



KGI

CHINA
DEVELOPMENT
FINANCIAL

Investment Daily

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Major Market Indicators

	12 Jun	11 Jun	10 Jun
Mkt. Turn.(mn)	77,000	91,600	91,900
Stock Advances	378	1,086	1,190
Stock Declines	1,302	642	554
HSI	27,308	27,789	27,578
Change	-480	+210	+613
HSI Turn.(\$bn)	31.40	91.60	41.54
HSCEI	10,494	10,620	10,526
Change	-125	+93	+192
HSCEI Turn.(\$bn)	24.78	29.99	33.67

HSI Technical Indicators

10-days MA	27,144
50-days MA	28,706
250-days MA	27,733
14-days RSI	41.94
Primary resistance	27,733
Primary support	27,144

HSCEI Technical Indicators

10-days MA	10,432
50-days MA	11,104
250-days MA	10,864
14-days RSI	40.88
Primary resistance	10,860
Primary support	10,432

HSI Futures

	12 Jun	11 Jun	10 Jun
Jun	27,122	27,688	27,469
Volume	171,431	164,502	178,385
Open interests	126,861	129,078	129,312
Jul	27,066	27,630	27,409
Volume	1,231	1,637	1,230
Open interests	2,897	3,027	1,663

HSCEI Futures

	12 Jun	11 Jun	10 Jun
Jun	10,387	10,535	10,421
Volume	92,352	92,208	109,076
Open interests	239,592	248,836	252,907
Jul	10,336	10,483	10,372
Volume	2,670	1,039	3,606
Open interests	12,373	11,541	10,637

Market Overview

The Hang Seng Index is expected to trade at 27,000-27,400 today

US Secretary of Commerce Ross stated that US and China will finally negotiate a trade deal, yet it will not be nailed at the G20 summit, together with political turmoil in Hong Kong, which posed negative impact on investment sentiments. Hang Seng Index dropped 481 points to 27,308. H-share Index decreased 125 points to 10,495. Market turnover was HK\$77.0billion. China's May CPI up 2.7% YoY and PPI rose 0.6% YoY, which were in line with market expectations. Sunny Optical(2382) May handset lens shipment rose 38.7% YoY but down 5.8% MoM, it dropped 6.05% and was the worst performers among the blue-chips.

Investors focus shift back to uncertainties on China US relationship on Wednesday, US stock market continued to retreat. However, US Consumer Price Index increase (both core and non-core) slowed in May, once again boost investors belief that the Fed will soon cut rate, which limit the market's decline. The Dow and the Nasdaq closed 44 points (to 26,005) and 30 points lower respectively. On the other hand, owing to reported oil inventory increase, oil price fell to US\$51.1 per barrel, a 5-month low.

Owing to a lot of negatives factors including China US relationship remained tight, uncertain political environment in Hong Kong as well as sharp rise of Hong Kong Interbank rate, local blue chips remained weak in the US ADR market last night. Hong Kong stock market would remain weak today. Besides, investors focus will also eye on a series of China and US economic data to be released on Friday.

Technical Analysis

The Hang Seng Index opened below 250 Day SMA (27,733) on Wednesday, and continued to fall with a black candlestick, finally closing below 20 Day SMA(27,419). Besides, MACD rebound into the positive territory, while the positive trend has still been further accelerated. Market turnover shrank to HK\$77bn. Hang Seng Index first support is at 10 Day SMA(27,144), while second support is 26,672. On the other hand, first resistance is 250 Day SMA (27,733), while second resistance is at 28,000.

HSI Chart



Sources : Google

Daily Focus

JXR (1951): IPO brief

- Jinxin is a leading assisted reproductive services (“ARS”) provider in China and US. Jinxin generated majority revenue from ARS provided by the medical. Jinxin provides patients with two treatment solutions: (i) artificial insemination (AI), which can be performed with either husband’s sperm (AIH) or a donor sperm (AID); and (ii) IVF technology.
- Both of the PRC and US ARS markets are fragmented, with the top five market players in each market taking up less than 20% and 15% market shares respectively. For China ARS market, it is dominated by state-owned enterprise. Jinxin ranked third in overall China’s ARS market and ranked first among non-state owned ARS providers in 2018.
- Jinxin owns and operates Chengdu Xinan Hospital and Shenzhen Zhongshan Hospital, and jointly managed the IVF center of Jinjiang District Maternity and Child Health Hospital. Jinxin acquired HRC management in Dec 2018, expanding business to US. HRC Fertility ranked top 5 in US ARS market.
- Jinxin major revenue come from Chengdu Xinan Hospital ARS business, rose 67% yoy, accounted for 58.5% total turnover in 2018. Jinxin began providing management services in September 2016 to Jinjiang IVF Center and Jinxin Fertility Center , then acquired Shenzhen Zhongshan Hospital in Jan 2017. Assume if Jinxin acquisition of HRC management taken place in 1 Jan 2018, 2018 total revenue and net profit will rise to Rmb1,482mn and Rmb365mn respectively.
- Jinxin IPO has 4 strategic shareholders including Hillhouse, Ally Bridge, OrbiMed and Cormorant, total subscription to be US\$150mn, with 6 months lockup period.
- Driven by late marriage, unhealthy lifestyle and environmental factor, global infertility rate increased. Hence, ARS demand will increase. Besides, private enterprise ARS market share is still small, Jinxin has much growth room. Subscribe.

IPO Info	
Industry sector	Medical
Issue price (HK\$)	7.76-8.54
Total share offer size (HK\$ Mn)	2,771-3,050
Adjusted FY18 P/E(x)	65.3-71.8
Sponsor	Morgan Stanley, CLSA
Dealing of shares	25-Jun

Analyst: Samuel Chua Tit Hong, CFA

AM GROUP (1849): IPO brief

- AM group, as one of the earliest participants in the provision of online marketing services in Singapore, have been helping businesses build web presence and reach out to potential customers via online platforms since June 2005. AM Group provides search engine marketing services, creative and technology services and social media marketing services to clients from various business sectors, including professional services, general services as well as automotive and industrial, to name but a few. AM Group is one of the first authorised resellers in Singapore for Google, which awarded us the “Excellence Performance Award” as early as 2006, and more recently, the “Mobile Innovation Award” in 2018. Over the years, AM group expanded its coverage to include Malaysia and have established ourselves as a multi-award winning group serving over 900 active clients during the Track Record Period.

IPO Info	
Industry sector	Internet Service
Issue price (HK\$)	0.65-0.70
Total share offer size (HK\$ Mn)	130-140
Adjusted FY18 P/E(x)	22.9-24.7
Sponsor	Altus Capital Limited
Dealing of shares	26-Jun

- The services of AM group are generally divided into the following three categories:1) Search engine marketing services;2) Creative and technology services;3) Social media marketing services. According to the Frost & Sullivan Report, the market size of overall marketing industry of Singapore was approximately US\$1,117.5 million in 2017, of which approximately US\$386.5 million, representing approximately 34.6%, was contributed by online marketing. AM Group ranked first among all online marketing service providers with approximately 7.2% market share of the online marketing industry in Singapore in FY2018, and approximately 1.7% market share of the overall marketing industry in Singapore in FY2018.
- The income from Search engine marketing services is the largest revenue contributor of AM Group. In the FY2017, FY2018 and the first six months of the FY2019 ended December 31, 2018, search engine marketing services revenue accounted for 85.8%, 83.0% and 85.0% of the Group's revenue, respectively. Creative and technical services accounted for approximately 12% of the Group's revenue, and other revenues for social media marketing services. During the Track Record Period, the Group's revenue increased YoY, but the gross profit margin was relatively volatile, and the net profit margin fell.
- The group is dependent on suppliers. According to the prospectus, its largest search engine marketing service provider accounted for approximately 89.2%, 90.6%, 90.1% and 90.1% of total service costs in FY2016, FY2017, FY2018 and the first six months of FY19, respectively. In addition, the Group's customers are highly concentrated in the industry, and the medical sector customers contribute nearly 40% to the revenue. The prospectus also shows that if there is any change in the advertising laws or regulations or professional codes that limit the ability of the medical sector to place advertisements, or losing customers in the medical industry will have an adverse impact on the company's operations and financial situation.
- Overall, the company's financial performance was not outstanding, and the concentration risk of suppliers and customers was high. In terms of valuation, the price-earnings ratio is 22.9-24.7x, and the investment recommendation is “neutral”.

Analyst: ZHU Luying, Laurel



Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	398.03	409.27	807.30
Balance as % of Quota Amount	94.77%	97.45%	96.11%

Top 10 Most Actively Traded Stocks(SH-HK Connect Southbound)

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
ICBC	1398	899,848,950	9,538,300	909,387,250
CCB	939	868,116,520	24,711,330	892,827,850
TENCENT	700	157,336,120	91,727,780	249,063,900
SUNAC	1918	74,218,300	75,054,150	149,272,450
NCI	1336	78,752,130	60,334,905	139,087,035
WH GROUP	288	30,694,575	76,469,755	107,164,330
CITIC BANK	998	34,589,470	66,658,440	101,247,910
SUNNY OPTICAL	2382	46,131,565	49,999,295	96,130,860
PING AN	2318	53,757,750	36,153,175	89,910,925
CHINA SHENHUA	1088	76,529,130	4,990,520	81,519,650

Sources: HKEx

Top 10 Most Actively Traded Stocks(SZ-HK Connect Southbound)

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	119,652,400	99,673,940	219,326,340
ZTE	763	64,720,260	23,928,530	88,648,790
SUNAC	1918	50,566,600	28,305,700	78,872,300
CHINA VANKE	2202	56,819,090	16,729,055	73,548,145
WH GROUP	288	37,713,500	31,464,520	69,178,020
PING AN	2318	65,516,575	2,101,825	67,618,400
CCB	939	51,081,750	448,050	51,529,800
KINGSOFT	3888	21,479,280	27,340,720	48,820,000
GOLDWIND	2208	29,540,884	19,059,890	48,600,774
CM BANK	3968	42,492,775	881,450	43,374,225

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	-2.09%	337.40	5,936.3
CCB	939	-1.25%	6.31	2,802.3
PING AN	2318	-1.18%	87.70	2,007.2
ICBC	1398	-0.69%	5.73	1,899.8
AIA	1299	-2.59%	75.10	1,557.1
HKEX	388	-2.12%	259.20	1,259.2
MEITUAN-W	3690	0.00%	61.30	1,252.6
CHINA MOBILE	941	-1.57%	68.80	1,202.0
BANK OF CHINA	3988	-1.23%	3.22	1,136.4
CHINA EAST EDU	667	0.00%	9.92	1,125.0

Ten Short Sell Stocks



Stock Name	Code	Short Sell	Turnover	Short Sell Ratio
ICBC	01398.HK	745.64M	1.90B	39.25%
TRACKER FUND	02800.HK	712.41M	1.96B	36.35%
CCB	00939.HK	651.86M	2.80B	23.26%
PING AN	02318.HK	471.16M	2.01B	23.47%
CAM CSI300	03188.HK	297.64M	586.07M	50.79%
ISHARES A50	02823.HK	297.62M	500.80M	59.43%
CSOP A50 ETF	02822.HK	273.09M	457.04M	59.75%
HSCEI ETF	02828.HK	268.88M	756.15M	35.56%
AIA	01299.HK	267.45M	1.56B	17.18%
BANK OF CHINA	03988.HK	262.12M	1.14B	23.07%

Source: AASTocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	May. Aggregate Financing (Announce during Jun 9-15)	1410.0B	1360.0B
		May. New Yuan Loan (Announce during Jun 9-15)	1325.0B	1020.0B
		May. Trade Balance	\$23.25B	\$13.84B
		May. Exports YoY	-3.8%	-2.7%
		May. Imports YoY	-3.5%	4.0%
Tue	China	May. PPI YoY	2.1%	2.2%
Wed	US	May. CPI YoY	1.9%	2.0%
	China	May. PPI YoY	0.6%	0.9%
		May. CPI YoY	2.7%	2.5%
Thur	US	Initial Jobless Claim (Till Jun 8)		
		Continuing Jobless Claim (Till Jun 1)		
	Euro Zone	Apr. Industrial Production YoY		-0.6%
Fri	US	May. Retail Sales MoM		-0.2%
		May. Industrial Production MoM	0.2%	-0.5%
		Jun. University of Michigan Market Sentiment		100.0
	China	First Five Months Fixed Assets Investmetn Ex Rural YoY	6.1%	6.1%
		May. Retail Sales YoY	8.2%	7.2%
		May. Industrial Production YoY	5.5%	5.4%

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