise the statements of financial position of the Group and of the Company as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers the internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Independent Auditors' Report

of the Members of Cityneon Holdings Limited

Report on Other Legal and Regulatory Requirements

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

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
22 March 2011

Statements of Financial Position

As at 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Note	$	$	$	$
Assets					
Non-current					
Property, plant and equipment	4	4,626,633	3,208,267	508,342	1,065,172
Goodwill	5	50,146	286,483	-	-
Club membership	5	110,000	220,000	-	220,000
Subsidiaries	6	-	-	10,210,600	9,819,701
Other non-current assets	7	-	738,571	-	-
		4,786,779	4,453,321	10,718,942	11,104,873
Current					
Inventories, at cost	8	277,063	346,408	-	-
Amounts due from contract customers	9	5,373,801	14,520,660	-	-
Trade and other receivables	10	19,523,254	19,264,375	1,523,929	75,075
Deposits		1,313,294	574,021	66,160	66,160
Prepayments		1,131,208	1,442,692	49,721	44,047
Amounts owing by ultimate holding company	11	208,669	78,318	-	-
Amounts owing by subsidiaries	12	-	-	8,578,645	11,633,581
Amounts owing by related parties	13	75,412	17,721	-	-
Cash and cash equivalents	14	20,722,791	23,623,005	2,674,797	2,344,816
		48,625,492	59,867,200	12,893,252	14,163,679
Total assets		53,412,271	64,320,521	23,612,194	25,268,552
Equity and liabilities					
Equity					
Share capital	15	14,602,328	14,602,328	14,602,328	14,602,328
Reserves	16	12,337,336	10,353,780	2,689,908	2,454,950
Equity attributable to owners of the parent		26,939,664	24,956,108	17,292,236	17,057,278
Non-controlling interests		690,274	724,740	-	-
Total equity		27,629,938	25,680,848	17,292,236	17,057,278

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

Statements of Financial Position

As at 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Liabilities					
Non-current					
Finance lease obligations	18	375,706	444,331	-	415,277
Bank borrowings	19	-	731,045	-	231,040
Deferred tax liabilities	20	224,259	190,617	22,000	-
		599,965	1,365,993	22,000	646,317
Current					
Amounts due to contract customers	9	706,699	5,450,924	-	-
Finance lease obligations	18	69,501	66,120	-	49,189
Bank borrowings	19	716,646	987,524	216,641	487,529
Loan from ultimate holding company	21	4,000,000	4,000,000	4,000,000	4,000,000
Amounts owing to subsidiaries	12	-	-	1,075,836	1,230,922
Trade and other payables	22	19,122,065	26,416,278	908,083	1,712,317
Income tax payables		567,457	352,834	97,398	85,000
		25,182,368	37,273,680	6,297,958	7,564,957
Total liabilities		25,782,333	38,639,673	6,319,958	8,211,274
Total equity and liabilities		53,412,271	64,320,521	23,612,194	25,268,552

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 December 2010

	Note	Group 2010 $	Group 2009 $
Revenue	23	87,121,531	90,445,319
Cost of sales		(59,348,593)	(67,107,202)
Gross profit		27,772,938	23,338,117
Other operating income	24	704,618	929,360
Marketing and distribution costs		(1,327,868)	(1,224,785)
Administrative and other operating expenses		(21,541,772)	(17,813,292)
Finance costs	25	(326,337)	(158,482)
Profit before income tax	26	5,281,579	5,070,918
Income tax expense	27	(647,257)	(478,625)
Profit for the year		4,634,322	4,592,293
Other comprehensive income for the financial year, net of tax:			
Exchange differences on translating foreign operations, net of tax amounting to $Nil (2009: $Nil)		(1,091,132)	(551,858)
Total comprehensive income for the year		3,543,190	4,040,435
Profit attributable to:			
Owners of the parent		4,249,525	4,132,404
Non-controlling interests		384,797	459,889
		4,634,322	4,592,293
Total comprehensive income attributable to:			
Owners of the parent		3,158,393	3,580,546
Non-controlling interests		384,797	459,889
		3,543,190	4,040,435
Earnings per share (cents)			
Basic	29	4.80	4.67
Diluted	29	4.73	4.62

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2010

	Total equity	Equity attributable to owners of the parent	Share capital	Retained earnings	Statutory reserve	Premium paid on acquisition of non-controlling interests	Share option reserve	Currency translation reserve	Non-controlling interests
	$	$	$	$	$	$	$	$	$
Balance at 1 January 2010	25,680,848	24,956,108	14,602,328	12,037,661	148,608	-	231,056	(2,063,545)	724,740
Total comprehensive income for the year	3,543,190	3,158,393	-	4,249,525	-	-	-	(1,091,132)	384,797
Acquisition of non-controlling interests	(10,000)	(10,000)	-	-	-	(10,000)	-	-	-
Employee share option scheme									
- value of employee services	252,306	251,569	-	-	-	-	251,569	-	737
Dividends									
- paid to shareholders of the Company (Note 28)	(1,416,406)	(1,416,406)	-	(1,416,406)	-	-	-	-	-
- paid to minority shareholders of subsidiaries	(420,000)	-	-	-	-	-	-	-	(420,000)
Balance at 31 December 2010	27,629,938	26,939,664	14,602,328	14,870,780	148,608	(10,000)	482,625	(3,154,677)	690,274

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2010

	Total equity	Equity attributable to owners of the parent	Share capital	Retained earnings	Statutory reserve	Share option reserve	Currency translation reserve	Non-controlling 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
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.

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2010

	2010	2009
	$	$
Operating activities		
Profit before income tax	5,281,579	5,070,918
Adjustments for:		
Depreciation of property, plant and equipment	1,278,231	1,271,746
Property, plant and equipment written off	22,565	38,305
Loss/(Gain) on disposal of property, plant and equipment	5,902	(1,693)
Interest income	(140,581)	(90,203)
Interest expense	326,337	158,482
Doubtful debts written off - trade	67,745	-
Allowance for doubtful debts	327,372	26,727
Allowance for doubtful debt no longer required	(5,000)	-
Impairment loss of goodwill	236,337	-
Amortisation expense	110,000	110,000
Share-based compensation	248,884	94,368
Operating profit before working capital changes	7,759,371	6,678,650
Inventories	69,345	(128,353)
Amounts due to/(from) contract customers, net	4,402,634	(6,611,752)
Trade and other receivables	(1,365,195)	(4,066,554)
Trade and other payables	(7,463,442)	15,579,596
Net cash generated from operations	3,402,713	11,451,587
Interest paid	(326,337)	(158,482)
Income taxes paid	(386,716)	(207,457)
Net cash from operating activities	2,689,660	11,085,648
Investing activities		
Purchase of property, plant and equipment (Note A)	(2,847,898)	(408,949)
Proceeds from disposal of property, plant and equipment	68,154	51,244
Interest received	140,581	90,203
Net cash used in investing activities	(2,639,163)	(267,502)

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 December 2010

	2010	2009
	$	$
Financing activities		
Acquisition of non-controlling interests (Note 6)	(10,000)	-
Proceeds from minority shareholders for investment in a subsidiary	-	105,000
Repayments of finance lease obligations	(66,068)	(74,528)
Repayments of bank borrowings	(7,726,204)	(281,431)
Proceeds from bank borrowings	6,724,281	2,000,000
Term loan from ultimate holding company	-	4,000,000
Dividends paid to minority shareholders of subsidiaries	-	(19,451)
Dividends paid to shareholders of the Company	(1,416,406)	(858,696)
Net cash (used in)/generated from financing activities	(2,494,397)	4,870,894
Net change in cash and cash equivalents	(2,443,900)	15,689,040
Exchange differences on re-translation of cash and cash equivalents at beginning of year	(456,314)	(101,118)
Cash and cash equivalents at beginning of year	23,623,005	8,035,083
Cash and cash equivalents at end of year	20,722,791	23,623,005

A. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $2,847,898 (2009: $450,539) of which $Nil (2009: $41,590) as provision of reinstatement cost. Cash payments of $2,847,898 (2009: $408,949) were made to purchase property, plant and equipment.

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

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 2010 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.

FRS 27 (2009) Consolidated and Separate Financial Statements

The Group has applied FRS 27 (2009) prospectively to transactions with non-controlling interests from 1 January 2010. Changes in the accounting policies resulting from the adoption of FRS 27 (2009) include the following:

- Effects of all transactions with non-controlling interests are to be recorded in equity if there are no changes in control and these transactions will no longer result in goodwill or gains and losses.

- In the event where control is lost, any remaining interests in the entity are re-measured to fair value, and a gain or loss is recognised in the profit or loss.

2. Summary of significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

FRS 27 (2009) Consolidated and Separate Financial Statements (Continued)

As the changes have been implemented prospectively in accordance with the standard's transitional provisions, the adoption of the revised standard did not require any adjustments to any amounts previously recognised in the financial statements.

Prior to adoption of the revised FRS 27, the Group's accounting policy is to recognise goodwill arising on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The effect of the adoption of the revised FRS 27 on the Group's consolidated financial statements, relating to the acquisition of additional 49% equity interest in Wonderful World Pte Ltd from its non-controlling interests are as follows:

	Group
	$
Increase/(decrease) in	
Consolidated statements of financial position	
Goodwill	(10,000)
Reserves - Premium paid on acquisition of non-controlling interests	10,000

FRS 103 (2009) Business Combinations

Changes in the accounting policies resulting from the adoption of FRS 103 (2009) include the following:

- All considerations given to purchase a business are to be recorded at fair value at the acquisition date, with contingent considerations classified as debt subsequently re-measured through profit or loss if the fair value changes were to take place after the measurement period.
- The Group has a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's net assets.
- All acquisition-related costs are expensed.
- The Group has applied FRS 103 (2009) prospectively to all business combinations taking place from 1 January 2010. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

2. Summary of significant accounting policies (Continued)

2.1. Basis of preparation (Continued)

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 12	: Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012
FRS 24	: Related Party Disclosures (Revised)	1 January 2011
FRS 32	: Classification of Rights Issues (Amendments to FRS 32)	1 February 2010
FRS 101	: Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 107 Disclosures for First-Time Adopters	1 July 2010
	: Amendments to FRS 101 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107	: Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
INT FRS 114	: Prepayments of a Minimum Funding Requirement (Amendments to INT FRS 114)	1 January 2011
INT FRS 115	: Agreements for the Construction of Real Estate, with an Accompanying Note to be read with INT FRS 115	1 January 2011
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, except as discussed below:

FRS 24 (2010) Related Party Disclosures

FRS 24 (2010) changes certain requirements for related party disclosures for entities under control, joint control or significant influence of a government (“government-related entities”). FRS 24 (2010) also made related party relations symmetrical between each of the related parties and new relationships were included and clarified in the definition of a related party. The Group will apply the amendments to FRS 24 retrospectively for annual periods beginning on or after 1 January 2011 and is currently determining the impact of the changes to the definition of a related party on the related disclosures. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company or of the Group when implemented in 2011.

2. Summary of significant accounting policies (Continued)

2.2. Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

2. Summary of significant accounting policies (Continued)

2.3. Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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

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

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.3. Business combinations (Continued)

Business combinations before 1 January 2010

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

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

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

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

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

2.4. Intangible assets

Goodwill

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

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

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

Club membership

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

2. Summary of significant accounting policies (Continued)

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	3 to 10 years

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

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

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

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.

2. Summary of significant accounting policies (Continued)

2.6. Impairment of tangible and intangible assets excluding goodwill (Continued)

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

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

2.7. Inventories

Inventories 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”.

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

2. Summary of significant accounting policies (Continued)

2.9. Financial instruments

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

Effective interest method

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

Financial assets

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

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

Equity instruments

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

Financial liabilities

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

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

Other financial liabilities

Trade and other payables

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

Borrowings

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

Derecognition of financial liabilities

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

2. Summary of significant accounting policies (Continued)

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 statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating leases

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

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

2.12. Provisions

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.13. Revenue recognition

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

Contract revenue

Revenue from projects is recognised based on the percentage of completion method. Percentage of completion is measured by the percentage of costs incurred to date against the total estimated costs for each contract 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.

Sale of goods

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

Rental income

Rental income is recognised on an accrual basis.

Interest income

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

2.14. Employee benefits

Defined contribution plan

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

Employee leave entitlement

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

Key management personnel

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

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

2. Summary of significant accounting policies (Continued)

2.14. Employee benefits (Continued)

Share-based compensation

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

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

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

2.15. Government grant – Jobs Credit Scheme

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

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.

In October 2009, the Government announced that the Jobs Credit Scheme would be extended for half a year with another 2 payments at stepped-down rates in March and June 2010 based on 6% of wages to be paid in March 2010 and 3% of wages to be paid in June 2010.

The Group recognises the amounts received for jobs credit at their fair value upon receipt and are provided to defray the staff cost incurred and are offset against staff costs in the financial statements.

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. Summary of significant accounting policies (Continued)

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

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

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

2. Summary of significant accounting policies (Continued)

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

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

Impairment of investments or financial assets

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.

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 9 to the financial statements.

Employee share options

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

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

3.2. Key sources of estimation uncertainty

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

Allowance for trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and of the Company's trade and other receivables including the amounts owing by ultimate holding company, subsidiaries and related parties as at 31 December 2010 were $19,807,335 (2009: $19,360,414) and $10,102,574 (2009: $11,708,656) respectively.

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and of the Company's property, plant and equipment at 31 December 2010 were $4,626,633 (2009: $3,208,267) and $508,342 (2009: $1,065,172) 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. The carrying amount of goodwill as at 31 December 2010 was $50,146 (2009: $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 of the Company's current tax payable as at 31 December 2010 was $567,457 (2009: $352,834) and $97,398 (2009: $85,000) respectively. The carrying amount of the Group's and of the Company's deferred tax liabilities as at 31 December 2010 was $224,259 (2009: $190,617) and $22,000 (2009: $Nil) respectively.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

4. Property, plant and equipment

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

4. Property, plant and equipment (Continued)

	Office equipment, furniture and fittings	Motor vehicles	Total
Company	**$**	**$**	**$**
2010			
Cost			
At 1 January 2010	1,208,847	585,876	1,794,723
Additions	75,029	-	75,029
Write-offs/transfer	(47,527)	(585,876)	(633,403)
At 31 December 2010	1,236,349	-	1,236,349
Accumulated depreciation			
At 1 January 2010	494,895	234,656	729,551
Depreciation	260,384	97,646	358,030
Write-offs/transfer	(27,272)	(332,302)	(359,574)
At 31 December 2010	728,007	-	728,007
Net book value			
At 31 December 2010	508,342	-	508,342
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

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	
	2010	2009	2010	2009
	$	$	$	$
Motor vehicles	254,528	389,968	-	351,220

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Motor vehicles	234,045	351,220	-	351,220

During the financial year, the carrying amounts of Company's office equipment, furniture and fittings and motor vehicle amounted to $19,398 and $253,574 were transferred to a subsidiary.

5. Intangible assets

	Group	
	2010	2009
	$	$
Goodwill		
Cost		
Balance at beginning and end of financial year	286,483	286,483
Impairment loss		
Balance at beginning of financial year	-	-
Impairment loss recognised during the financial year	(236,337)	-
Balance at end of financial year	(236,337)	-
Carrying amount		
Balance at end of financial year	50,146	286,483

As at the end of the financial year, the Group carried out a review on the recoverable amount on goodwill. The review led to the recognition of an impairment loss of $236,337 (2009: $Nil) in profit or loss of the Group.

5. Intangible assets (Continued)

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

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	
	2010	**2009**
	$	**$**
Thematics	-	42,000
Event management	-	120,007
Exhibition services	50,146	124,476
	50,146	286,483

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.

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Club membership				
Cost				
Balance at beginning of financial year	330,000	330,000	330,000	330,000
Transfer	-	-	(330,000)	-
Balance at end of financial year	330,000	330,000	-	330,000
Accumulated amortisation				
Balance at beginning of financial year	110,000	-	110,000	-
Amortisation for the financial year	110,000	110,000	-	110,000
Transfer	-	-	(110,000)	-
Balance at end of financial year	220,000	110,000	-	110,000
Carrying amount				
Balance at 31 December	110,000	220,000	-	220,000

During the financial year, the Company transferred the club membership to a subsidiary company.

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

6. Subsidiaries

Investments in subsidiaries are as follows:

	Company 2010 $	Company 2009 $
Unquoted equity shares, at cost	9,900,127	9,498,825
Employee's share options investment, at cost	433,223	333,626
Allowance for impairment loss	(122,750)	(12,750)
	10,210,600	9,819,701

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

	Company 2010 $	Company 2009 $
Balance at beginning of financial year	12,750	-
Impairment loss recognised during the financial year	110,000	12,750
Balance at end of financial year	122,750	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 $110,000 (2009: $12,750), that has been recognised in profit or loss of the Company.

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

The details of the significant subsidiaries are as follows:

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2010 %	Effective equity interest 2009 %
Held by the Company				
Wonderful World Pte Ltd * (Formerly known as Cityneon-World Projects Pte Ltd)	Singapore	Provision of design and build services for museums and visitor galleries, interior architecture and shop fit-outs	100	51
Cityneon Concepts Pte Ltd *	Singapore	Provision of event organising, management and event marketing services	100	100

6. Subsidiaries (Continued)

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2010 %	Effective equity interest 2009 %
Held by the Company (Continued)				
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
Themewerks Pte. Ltd.*	Singapore	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	100	100
Cityneon (Middle East) W.L.L. **	Kingdom of Bahrain	Provision of exhibition services including rental of reusable modules and furnishings, custom-built pavilions and road shows	100	100
Cityneon Creations Pte Ltd *	Singapore	Provision of design and build services for custom built exhibition pavilions and road shows	100	100
Cityneon Management Services Pte. Ltd. ******	Singapore	Provision of management, human resource and general office administration services	100	-
Cityneon Exhibition Services (Vietnam) Co., Ltd *****	Socialist Republic of Vietnam	Providing on interior and exterior decoration for offices, commercial buildings, shop, museums and theme parks	100	100

6. Subsidiaries (Continued)

Name of company	Country of incorporation and operations	Principal activities	Effective equity interest 2010 %	Effective equity interest 2009 %
Held by Themewerks Pte. Ltd.				
Artscapes Themewerks Pte. Ltd. *	Singapore	Design, built, construct, manufacture, trade in projects and components of water features, landscapes, thematic parks, thematic events, thematic leisure and entertainment outlets	65	65
Held by Comprise Electrical (S) Pte Ltd				
Cityneon Exhibition Services Pte Ltd *	Singapore	Provision of exhibition services including rental of reusable modules, furnishings and furniture	70	70
Held by Cityneon Exhibition Services Pte Ltd				
E-Graphics Displays Pte Ltd *	Singapore	Designer and production of environmental graphic materials including banners, posters, bill-boards and general signages for event and exhibition venues	60	60
Shanghai Cityneon Exhibition Services Co., Ltd. ****	People's Republic of China	Designer and provider of services for trade fairs, exhibitions and displays	100	100

* Audited by BDO LLP, Singapore
** Audited by KPMG Bahrain, Kingdom of Bahrain
*** Audited by A.D.Chuan & Co., Malaysia
**** Audited by Shanghai LSC Certified Public Accountants Co., Ltd, People's Republic of China
***** Audited by BDO Vietnam Co., Ltd, a member firm of BDO International
****** Reviewed by BDO LLP, Singapore for group consolidation purposes

As required by Rule 716 of the Listing Manual of the Singapore Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

6. Subsidiaries (Continued)

Additions investment in subsidiaries

On 23 June 2010, the Company incorporated a wholly beneficially owned subsidiary in Indonesia known as PT. Wonderful World Marketing Services Indonesia with 2,500 ordinary shares of US$100 each. 10% of the ordinary shares of PT. Wonderful World Marketing Services Indonesia is held in trust by a director of the Company.

Cityneon Exhibition Services (Vietnam) Co., Ltd, a wholly-owned subsidiary of the Company, was incorporated in the Socialist Republic of Vietnam with a charter capital of VND850,000,000 equivalent to USD$50,000 that was fully paid up on 6 August 2010.

On 20 September 2010, the Company incorporated a wholly-owned subsidiary in Singapore known as Cityneon Management Services Pte Ltd with an issued and paid up capital of $2 equivalent to 2 ordinary shares.

Acquisition of non-controlling interests

On 29 March 2010, the Company acquired the remaining 49% interest comprising 12,250 ordinary shares in Wonderful World Pte Ltd (“WWP”) for a cash consideration of $10,000. As a result of the acquisition, WWP became a wholly owned subsidiary of the Company. The carring value of the net liabilities of WWP at 29 March 2010 was $138,567 and the carrying value of the additional interest acquired is ($67,898). The Group recognised $10,000 as “Premium paid on acquisition of non-controlling interests” within equity.

The following summarises the effect of the change in the Group’s ownership interest in WWP on the equity attributable to owners of the parent:

	$
Consideration paid for acquisition of non-controlling interests	10,000
Decrease in equity attributable to non-controlling interests	-
Decrease in equity attributable to owners of the parent	10,000

7. Other non-current assets

Other non-current assets in 2009 represent deposits for project performance bond and prepaid rents.

8. Inventories

Inventories comprise of stocks, raw materials and consumables.

9. Amounts due from/(to) contract customers

	Group	
	2010	2009
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	51,161,007	56,265,900
Less: Progress billings	(46,493,905)	(47,196,164)
	4,667,102	9,069,736
Comprising:		
Amounts due from contract customers	5,373,801	14,520,660
Amounts due to contract customers	(706,699)	(5,450,924)
	4,667,102	9,069,736

As at 31 December 2010, retention monies held by customers for contract work amounted to $2,426,881 (2009: $2,277,881).

10. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Trade receivables	15,175,257	14,601,318	-	-
Allowance for doubtful debts	(602,919)	(395,217)	-	-
	14,572,338	14,206,101	-	-
Other receivables	4,914,127	5,009,758	123,929	75,075
Dividends receivable	-	-	1,400,000	-
Income tax recoverable	36,789	48,516	-	-
	19,523,254	19,264,375	1,523,929	75,075

Trade receivables are non-interest bearing and generally on 30 to 90 days (2009: 1 to 90 days) credit terms.

Other receivables consist mainly of advances to suppliers.

10. Trade and other receivables (Continued)

Movements in allowance for doubtful debts are as follows:

	Group	
	2010	2009
	$	$
Balance at beginning of financial year	395,217	672,640
Allowance made during the financial year	327,372	26,727
Allowance for doubtful debts no longer required	(5,000)	-
Bad debt written off against allowance	(105,110)	(304,478)
Exchange differences on translation	(9,560)	328
Balance at end of financial year	602,919	395,217

Allowance for doubtful debts of $327,372 (2009: $26,727) was recognised in profit or loss subsequent to a debt recovery assessment performed on trade receivables. Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Allowance for doubtful debts no longer required of $5,000 (2009: $Nil) was recognised in profit or loss as these trade receivables were recovered during the financial year.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Singapore Dollar	8,385,699	7,915,587	1,523,929	75,075
Ringgit Malaysia	1,614,333	1,933,403	-	-
Bahrain Dinar	4,768,224	6,179,009	-	-
Chinese Renminbi	176,879	4,622	-	-
United States Dollar	2,092,508	284,820	-	-
Euro	21,062	403,819	-	-
Omani Rial	2,409,530	2,538,618	-	-
Others	55,019	4,497	-	-
	19,523,254	19,264,375	1,523,929	75,075

11. Amounts owing by ultimate holding company

The trade amounts owing by ultimate holding company are unsecured, non-interest bearing and generally on 60 days (2009: 60 days) credit terms.

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

12. Amounts owing by/(to) subsidiaries

	Company	
	2010	2009
	$	$
Amount owing by subsidiaries		
- trade	3,139,649	2,994,728
- non-trade	5,438,996	8,638,853
	8,578,645	11,633,581
Amount owing to subsidiaries		
- trade	248,516	209,910
- non-trade	(1,324,352)	(1,440,832)
	(1,075,836)	(1,230,922)
Net	7,502,809	10,402,659

The trade amounts owing by/(to) subsidiaries are non-interest bearing and generally on 30 to 60 days (2009: 30 to 60 days) credit terms.

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

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

	Company	
	2010	2009
	$	$
Singapore Dollar	6,702,182	7,866,996
Bahrain Dinar	1,003,182	3,197,297
United States Dollar	(202,555)	(661,801)
Euro	-	167
	7,502,809	10,402,659

13. Amounts owing by related parties

	Group	
	2010	2009
	$	$
Trade	135,392	77,701
Allowance for doubtful debts	(59,980)	(59,980)
	75,412	17,721

The trade amounts owing by related parties are non-interest bearing and generally on 30 days (2009: 30 days) credit terms.

13. Amounts owing by related parties (Continued)

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

	Group	
	2010	2009
	$	$
Balance at beginning and end of financial year	59,980	59,980

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

Amounts owing by related parties are denominated in Singapore Dollar.

14. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Fixed deposits with banks	4,090,680	22,800	-	-
Cash and bank balances	16,632,111	23,600,205	2,674,797	2,344,816
	20,722,791	23,623,005	2,674,797	2,344,816

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Singapore Dollar	9,068,766	10,720,926	2,306,409	1,674,949
Euro	224,888	467,667	171,020	402,760
Bahrain Dinar	8,162,625	5,386,498	-	-
United States Dollar	2,682,744	6,838,116	197,368	267,107
Ringgit Malaysia	131,222	96,228	-	-
Chinese Renminbi	168,785	34,773	-	-
Omani Rial	28,270	30,873	-	-
Others	255,491	47,924	-	-
	20,722,791	23,623,005	2,674,797	2,344,816

The fixed deposits with banks have maturity period of 12 months (2009: 12 months) from the end of the financial year with the effective interest rate of 3.5% (2009: 3.5%) per annum.

15. Share capital

	Group and Company			
	2010	2009	2010	2009
	Number of ordinary shares with no par value		$	$
Issued and fully-paid				
At beginning and end of financial year	88,525,400	88,525,400	14,602,328	14,602,328

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

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

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

16. Reserves

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Retained earnings	14,870,780	12,037,661	2,206,550	2,223,896
Statutory reserve	148,608	148,608	-	-
Premium paid on acquisition of non-controlling interests	(10,000)	-	-	-
Share option reserve	482,625	231,056	483,358	231,054
Currency translation reserve	(3,154,677)	(2,063,545)	-	-
	12,337,336	10,353,780	2,689,908	2,454,950

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. In 2009, the Cityneon (Middle East) W.L.L. appropriated BD40,000 to the statutory reserve relative to the BD80,000 increase in its share capital.

Premium paid on acquisition of non-controlling interests

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

Share option reserve

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

Currency translation reserve

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

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

17. Share-based compensation

Share options

The Company has a share option scheme for all employees of the Group under the Cityneon Employee Share Option Scheme (the "Scheme"). The Scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years. If the options remain unexercised after a period of 7 years (or 5 years for options granted to non-executive directors) from the date of grant, the options expire. 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 2010	**Number of share options 2009**
Outstanding at beginning of year	3,193,400	3,216,400
Granted during the year	3,086,000	-
Not accepted/lapsed during the year	(208,000)	(23,000)
Outstanding at end of year	6,071,400	3,193,400

Employees

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

17. Share-based compensation (Continued)

Employees (Continued)

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

On 10 May 2010, the Company granted the 2010 Options to employees with an initial vesting period of 2 years and with an exercise period to expire at 7 years from the date of grant.

Directors and non-executive directors

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

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

On 10 May 2010, the Company granted the 2010 Options to directors and non-executive directors with an initial vesting period of 2 years and with an exercise period to expire at 7 years (or 5 years for the options granted to non-executive directors) from the date of grant.

17. Share-based compensation (Continued)

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

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

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

The Group and the Company recognised total expenses of $248,884 (2009: $94,368) related to equity-settled share-based compensation transactions during the year.

18. Finance lease obligations

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Minimum lease payments payable:				
Due not later than one year	88,644	88,381	-	69,572
Due later than one year and not later than five years	290,442	308,574	-	278,290
Due later than five years	138,847	208,415	-	208,415
	517,933	605,370	-	556,277
Finance charges allocated to future periods	(72,726)	(94,919)	-	(91,811)
Present value of minimum lease payments	445,207	510,451	-	464,466

18. Finance lease obligations (Continued)

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Present value of minimum lease payments				
Current				
Due not later than one year	69,501	66,120	-	49,189
Non-current				
Due later than one year and not later than five years	243,381	250,091	-	221,037
Due later than five years	132,325	194,240	-	194,240
	375,706	444,331	-	415,277
	445,207	510,451	-	464,466

Finance lease of the Company has been transferred to a subsidiary during the financial year.

The effective interest rates of the Group and of the Company are 4.30% to 8.73% (2009: 4.30% to 8.73%) and Nil% (2009: 4.61%) 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 of 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	
	2010	2009	2010	2009
	$	$	$	$
Singapore Dollar	425,723	479,960	-	464,466
Ringgit Malaysia	19,484	30,491	-	-
	445,207	510,451	-	464,466

19. Bank borrowings

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Secured bank loans	716,646	1,718,569	216,641	718,569
Less:				
Amounts due for settlement within 12 months	716,646	987,524	216,641	487,529
Amounts due for settlement after 12 months	-	731,045	-	231,040

The Group's and the Company's secured bank loans amounting to $716,646 and $216,641 bearing interest of 5% per annum and fully repayable on May 2011 and September 2011 respectively.

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

Bank borrowings are denominated in Singapore Dollar.

20. Deferred tax (liabilities)/assets

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Deferred tax liabilities				
Balance at beginning of financial year	(190,617)	(211,345)	-	-
(Charged)/Credited to profit or loss	(32,992)	20,500	(22,000)	-
Exchange differences on translation	(650)	228	-	-
Balance at end of financial year	(224,259)	(190,617)	(22,000)	-

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(256,105)	(204,535)	(22,000)	-
Provisions	31, 846	13,918	-	-
	(224,259)	(190,617)	(22,000)	-

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Deferred tax assets				
Balance at beginning of financial year	-	146,000	-	-
Charged to profit or loss	-	(146,000)	-	-
Balance at end of financial year	-	-	-	-

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. As at 31 December 2010, the loan has been extended and is now repayable by 31 December 2011. From 1 January 2011, the interest is adjusted to 3.8% per annum. It is denominated in Singapore Dollar.

22. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Trade payables	5,796,287	6,417,609	19,661	70,126
Accruals	10,996,128	14,346,712	128,011	888,703
Deposits received from customers	806,535	4,667,787	600,000	600,000
Amount owing to directors	175,258	-	-	-
Amount owing to non-controlling interests	423,299	363,800	-	-
Provision of unutilised leave	372,748	389,535	-	63,606
Provision of reinstatement cost	41,590	41,590	-	41,590
Sundry creditors	510,220	189,245	160,411	48,292
	19,122,065	26,416,278	908,083	1,712,317

Trade payables are generally repayable within 30 to 90 days (2009: 30 to 90 days).

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

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

22. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Singapore Dollar	12,192,426	19,834,634	908,083	1,712,317
Ringgit Malaysia	318,551	358,226	-	-
Bahrain Dinar	4,887,025	2,883,861	-	-
United States Dollar	895,679	2,802,731	-	-
Euro	10,879	238,426	-	-
Chinese Renminbi	577,373	235,781	-	-
Others	240,132	62,619	-	-
	19,122,065	26,416,278	908,083	1,712,317

23. Revenue

	Group	
	2010	2009
	$	$
Sale of goods	564,069	188,506
Contract revenue	86,557,462	90,256,813
	87,121,531	90,445,319

24. Other operating income

	Group	
	2010	2009
	$	$
Interest income	140,581	90,203
Government grant - Jobs Credit Scheme	90,953	426,825
Rental income	138,444	152,828
Gain on disposal of property, plant and equipment	-	1,693
Allowance for doubtful debts no longer required	5,000	-
Miscellaneous income	329,640	257,811
	704,618	929,360

25. Finance costs

	Group	
	2010	2009
	$	$
Bank loan interest	104,085	39,504
Loan interest charged by ultimate holding company	200,000	93,151
Finance lease interest	22,252	25,827
	326,337	158,482

26. Profit before income tax

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

	Group	
	2010	2009
	$	$
Cost of sales		
Depreciation of property, plant and equipment	241,500	6,196
Employee benefits expenses		
- salaries, bonuses and other benefits	3,294,269	2,923,641
- contributions to the defined contribution plan	115,395	131,396
Administrative and other operating expenses		
Depreciation of property, plant and equipment	1,036,731	1,265,550
Amortisation expenses	110,000	110,000
Non-audit fees paid to other auditor	-	248
Allowance for doubtful debt	327,372	26,727
Doubtful debts written off - trade	67,745	-
Impairment loss of goodwill	236,337	-
Operating lease expenses	1,384,868	1,472,454
Loss on disposal of property, plant and equipment	5,902	-
Property, plant and equipment written off	22,565	38,305
Foreign exchange loss, net	663,489	251,851
Employee benefits expenses		
- salaries, bonuses and other benefits	14,677,608	11,966,985
- contributions to the defined contribution plan	910,798	790,887
- share based compensation	248,884	94,368

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

27. Income tax expense

	Group 2010 $	Group 2009 $
Current income tax		
- current financial year	464,134	366,550
- under/(over) provision in prior financial years	150,131	(13,425)
	614,265	353,125
Deferred tax		
- current financial year	75,846	87,915
- (over)/under provision in prior financial years	(42,854)	37,585
	32,992	125,500
	647,257	478,625

Reconciliation of effective income tax rate

	Group 2010 $	Group 2009 $
Profit before income tax	5,281,579	5,070,918
Income tax calculated at statutory tax rate of 17%	897,868	862,056
Effect of different tax rates in other countries	(740,186)	(635,526)
Effect of change in statutory income tax rate	-	(6,331)
Effect of double tax deduction	(5,692)	(3,748)
Effect of income not subject to tax	(35,321)	(68,434)
Tax effect of expenses not deductible for income tax purposes	628,995	280,620
Utilisation of deferred tax assets not recognised in prior years	(7,158)	(43,902)
Deferred tax assets not recognised in profit or loss	8,675	89,329
Income tax exemption	(166,387)	(90,031)
(Over)/Under provision in prior years		
- current income tax	150,131	(13,425)
- deferred tax	(42,854)	37,585
Others	(40,814)	70,432
	647,257	478,625

Unrecognised deferred tax assets

Deferred tax assets not recognised in respect of the following:

	Group 2010 $	Group 2009 $
Excess of net book value over tax written down value of property, plant and equipment	(62,000)	(114,000)
Unabsorbed capital allowances	2,000	-
Unutilised tax losses	757,000	1,156,000
Provisions	237,000	189,000
Others	15,000	15,000
	949,000	1,246,000

27. Income tax expense (Continued)

Unrecognised deferred tax assets (Continued)

The Group has unabsorbed capital allowances and unutilised tax losses amounting to approximately $2,000 (2009: $Nil) and $757,000 (2009: $1,156,000) respectively, which are subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Company and its subsidiaries operate.

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

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

Year incurred	Year of expiry	2010	2009
		$	$
2005	2010	-	213,293
2006	2011	195,421	213,969
2007	2012	55,837	114,952
2008	2013	49,981	68,523
2009	2014	192,744	234,013
		493,983	844,750

28. Dividends

	Group and Company	
	2010	2009
	$	$
Dividend paid:		
Final tax-exempt (one-tier) dividend of $0.016 per share in respect of 2009 (2009: $0.0097 per share in respect of 2008)	1,416,406	858,696

The directors propose that a final tax exempt (one-tier) dividend of $0.0165 (2009: $0.016) per share amounting to $1,460,669 (2009: $1,416,406) 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 parent by the number of ordinary shares in issue of 88,525,400 (2009: 88,525,400) during the financial year.

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

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

	2010	2009
	$	$
Profit for the year attributable to owners of the parent	4,249,525	4,132,404
Number of ordinary shares in basic earnings per share	88,525,400	88,525,400
Effects of dilution – share options	1,265,351	844,785
Weighted average number on a fully diluted basis	89,790,751	89,370,185
Basic earnings per share (cents)	4.80	4.67
Diluted earnings per share (cents)	4.73	4.62

30. Operating lease commitments

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Not later than on year	902,615	904,156	626,576	772,535
Later than one year and not later than five years	2,550,336	2,577,004	2,285,503	2,262,136
After five years	1,006,255	1,517,269	1,006,255	1,517,269
	4,459,206	4,998,429	3,918,334	4,551,940

The leases on the Group's and on the Company's office equipment and premises on which rentals are payable will expire earliest on 31 March 2011 and latest on 4 October 2017. The current rent payable under the leases are subject to revision after the expiry. The current rent payable on the leases range from $79 to $47,615 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	
	2010	2009
	$	$
Purchase of plant and equipment contracted but not provided for	-	40,000

32. Contingent liabilities

The Group has given tender bonds and guarantees through banks to its landlord for office rental deposit amounting to $571,376 (2009: $551,734) and to its customers and suppliers for the tender of projects, guarantee on performance and usage of exhibition venues amounting to $6,477,469 (2009: $10,728,014) respectively. The tender bonds and guarantees are secured by cash collaterals amounting to $1,037,250 (2009: $823,311).

The Company has given written confirmation of its continued financial support to its subsidiaries Wonderful World 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.

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

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	
	2010	2009
	$	$
With ultimate holding company		
- interest expense	200,000	93,151
- service rendered to	355,047	369,775
With related party		
- service rendered by	66,391	-
With non-controlling interests		
- service rendered by	632,411	3,327,130

33. Significant related party transactions (Continued)

Compensation of key management personnel

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Directors of the Company				
Directors' fees	100,000	87,500	100,000	87,500
Short-term benefits	1,402,174	971,713	1,260,039	971,713
Contributions to the defined contribution plan	3,689	16,696	2,371	16,696
Share based compensation	188,196	97,500	147,894	97,500
	1,694,059	1,173,409	1,510,304	1,173,409
Directors of subsidiaries				
Directors' fees	25,529	25,490	-	-
Short-term benefits	1,989,238	1,806,824	-	-
Contributions to the defined contribution plan	21,605	20,410	-	-
	2,036,372	1,852,724	-	-

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:

<u>Thematics</u>

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.

<u>Exhibition services</u>

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

<u>Event management</u>

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

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.

34. Segment information (Continued)

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.

2010	**Thematics**	**Exhibition services**	**Event management**	**Eliminations**	**Consolidated**
	$	**$**	**$**	**$**	**$**
Revenue					
Revenue from external customer	11,914,037	52,514,072	22,693,422	-	87,121,531
Inter-segment sales	1,919	2,573,537	435,903	(3,011,359)	-
	11,915,956	55,087,609	23,129,325	(3,011,359)	87,121,531
Results					
Segment results	1,083,541	6,825,813	1,679,145	-	9,588,499
Unallocated expenses, net					(4,121,164)
Interest income					140,581
Finance costs					(326,337)
Profit before income tax					5,281,579
Income tax expense					(647,257)
Profit after income tax but before non-controlling interests					4,634,322
Non-controlling interests					(384,797)
Profit attributable to owners of the parent					4,249,525

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	2,530,670	4,888,541	273,183	-	7,692,394
Unallocated expenses, net					(2,553,197)
Interest income					90,203
Finance costs					(158,482)
Profit before income tax					5,070,918
Income tax expense					(478,625)
Profit after income tax but before non-controlling interests					4,592,293
Non-controlling interests					(459,889)
Profit attributable to owners of the parent					4,132,404

	2010	2009
	$	$
Capital expenditure		
Thematics	-	-
Event management	2,033,564	6,823
Exhibition services	414,905	288,966
Unallocated	399,429	154,750
	2,847,898	450,539
Depreciation of property, plant and equipment		
Thematics	638	7,090
Event management	252,658	7,952
Exhibition services	636,377	903,890
Unallocated	388,558	352,814
	1,278,231	1,271,746
Non-cash expenses other than depreciation		
Thematics	45,493	-
Event management	133,500	42
Exhibition services	156,592	61,858
Unallocated	359,946	180,773
	695,531	242,673

Notes to the Financial Statements

For the Financial Year Ended 31 December 2010

34. Segment information (Continued)

	2010	2009
	$	$
Allowance for doubtful debts – trade		
Thematics	-	-
Event management	-	-
Exhibition services	327,372	26,727
Unallocated	-	-
	327,372	26,727
Segment assets		
Thematics	4,056,560	18,705,590
Event management	12,958,408	5,516,113
Exhibition services	31,895,332	35,949,416
Unallocated	4,501,971	4,149,402
Consolidated total assets	53,412,271	64,320,521
Segment liabilities		
Thematics	2,755,904	14,041,146
Event management	4,607,390	2,557,571
Exhibition services	11,071,596	14,602,154
Unallocated	6,555,727	6,895,351
Consolidated total liabilities	24,990,617	38,096,222

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

Geographical information

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

	2010	2009
	$	$
Revenue from external customers		
Singapore	39,010,178	55,267,255
Middle East	26,462,885	22,792,026
Malaysia	1,983,899	1,792,137
Asia Pacific	15,544,228	8,355,233
United States/Europe/Others	4,120,341	2,238,668
	87,121,531	90,445,319
Location of non-current assets		
Singapore	4,110,459	2,660,032
Middle East	598,460	1,555,759
Malaysia	71,912	184,148
China	5,948	53,382
	4,786,779	4,453,321

34. Segment information (Continued)

Major customers

Revenues of approximately 12% (2009: 33%) are derived from a single external customer. These revenues are attributable to the event management, exhibition and thematics segments.

35. Financial risk management

Financial risk factors

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

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

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis 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 Group's and the Company'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						
2010						
Financial assets						
Fixed deposits	14	3.50	4,091	4,091	-	-
Financial liabilities						
Finance lease obligations	18	4.30 to 8.73	(445)	(69)	(244)	(132)
Bank borrowings	19	5	(717)	(717)	-	-
Loan from ultimate holding company	21	5	(4,000)	(4,000)	-	-
			(1,071)	(695)	(244)	(132)

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						
2009						
Financial assets						
Fixed deposits	14	3.50	23	23	-	-
Financial liabilities						
Finance lease obligations	18	4.30 to 8.73	(510)	(66)	(250)	(194)
Bank borrowings	19	5	(1,718)	(987)	(731)	-
Loan from ultimate holding company	21	5	(4,000)	(4,000)	-	-
			(6,205)	(5,030)	(981)	(194)
Company						
2010						
Financial liabilities						
Bank borrowings	19	5	(217)	(217)	-	-
Loan from ultimate holding company	21	5	(4,000)	(4,000)	-	-
			(4,217)	(4,217)	-	-
2009						
Financial liabilities						
Finance lease obligations	18	4.61	(464)	(49)	(221)	(194)
Bank borrowings	19	5	(718)	(487)	(231)	-
Loan from ultimate holding company	21	5	(4,000)	(4,000)	-	-
			(5,182)	(4,536)	(452)	(194)

35. Financial risk management (Continued)

35.1. Interest rate risk (Continued)

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 2010.

	Increase/(Decrease) Profit before income tax	
	2010	**2009**
	$'000	**$'000**
Group		
Interest rate		
- decreased by 0.5% per annum	5	31
- increased by 0.5% per annum	(5)	(31)
Company		
Interest rate		
- decreased by 0.5% per annum	21	26
- increased by 0.5% per annum	(21)	(26)

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.

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

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

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

35. Financial risk management (Continued)

35.2. Foreign currency risk (Continued)

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

	Group		Company	
	Equity	Profit before income tax	Equity	Profit before income tax
	$'000	$'000	$'000	$'000
31 December 2010				
Ringgit Malaysia	164	164	-	-
United States Dollar	-	388	-	1
Euro	-	24	-	(17)
Bahrain Dinar	1,013	804	-	(100)
Omani Rial	-	244	-	-
Others*	44	(16)	-	-
31 December 2009				
Ringgit Malaysia	60	-	-	-
United States Dollar	-	432	-	(39)
Euro	-	63	-	40
Bahrain Dinar	901	-	-	320
Omani Rial	-	337	-	-
Others*	(38)	(16)	-	-

A 10% weakening of foreign currencies against the functional currencies of the Company and its subsidiaries would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

* Other currencies include UAE Dirhams, British Pound, Saudi Riyal, Kuwaiti Dinar, Swiss Franc, Thai Baht, Hong Kong Dollar, Brunei Dollar, Indian Rupee, Philippine Peso, Chinese Renminbi, Swiss Kroner, South Africa Rand, Vietnamese Dong and Qatari Rial.

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 47% (2009: 51%) of the total trade receivable amount.

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

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

35. Financial risk management (Continued)

35.3. Credit risk (Continued)

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

	Group	
	2010	**2009**
	$'000	**$'000**
By geographical areas		
Singapore	6,492	7,423
Middle East	4,062	4,671
Malaysia	1,399	1,332
Asia-Pacific	903	304
United States/Europe/Others	1,716	476
	14,572	14,206

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

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

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

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

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

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

	Gross receivables	Impairment	Gross receivables	Impairment
	2010	**2010**	**2009**	**2009**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Past due 1 to 90 days	6,226	-	9,295	-
Past due over 90 days	3,924	603	3,591	395
	10,150	603	12,886	395

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

35. Financial risk management (Continued)

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 Group's and the Company's liquidity risk is minimal as the Group and the Company maintain sufficient cash and cash equivalents and internally generated cash flows to finance their operating activities and committed liabilities. The Group and the Company are also financed by borrowings from ultimate holding company.

In addition, the Group maintains $38.7 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 and the Company's financial liabilities at the end of financial year based on contractual undiscounted payments:

	2010			2009		
	Less than 1 year $'000	**1 to 5 years $'000**	**More than 5 years $'000**	**Less than 1 year $'000**	**1 to 5 years $'000**	**More than 5 years $'000**
Group						
Trade and other payables	19,122	-	-	26,416	-	-
Loan from ultimate holding company	4,000	-	-	4,000	-	-
Bank borrowings	721	-	-	1,014	736	-
Finance lease obligations	89	290	139	88	309	208
	23,932	290	139	31,518	1,045	208
Company						
Trade and other payables	908	-	-	1,712	-	-
Loan from ultimate holding company	4,000	-	-	4,000	-	-
Amount owing to subsidiaries	1,076	-	-	1,231	-	-
Bank borrowings	219	-	-	512	234	-
Finance lease obligations	-	-	-	69	278	208
	6,203	-	-	7,524	512	208

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 2009.

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	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Interest-bearing long-term debts	376	1,175	-	646
Total assets	53,412	64,321	23,612	25,269
Gearing ratio	0.7%	1.8%	-	2.6%

37. Financial instruments

Fair values

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

38. Events subsequent to the reporting date

1. The Company has set up a wholly-owned subsidiary, Cityneon Vietnam Company Limited, in the Socialist Republic of Vietnam on 17 March 2011. The principal activities are to provide project management services (other than for construction) and to engage in the installation, assembly, building completion and finishing works. The charter capital of the subsidiary is VND950,000,000 or equivalent to USD$50,000.

2. On 12 January 2011, Cityneon Global Projects Pte. Ltd., a subsidiary of the Company, changed its name to Cityneon Events Pte. Ltd.

Analysis of Shareholdings

As at 10 March 2011

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

The Company does not have any treasury shares.

SIZE OF SHAREHOLDINGS			NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1	-	999	1	0.29	1	0.00
1,000	-	10,000	249	72.60	1,094,000	1.23
10,001	-	1,000,000	87	25.36	3,778,671	4.27
1,000,001 & ABOVE			6	1.75	83,652,728	94.50
TOTAL			343	100.00	88,525,400	100.00

TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
LAVIANI PTE. LTD.	56,729,295	64.08
KO CHEE WAH	10,486,265	11.85
LIM POH HOCK	7,885,168	8.91
MULTI-PURPOSE INSURANS BHD	4,000,000	4.52
MAYBAN NOMINEES (S) PTE LTD	3,000,000	3.39
CIMB SECURITIES (SINGAPORE) PTE LTD	1,552,000	1.75
PACAL CONSULTING PTE LTD	564,000	0.64
PER TIONG SHIM	180,000	0.20
OCBC SECURITIES PRIVATE LTD	169,000	0.19
TAN CHONG YI	163,000	0.18
CN EVENT & EXHIBITION INTERNATIONAL PTE LTD	120,879	0.14
GAN GUAT CHING	120,000	0.14
LEONG KOK TOONG	108,792	0.12
CHEY CHOR WAI	100,000	0.11
KUNG MENG	78,000	0.08
KIEW NYOOK LIN	75,000	0.08
CHAN HENG KIAN	60,000	0.07
GOH NAE LIH	60,000	0.07
NEO WILSEN	60,000	0.07
OCBC NOMINEES SINGAPORE PTE LTD	59,000	0.07
	85,570,399	96.66

Based on the information available to the Company as at 10 March 2011, 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 10 March 2011

Name	No. of ordinary shares Direct Interest	%	Deemed Interest	%
Ko Chee Wah	10,486,265	11.85	-	-
Lim Poh Hock	7,885,168	8.91	3,000,000	3.39
Laviani Pte. Ltd.	56,729,295	64.08	-	-
Star Publications (Malaysia) Berhad	-	-	56,729,295	64.08
Malaysian Chinese Association	-	-	56,729,295	64.08

Notes:-

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

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

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cityneon Holdings Limited (the "Company") will be held at 84 Genting Lane, Cityneon Design Centre, Singapore 349584 on Monday, 25 April 2011 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 2010 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 Tan Hup Foi @ Tan Hup Hoi **(Resolution 2)**
   Mr Ko Chee Wah **(Resolution 3)**

   Notes:
   (i) Mr Tan Hup Foi @ Tan Hup Hoi will, upon re-election as Director, remain as the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nominating Committee. Mr Tan is considered as independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
   (ii) Mr Ko Chee Wah will, upon re-election as Director, remain as an Executive Director.

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

   Mr Loh Seng Kok **(Resolution 4)**
   Mr Ho Kay Tat **(Resolution 5)**

   Notes:
   (i) Mr Loh Seng Kok will, upon re-election as Director, remain as an Independent Director. Mr Loh is considered as independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
   (ii) Mr Ho Kay Tat will, upon re-election as Director, remain as a member of the Audit Committee. Mr Ho is a Non-executive Director.

4. To declare a Final Dividend of 1.65 cents per ordinary share for the year ended 31 December 2010. **(Resolution 6)**

5. To approve the payment of Directors' fees of S$130,000/- for the year ended 31 December 2010. (2009: S$87,500/-) **(Resolution 7)**

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

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 ("SGX-ST"), 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% 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 SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

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

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (1) below] **(Resolution 9)**

8. **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 (2) below] **(Resolution 10)**

9. 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, 8 April 2011

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, 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 4 May 2011 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 25 April 2011.

Duly completed registrable transfer of shares in the Company (the "Shares") received up to the close of business at 5.00 p.m. on 3 May 2011 by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, will be registered to determine Members' entitlements to the proposed Final Dividend. Subject to the aforesaid, members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with the Shares as at 4 May 2011 will be entitled to the proposed Final Dividend.

The proposed Final Dividend, if approved at the Annual General Meeting, will be paid on 16 May 2011.

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

Singapore: 8 April 2011

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 2010 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ...

of ....

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 84 Genting Lane, Cityneon Design Centre, Singapore 349584 on Monday, 25 April 2011 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 2010		
2.	Re-election of Mr Tan Hup Foi @ Tan Hup Hoi as Director		
3.	Re-election of Mr Ko Chee Wah as Director		
4.	Re-election of Mr Loh Seng Kok as Director		
5.	Re-election of Mr Ho Kay Tat as Director		
6.	Declaration of Final Dividend		
7.	Approval of Directors' fees amounting to S$130,000/-		
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 shares pursuant to the Cityneon Employee Share Option Scheme		

Dated this .... day of 2011

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.

from environments to experiences

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