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**MEDIA MONITORING – Cityneon Holdings**

## 'Explosive' growth expected from this stock with more exhibitions in the pipeline

SINGAPORE (May 26): UOB KayHian is maintaining its “buy” on Cityneon with a higher target price of \$1.28.

UOB says investors can continue to look toward explosive 2016-19 EPS growth with potential catalysts from new intellectual property (IP) rights.

The broker is also more positive on Cityneon’s prospects now that its CEO will have more control over the company and with a more supportive investor base in place.

In a Friday report, lead analyst Nicholas Leow says Cityneon successfully opened Avengers S.T.A.T.I.O.N. in Beijing.

This comes on top of an existing agreement with Beijing Starclouds Entertainment Development Co. to showcase Transformers Experience in China.

Since UOB’s last update, Cityneon’s major shareholder Star Media Group has entered into an agreement to dispose of its entire 52.51% stake to Lucrum 1 Investment for \$115.6 million in cash.

This is conditional on the approval of its shareholders at an EGM to be held on or before Oct 31.

In 2008, Star Media had acquired a 64.1% stake in Cityneon at 61 cents each.

Star Media stands to make a disposal gain of around \$68.7 million which will allow the group to expand its primary business activities.

Lucrum 1 Investment is an investment holding company controlled by three key directors including Cityneon CEO Ron Tan who owns a 15.5% stake in the vehicle.

Once the acquisition is completed, Leow says Tan should have more influence and control over the expansion and future direction of the company.

In addition, Cityneon is expected to be more aggressive in M&A after the change in major shareholder.

But should Star Media get approval on the disposal at the EGM, this would trigger a mandatory general cash offer for the remaining issued shares of Cityneon.

Leow believes the offeror intends to keep the public listing status of Cityneon as it would have easier access to capital markets.

However, he says UOB’s offer price of \$0.90 does not adequately reflect the fair value of Cityneon given the explosive 2016-19 earnings potential of the company.

“In addition, the offer price is at a 30% discount to our target price of \$1.28/share,” adds Leow.

“We have adjusted our exhibit roll-out for 2017 and 2018 as well as introduce our 2019 exhibit roll-out forecast,” says Leow, “we believe that each intellectual property (IP) should be able to comfortably sustain four exhibits.”

Cityneon shares are up 1 cent at 94 cents. Year to date, the stock is up 34.3%.