

## Hong Kong | INVESTNOTES REPORTS REVIEW

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### Sectors:

Air, Automobiles (Zhang Jing),

TMT& Education (Terry Li)

Retail & Property (Tracy Ku)

### Automobile & Air (ZhangJing)

This month I released 4 updated reports of CSA (1055.HK) , SIA ( 600009.HK) ,

GWM (2333.HK), and Inovance (300124.CH), which got success by their unique

Competitive edge. Among them, we recommend Inovance first

Recently, Inovance announced that it planned to acquire 100% of BST by means of cash and equity, with a total transaction amount of RMB2.487 billion, corresponding to PS\PE\PB of 1.03, 10.57, 4.57 times. BST is a quality elevator parts supplier mainly serving foreign customers. BST's man-machine interface interaction system, wire and cable system, and other products are in a leading position among international brands of elevator manufacturers. It has stable cooperative relations with most of the world famous elevator manufacturers, including Otis, Kone, thyssenkrupp, Schindler and Fujitec, and has entered the global supplier system of some of them. Inovance Technology and BST are complementary to each other in terms of customers and products, with obvious synergies. By opening up the overseas market through BST, we will further expand the scale of overseas business and expand business development space.

### TMT& Education (Terry Li)

I released four reports on NetDragon (777.HK), China New Higher Education Group (2001.HK), Travelsky Technology (696.HK) and SUNeVision (1686.HK). We highly recommend NetDragon. Since the grant of licence approval was resumed in the end of 2018, three games were granted the approvals, including “Eudemons (PC-Moblie Cross Platform Version)” , “Eudemons Legends” and “無境戰地” . Besides, there are 8 games in the pipeline which are about to be launched or under development, such as “Vow of Heroes” , “Eudemons II” , “Heroes Evolved Thrones”, “Battle of Giants” and etc. In relation to the education business, Prometheus launched a new generation of interactive whiteboard V7, and won the Red Dot Design Award. As the product's functionality becomes more mature, it helps to improve the product ASP and competitiveness. In addition, Prometheus will further enhance its monetization capabilities by providing an application platform for its own products. Edmodo will also launch more monetization plans this year. The Group expects to launch a homework helping service in the second half of 2019 and will charge monthly. In the future, the platform will also monetize by providing high-quality tutorial contents. Currently, the platform has nearly 700 million tutorial resources. Besides, 101PPT is still loss-making, the primary goal of the product is to increase the number of user and their stickiness. As of 2018, the number of 101PPT users reached 5 million, a significant increase from last year (1.2 million).

Fig 1. Performance of Recommended Stocks

Time	Ticker	Company	Analyst	Rating	Price on Recommendation Date	Target Price	Expected Return	Last Month Closing Price	Last Month Return	Closing Price 2M ago	1M Price Chg
20190503	1055.HK	CSA	ZJ	Accumulate	6.84	7.5	9.65%	5.04	-26.32%	6.84	-26.32%
20190514	600009.CH	SIA	ZJ	Accumulate	67.54	74	9.56%	69.14	2.37%	70.63	-2.11%
20190520	2333.HK	GWM	ZJ	Accumulate	5.96	6.59	10.57%	5.7	-4.36%	5.998	-4.97%
20190527	300124.CH	Inovance	ZJ	Buy	22.94	28.41	23.84%	22.65	-1.26%	25.17	-10.01%
20190509	777.HK	NetDragon	TE	Buy	22	30.22	37.36%	20.65	-6.14%	22.9	-9.83%
20190517	2001.HK	China New Higher Education	TE	Buy	3.14	4.26	35.67%	3	-4.46%	3.5	-14.29%
20190523	696.HK	Travelsky Technology	TE	Buy	16.62	23.74	42.84%	16.24	-2.29%	20.15	-19.40%
20190530	1686.HK	SUNeVision	TE	Hold	6.6	6.12	-7.27%	6.46	-2.12%	6.69	-3.44%

A stock is calculated by RMB yuan.

Source: Phillip Securities Research

**PHILLIP RESEARCH STOCK SELECTION SYSTEMS**

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm$ 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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