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On the shoulders of giants

With partners such as Disney, Cityneon is in a Marvel-lous position to Transform entertainment for a generation of superhero fans with innovative, interactive exhibitions.

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EDBI's extensive network will add significant value to the experience entertainment firm's global expansion, said Cityneon group chief executive and executive chairman Ron Tan. SPH FILE PHOTO

IT was a marriage made in superhero heaven when Cityneon acquired Victory Hill Exhibitions (VHE) in September 2015.

Along with the union came the rights to use the Avengers STATION and The Transformers Experience franchise to open exhibits that immerse audiences in the world of Marvel Comics and the Autobots until 2024 and 2023 respectively.

And securing the two intellectual property (IP) rights has propelled Cityneon warp-speed ahead of local competitors Pico Art and Kingsmen Creatives.

Since Cityneon morphed into a creator of innovative and interactive exhibitions, "we consider the international experiential services company Viad Corp our main and immediate rival", its group chief executive officer Ron Tan tells The Business Times.

Viad Corp, an international experiential events company, is behind a touring Harry Potter exhibition and the Avatar: Discover Pandora, which features state-of-the-art audiovisual and interactive experiences.

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With the acquisition of VHE, Cityneon has been an outstanding performer in Singapore's stock market over the nine months since September 2015, with shares soaring by 382 per cent in price from S\$0.175 to S\$0.845.

Mr Tan assumed Cityneon's lead role on Jan 1. He is the co-founder of VHE, which was purchased by Cityneon through a cash-and-stock deal worth over S\$20 million that September, adding a new segment - intellectual property (IP) rights - to Cityneon's stable of four traditional businesses: thematic; exhibitions and logistics; events and sports; and interior architecture.

Mr Tan, who now oversees the overall operations of the company and its subsidiaries, says: "We want to be the largest in the industry. I feel that although Cityneon is a comparatively small company, it still has a very strong institutional business, strong track record and cash flow."

Established in 1956 as a supplier of electrical appliances, Cityneon has transformed itself into an ideas agency, specialising in remoulding customer and brand experiences through its interior architecture, experiential events and exhibitions business divisions.

Cityneon was listed on the mainboard of the Singapore Exchange (SGX) in 2005, and has a current market capitalisation of S\$231 million.

Bursa Malaysia-listed Star Media Group owns 52.5 per cent of the company, while Mr Tan is its single largest individual shareholder with a 16.4 per cent stake.

In April last year, Cityneon placed out 40 million new and vendor shares to China-based strategic investor China Media Capital (CMC) and other institutional and financial investors, raising net proceeds of S\$10.6 million.

Alliance

CMC, a media and entertainment investment group founded by Chinese tycoon Rui Gangli, has a fund size of US\$1.6 billion (S\$2.2 billion). Its portfolio includes Star China, TVB, Oriental DreamWorks and Hong Kong-listed IMAX China.

This alliance enables VHE to leverage CMC's government and industry contacts to expand in China, and allows the company to deepen its relationships with studios through CMC's existing partnerships with Disney, Warner Brothers, and 21st Century Fox.

It also caused a spike in volume during early trading on the 15th of the same month, which led SGX to issue a query to the company. About 8.1 million shares were traded in the morning itself, compared to the counter's daily traded volume of 2.1 million shares the day before.

Mr Tan attributed the April spike to the positive spin created through CMC's tie-up.

But in the first week of last month came another spike in trading, resulting in yet another query from SGX. Shares of Cityneon gained 5.5 cents, or 5.5 per cent, to S\$1.06 on stronger-than-usual volume over the last five trading days, then data from S&P Capital IQ showed.

Mr Tan cites positive research reports as reason for the high trading volume as the company has no other explanation for the large gain in its shares.

He adds that the outlook is bright, given the strong pipeline of movies for both the Avengers and Transformers franchises and that Cityneon expects to reap the full benefits of the VHE acquisition in its earnings from this year. "We've since brought our exhibitions to New York, Korea, Paris, Las Vegas and Singapore and in the future, we have our sights set on Taiwan, Australia and China," Mr Tan says.

The Avengers STATION is a narrative-driven, walk-through exhibit set within a high-tech environment. Providing a multi-sensory, immersive experience, and featuring original sets, props, as well as costumes, the exhibit takes participants deep into the world of the Marvel characters and the science behind the superheroes.

There are currently two permanent sets in Las Vegas and four travelling exhibits.

With two IP rights already in its pocket, Cityneon is looking at acquiring a third IP this year.

"We want to be able to choose who we work with. The criteria are firstly, the movie must perform above US\$1 billion (S\$1.44 billion). There are only 27 movies grossing above that amount. Secondly, the movie must have sequels. Marvel has plans for sequels right up to 2022 and Transformers up to eight sequels," Mr Tan says, but declines to say which IP Cityneon has set its sights on.

"Singapore rode on the shoulders of giants to get where it is today. Cityneon is a small company. Like Singapore, it wants to ride on the shoulders of giants to grow to be successful in the experiential exhibition industry," Mr Tan says.

"Today, with technology and the speed of information at our fingertips, the millennials have the attention span of a mosquito. They no longer want to spend money to visit a static exhibition. Therefore, our shows are immersive attractions where visitors get drawn deep into the world of The Avengers and explore the origins of their favourite Marvel superheroes," he says.

All about the experience

Mr Tan recalls a five-year-old boy in Singapore who was "inducted" as a recruit upon entry, went through the examinations and after completing the various interactive segments, "graduated" as an active STATION agent.

"To this day, he still carries the badge that identifies him as an agent. Our shows are successful if the audience walks away thinking like this kid. It's all about the experience, and our goal is to create different experiences for different people," he says.

Mr Tan says Cityneon will not be resting on its laurels.

"It is a marathon we are running. We are but at the cusp of the game. Perhaps the distance we have run is merely the first 5km. We still have 37km more to run before we complete the marathon. Who's to say we won't be signing up for another few marathons?"

Cityneon's milestones

- **1956:** Cityneon, a supplier of electrical appliances, was formed.
- **1962:** Became partner of Australian Trade Commission's first "Made in Australia" Exhibition.
- **2005:** Listed on the mainboard of Singapore Stock Exchange.

- **2008:** Awarded major contract with Resort Worlds at Sentosa and Singapore GP for Singapore's first Formula 1 Grand Prix Night Race.
- **2009:** Secured contracts for Oman, Qatar and Indonesia Pavilions at EXPO 2010 in Shanghai, China.
- **2010:** Awarded contract for Youth Olympic Games 2010 in Singapore.
- **2013:** Got the contract for Shanghai International Theme Park in Pudong Area, China, and for the second Asian Youth Games at Nanjing, China.
- **2015:** Acquired Victory Hill Exhibitions (VHE), an exhibition production and distribution company. VHE secured exclusive rights to use the Transformers brand in exhibition from Hasbro.

Cityneon also secured the rights to provide exhibition services for the famous Marvel characters such as the Hulk, Captain America, Iron Man and Thor and Spiderman.

- **2016:** VHE's AVENGERS S.T.A.T.I.O.N. opens in Paris and Las Vegas.

Chinese media giant CMC Holdings invests in Cityneon. Cityneon places out 40 million shares to CMC and other institutional investors.

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