

What's Hot Today:

- Online games - License release progress slow but happening

Corporate News Commentary / Reports Summary

- Online games - License release progress slow but happening

License release date	All games approved	Mobile games approved	PC games approved	Browser games approved	Console games approved
19-Dec-18	80	148	7	8	1
29-Dec-18	84				
01-Jan-19	93	274	4	5	0
13-Jan-19	95				
22-Jan-19	95				
11-Feb-19	91	177	6	0	1
26-Feb-19	93				
Total	631	599	17	13	2

Source: GAPP, Sunwah Kingsway Research

The General Administration of Press and Publication (GAPP) has approved a new batch of online games on 26th Feb. As to 26th Feb, a total of 7 batches and 631 games have been granted license after the resumption of approvals on 19 Dec 2018, with averagely 2~3 batches per month and ~90 games per batch. The approval speed is in line with our previous estimate of 200~300 games per month, implying >20 months to clear the backlog which has supposedly accumulated to ~5,000.

Mobile games accounted for ~95% of all games approved. We see an overwhelming majority of games from small-to-medium industry players while approved titles from leading and/or HK-listed gaming companies include:

- “Romantic Rose Garden”(“浪漫玫瑰園”), “Wood Joints”(“樺卯”) and “Folding Fan”(“折扇”) published and operated by **Tencent (700 HK – HK\$336.20)**;
- “Eudemons Online”(“魔域互通版”) and “Eudemons Legends”(“魔域傳奇”) published and operated by **NetDragon (777 HK – HK\$16.84)** as well as “War without Borders”(“無境之戰”) also operated by NetDragon;
- “Champion Football”(“全民冠軍足球”) and “Fruit Elimination”(“水果消消樂”) operated by **iDreamsky (1119 HK – HK\$6.10)**;
- “McDull Travels around the World”(“麥兜環遊世界”) operated by **7Road (797 HK – HK\$1.50)**.

We have also noticed [Reuter's report](#) about GAPP's possible suspension on accepting applications for new games in order to put more focus on backlogs, but gaming firms may still file applications at their local authorities. Since it would take a while to work through the backlog anyway, we believe that the suspension is merely procedural, indicating no big turnaround in prevailing sentiment of the regulators or any changes to the release schedule.

China & HK Indices	CLOSE	1D	YTD
HSI	28,812	0.6%	11.5%
HSCBI	11,506	1.2%	13.7%
HSCCI	4,539	1.8%	8.9%
CSI300	3,749	2.2%	24.5%
Shanghai A	3,136	1.8%	11.1%
Shanghai B	301	0.8%	11.1%
Shenzhen A	1,636	1.2%	23.4%
Shenzhen B	994	0.8%	18.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	26,026	0.4%	11.6%
S&P 500	2,803	0.7%	11.8%
Nasdaq	7,595	0.8%	14.5%
Nikkei Index	21,772	0.8%	8.8%
FTSE Index	7,106	0.5%	5.6%
CAC Index	5,265	0.5%	11.3%
DAX Index	11,601	0.7%	9.9%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	1,293	-1.5%	0.9%
STEEL (US\$/oz.)	1,167	-0.7%	15.2%
SILVER (US\$/oz.)	15	-2.6%	-1.8%
CRUDE OIL (US\$/bbl)	55	-37.9%	23.4%
COPPER (US\$/oz.)	6,478	-0.4%	8.6%
ALUMINIUM (US\$/oz.)	1,918	-0.2%	3.9%
PLATINUM (US\$/oz.)	859	-1.2%	8.0%
ZINC (US\$/oz.)	2,785	1.5%	12.9%
WHEAT (US\$/bu)	454	-1.5%	-9.8%
CORN (US\$/bu)	373	-0.2%	-2.6%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	911	-0.6%	0.4%
PVC (US\$/t)	N/A	N/A	5.4%
CRB	181	-0.9%	3.0%
BDI	664	0.9%	-47.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.849	0.880	111.890	0.999	6.706
HKD	0.127		0.112	14.255	12.732	0.854
EUR	1.137	8.921		127.180	0.881	7.639
JPY	0.009	7.014	0.786		0.893	0.060
CHF	1.001	7.857	0.881	111.978		6.714
RMB	0.149	1.170	0.131	16.661	0.149	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	13	0.4%

Source: Bloomberg

Latest Research Reports		
Date	Company	Analyst
27-Feb	Xinyi Glass (868 HK)	Phelix Lee
26-Feb	Xinyi Solar (968 HK)	Phelix Lee
25-Jan	IGG (799 HK)	Ingrid He
12-Nov	Sunny Optical (2382 HK)	Phelix Lee
10-Oct	Q Tech (1478 HK)	Phelix Lee
4-Sep	Tianheng Power (819 HK)	Phelix Lee
28-Aug	Q Tech (1478 HK)	Phelix Lee
27-Aug	Ju Teng INTL (3336 HK)	Phelix Lee
24-Aug	361 Degrees (1361 HK)	Hugo Suen

Kingsway Events		
Date	Company	Event
14-Feb	Meidong Auto (1268 HK)	Roadshow
22-Jan	Huazhong In-vehicle (6830 HK)	Roadshow
20-Dec	Inspur International (596 HK)	Company Visit
14-Dec	NetDragon (777 HK)	Roadshow
11-Dec	Digital China Holdings (861 HK)	Company Visit
22-Nov	Sinosoft Tech (1297 HK)	Company Visit
2-Nov	IGG (799 HK)	Company Visit
9-Oct	INKE (3700 HK)	Company Visit
19-Sep	Evergreen PG (1962 HK)	Company Visit

Investment Focus - We thus maintain our view that industry consolidation will continue for the online gaming sector, while leading players like Tencent and **NetEase (NTES US – USD217.38)** are better positioned to gain more market shares. (Ingrid He)

China Market News

- ▶ Chinese stocks continued to rally last Friday, following the MSCI's decision to increase the weight of China A-shares in its indexes.
- ▶ Companies including brokerages, banks, cement producers and liquor led the gainers.

Kingsway coverage list

Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend	Absolute performance			Latest report date
								Hist	FY1	FY2	FY2	5D%	1M%	3M%	
HANG SENG INDEX	HSI		28,812.17	0.6				11.0	11.1	10.1	4.0%	(0.0)	2.9	5.7	
HANG SENG CHINA ENT INDX	HSCEI		11,506.94	1.2				9.0	8.5	7.7	4.3%	0.7	4.3	5.5	
CSI 300 INDEX	SHSZ300		3,749.71	2.2				14.2	11.9	10.5	3.0%	6.5	15.5	14.8	
CHINA LILANG	1234 HK	9,101	7.60	0.9	NEUTRAL	9.66	27.1	11.4	10.4	8.9	6.7%	(0.8)	11.4	10.0	14-Aug-18
DAPHNE INT'L	210 HK	429	0.26	(1.9)	NEUTRAL	0.82	215.4	N/A**	N/A**	N/A**	N/A**	(1.9)	2.0	(5.5)	31-Aug-17
IGG	799 HK	14,980	11.70	4.8	LONG	12.89	10.2	11.0	9.9	9.1	0.4%	0.0	(3.6)	19.5	25-Jan-19
JU TENG INTL	3336 HK	2,461	2.11	(0.9)	NEUTRAL	1.48	(29.9)	N/A**	32.0	10.7	2.8%	(5.8)	1.0	(2.3)	27-Aug-18
POU SHENG INTL	3813 HK	8,570	1.60	0.0	NEUTRAL	1.45	(9.4)	17.7	15.2	12.1	1.1%	1.9	3.9	6.0	13-Apr-18
Q TECH	1478 HK	7,549	6.67	2.3	SHORT	3.02	(54.7)	33.9	183.8	18.0	0.8%	2.9	48.2	39.5	10-Oct-18
SUNNY OPTICAL	2382 HK	103,981	94.80	1.9	NEUTRAL	82.60	(12.9)	30.3	32.9	22.8	0.9%	(4.1)	21.5	18.8	12-Nov-18
TIANNENG POWER	819 HK	8,631	7.66	(0.4)	LONG	11.36	48.3	5.9	5.9	5.2	5.3%	(5.9)	(0.5)	6.4	4-Sep-18
TONGDA GROUP	698 HK	5,896	0.91	4.6	LONG	1.32	45.1	4.9	7.1	5.7	5.3%	(3.2)	(10.8)	0.0	23-Aug-18
XINYI GLASS	868 HK	36,863	9.23	2.6	LONG	11.00	19.2	8.7	8.2	6.9	7.2%	(5.4)	(2.2)	3.7	27-Feb-19
XINYI SOLAR	968 HK	30,108	3.93	1.8	NEUTRAL	4.10	4.3	15.8	12.8	10.7	4.4%	9.2	16.6	33.2	26-Feb-19
XTEP INTL	1368 HK	12,226	5.45	5.8	LONG	5.85	7.3	21.3	16.0	13.7	3.6%	7.3	9.4	25.6	23-Aug-18
361 DEGREES	1361 HK	3,246	1.57	1.3	NEUTRAL	1.94	23.6	5.9	6.2	5.5	5.7%	3.3	(5.4)	(17.8)	24-Aug-18

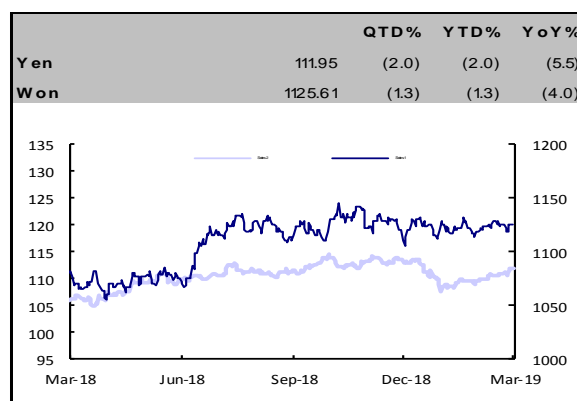
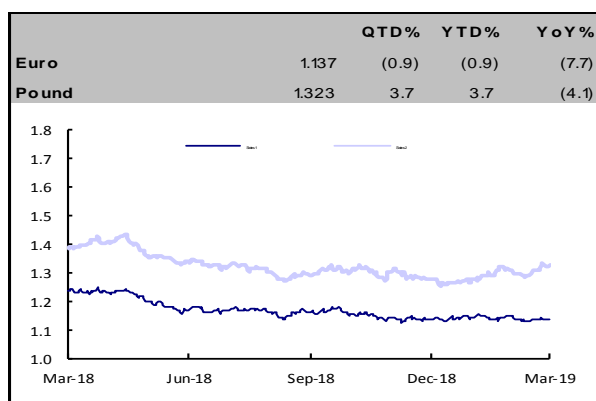
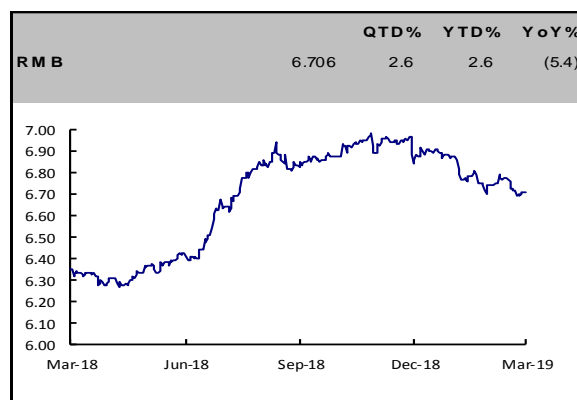
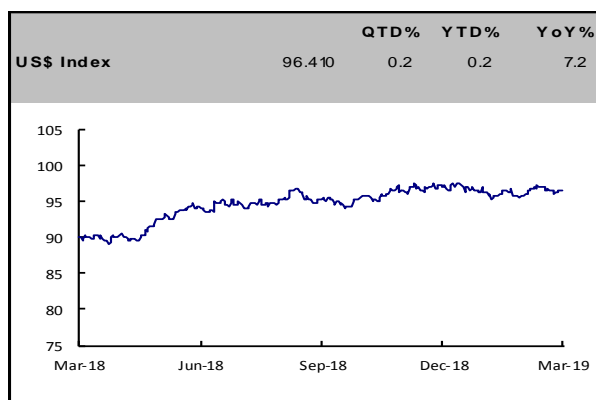
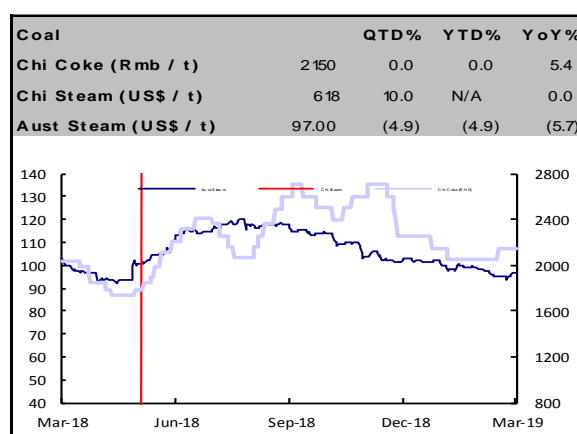
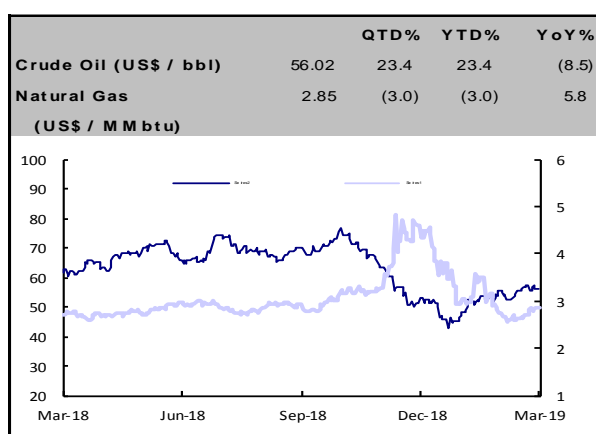
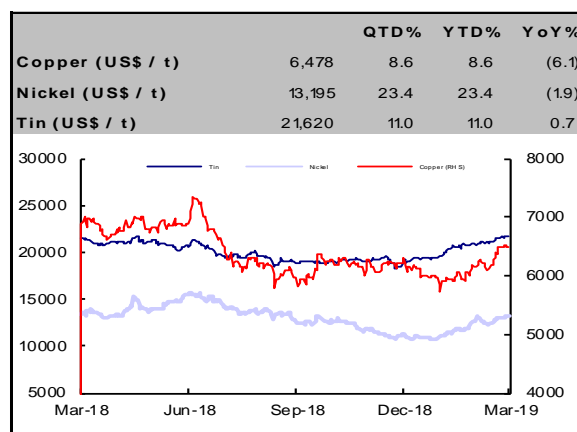
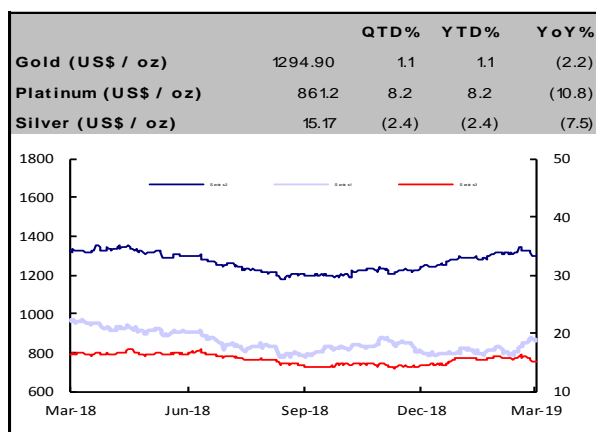
* Calculated by Sunwah Kingsway Research.
** PER is not available, due to : (1) the company went public only recently, or (2) no consensus earnings estimate, or (3) net loss, etc.

Radar Screen issued during past 12 months

Name	Ticker	Market Cap (HK\$'m)	Price (HK\$)	1D (%)	Price on report issue date (HK\$)	Performance since report issued (%)	PER (X)*			Dividend	Absolute performance			Latest report date
							Hist	FY1	FY2	FY2	5D%	1M%	3M%	
MEITU	1357 HK	14,001	3.33	3.74	11.66	-71.44	N/A**	N/A**	N/A**	90.1%	1.5	27.6	1.2	24-Oct-17
DYNAM JAPAN	6889 HK	8,196	10.70	1.71	14.90	-28.19	8.5	7.5	10.5	N/A**	3.7	8.2	5.3	25-Apr-17
CROSSTEC	3893 HK	168	0.070	0.00	0.137	-48.91	N/A**	N/A**	N/A**	N/A**	7.7	22.8	2.9	3-Mar-17
YUEYUN TRANS	3399 HK	2,448	3.06	(1.0)	4.25	-28.00	5.2	N/A**	N/A**	5.2%	(4.7)	2.7	(1.9)	14-Jul-16
UNI MEDICAL	2666 HK	12,460	7.26	(1.4)	5.65	28.50	8.1	7.6	6.2	2.8%	2.1	10.3	19.0	8-Jan-16
SUMMI	756 HK	259	0.19	(4.0)	0.79	-75.70	N/A**	N/A**	N/A**	0.0%	1.1	(5.9)	(3.0)	9-Feb-15
JIASHILI GP	1285 HK	747	1.80	0.0	3.30	-45.45	5.9	N/A**	N/A**	8.3%	0.0	2.3	2.3	10-Dec-14
GOLDPAC GROUP	3315 HK	1,742	2.09	1.0	7.18	-70.89	8.7	N/A**	N/A**	4.8%	3.5	3.0	11.2	31-Oct-14
UNI-BIO GROUP	690 HK	772	0.13	(0.8)	0.17	-26.47	N/A**	N/A**	N/A**	0.0%	7.8	22.5	58.2	28-Oct-14
TOWN HEALTH	3886 HK	5,193	0.69	0.0	1.36	-49.26	N/A**	N/A**	N/A**	N/A**	0.0	0.0	0.0	10-Sep-14
BAGUIO GREEN	1397 HK	282	0.68	(1.4)	1.43	-52.45	15.6	N/A**	N/A**	N/A**	3.0	0.0	N/A**	30-Jul-14
YUANDA CHINA	2789 HK	646	0.10	(5.5)	0.67	-84.48	8.0	N/A**	N/A**	N/A**	7.2	5.1	26.8	21-Jul-14
JUMEI	JMEI US	395	2.63	(0.75)	2.67	-1.50	22.1	N/A**	N/A**	N/A**	(0.8)	6.0	N/A**	15-Jul-14
FUGUINIAO	1819 HK	5,189	3.88	0.0	8.85	-56.16	11.3	N/A**	N/A**	N/A**	0.0	0.0	0.0	7-Jul-14

* Calculated by Sunwah Kingsway Research.
** PER is not available, due to : (1) the company went public only recently, or (2) no consensus earnings estimate, or (3) net loss, etc.

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
New home Sales	MoM		5-Mar-19
Trade Balance	MoM		6-Mar-19
Initial Jobless Claims	WoW		7-Mar-19
Housing Starts / Building Permits	MoM		8-Mar-19
Employment Report	MoM		8-Mar-19
Business Inventories	MoM		11-Mar-19
Retail Sales	MoM		11-Mar-19
CPI	MoM		12-Mar-19
Durable Goods Orders	MoM		13-Mar-19
PPI	MoM		13-Mar-19
Industrial Production	MoM		15-Mar-19
Factory Orders	MoM		19-Mar-19
Wholesale Inventories	MoM		22-Mar-19
Existing Home Sales	MoM		22-Mar-19
Consumer Confidence	MoM		26-Mar-19
GDP	QoQ		28-Mar-19
Personal Income & Spending	MoM		29-Mar-19
ISM Manufacturing PMI	MoM		1-Apr-19
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Mar-19
Trade Balance	MoM		8-Mar-19
PPI	MoM		9-Mar-19
CPI	MoM		9-Mar-19
Money Supply - M2	MoM		10-Mar-19
PMI Manufacturing	MoM		31-Mar-19
Industrial Production	MoM		17-Apr-19
Retail Sales	MoM		17-Apr-19
GDP	YoY		17-Apr-19

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI	MoM		5-Mar-19
Retail Sales	MoM		5-Mar-19
Foreign Currency Reserve	MoM		7-Mar-19
Industrial Production	QoQ		14-Mar-19
Producer Prices Index	QoQ		14-Mar-19
Unemployment Rate	MoM		19-Mar-19
Composite Interest Rate	MoM		19-Mar-19
CPI	MoM		21-Mar-19
Trade Balance	MoM		26-Mar-19
Money Supply - M2	MoM		29-Mar-19
GDP	QoQ		2-May-19

Source: HKEx

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