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Approval of Cityneon stake sale by Star Media shareholders triggers 90 cents per share general offer

By: PC Lee

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SINGAPORE (July 7): Shareholders of Star Media Group have approved the sale of the company's stake in Cityneon Holdings, triggering a mandatory general

offer of 90 cents for each share.

In an EGM held earlier today, Star Media shareholders approved the sale of their 52.51% stake in Cityneon to Lucrum 1 Investment for a consideration of \$115.6 million.

Lucrum 1 Investment is an investment holding company controlled by three key directors. Ron Tan, CEO of Cityneon owns a 15.5% stake in the vehicle with 76% held by Chinese investment holding company Massive Right Investments and 8.5% held by Mutual Power International.

While analysts expect a clearer and more aggressive direction from Cityneon, they say the offer price is not attractive for minority shareholders.

“We believe the offer price goes not represent a fair value for the company given the 22% discount to our target price of S\$1.28/share and the approximately 10% discount the current share price,” say analysts of UOB KayHian.

“We recommend that minority shareholders reject the offer as we believe that it is the intention of the offerer to keep the public listing status of the company for easier access to capital markets,” add the analysts.

Last month, Cityneon reported it expects to acquire its third intellectual property (IP) by the end of the third quarter of this calendar year.

“Assuming that the IP is attained by way of acquisition any earnings accretive M&A would see further upside to our target price,” say the analysts.

UOB KayHian has a “buy” with a SOTP-based target price of \$1.28 for Cityneon whose shares closed at 99 cents on Friday.

STAR MEDIA GROUP CITYNEON HOLDINGS LUCRUM 1 INVESTMENT RON TAN
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