



Flash Note: Tencent (00700 HK)

快讯：腾讯控股 (00700 HK)

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Two Games from Tencent Have Been Approved after the Restart of Granting Game Licences

重启游戏版号发放后，腾讯两款游戏获得批准

- **What happened:** The State Administration of Press, Publication, Radio, Film and Television ("SAPPRFT") approved 95 titles on its fourth batch of game approvals, with two mobile games from Tencent. The government restarted granting of new game licences in December last year.
- **Comments and views:** The two games approved for Tencent are Wood Joints and Folding Fan, both educational games that teach traditional Chinese architecture and craftsmanship. Although we think that these two games should bring limited revenue to Tencent, the approval delivers a positive signal to Tencent's online games business as its last game approved was in March 2018. We found the following information since the first batch of games licenses was published in December 2018: 1) total amount of approved games was less than that of the same period last year due to games control policies implemented by the Ministry of Education and eight other departments last year August; 2) reviewing process is getting faster as there was only 6 days between the third batch and fourth batch of game licences published (10 days between the first batch and second batch of game licences published); 3) game reviewing policy is still strict, especially towards some specific game titles such as violent games and board and card games; 4) most small and medium-sized companies received game licence approval. We believe that more game licences will be published to small and medium-sized game companies in the early stage of the restart of game licence granting because of their cash flow being relatively tight compare with larger companies. With the improvement in reviewing speed and strict reviewing process, we believe that Tencent's online games business could rally further in 2019 but at a relatively slower pace in the first half of 2019 as licences of some of its games might not be obtained.
- **Investment suggestion:** In 3Q18, the proportion of Tencent online games revenue to its total revenue was 32.0% and we expect the percentage to be 33.6% for the full year. We believe that Tencent's online games business could rally further in 2019. We maintain investment rating as "Buy" with TP of HK\$375.00.
- **事件描述:** 自去年 12 月游戏版号重新发放后，国家新闻出版广电总局发布了第四批游戏版号下发名单，95 款游戏获得版号发放批准。其中有两款游戏来自腾讯。
- **观点评论:** 两款获批的腾讯游戏分别为《折扇》与《榫接卯和》，这两款游戏都讲授中国传统的建筑和技艺。尽管我们认为这两款游戏将为腾讯带来有限的收入，但该批准仍对腾讯在线游戏业务释放正面信号，因为腾讯最后获批游戏时间为 2018 年 3 月。自 12 月首批游戏版号重新发放以来，我们发现获批游戏有以下特点：1) 由于去年 8 月教育部等八部门实施游戏总量调控，目前获批游戏总量低于去年同期；2) 审核过程加快，第三批和第四批游戏版号发放时间只间隔 6 天（第一批与第二批游戏版号发放为间隔 10 天）；3) 游戏评审政策依然严格，特别是针对某特定类型游戏，如暴力类游戏和棋牌类游戏；4) 大多数中小型游戏公司获游戏版号发放。我们认为在游戏版号发放恢复早期，将有更多的中小型游戏公司获得版号批准，因为与大公司相比，他们的现金流相对紧张。随着审查速度提高，审查过程越加严格，我们认为腾讯的在线游戏业务将在 2019 年进一步反弹，但由于其中的部分游戏仍难获批，所以反弹幅度预计在 2019 年上半年不会太大。
- **投资建议:** 在 2018 年第 3 季度，腾讯网络游戏收入占总收入的比例为 32.0%，我们预计全年的比例为 33.6%。我们认为腾讯的网络游戏业务将在 2019 年进一步反弹。我们维持投资评级为“买入”，目标价为 375.00 港元。

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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