

Hot on the plate – China Connect

❖ **Jan-Feb 2019 Economic Growth Data Commentary: Countercyclical adjustment begins to produce effect**

Macroeconomic | Data for Jan and Feb show that the real economy was still in the bottoming range, with lackluster performance in industrial value added, manufacturing investment and consumption. Industrial value added grew 5.3% YoY but down 0.4% MoM. Manufacturing investment was up only 5.9%, showing a visible decline, while social consumption growth rate remained at the low level of 8.2%. Surveyed employment rate combined to the second highest level since records began. However, counter-cyclical adjustment has started to produce effect, and the “underpinning effect” of infrastructure construction has emerged, which offsets the downward pressure of the real economy. We maintain our judgment that the real economy will stabilize between 2Q and 3Q.

❖ **Meinian Onehealth Healthcare Holdings (002044) Investment Value Analysis Report: The chain physical examination leader sets sail again for a new era**

Healthcare | The Company is expected benefit in the long term from a favorable policy for the development of nongovernmental hospitals and the competitive barriers built around its scale and brand strengths. A shareholding and controlling model will speed up the delivery of profits for the Company in 2018-2021. In 2018, the Company already rolled out a raft of the strictest new regulations in the industry, on which basis it will set sail again on the premise of attaching equal importance to quality and innovation. We predict an EPS of Rmb0.26/0.37/0.52 for the Company in 2018-2020, a 53x PE for 2019 with reference to comparable companies, which corresponds to a target price of Rmb19.61.

Other recommendations

- ❖ **Real Estate Sector Jan-Fed 2019 Operation Data Commentary:** Land transactions fall as predicted, and patience is needed to wait for project completion peak to arrive
- ❖ **Rainbow Department Store (002419) 2018 Annual Report Commentary:** Buoyant same-store sales, and accelerating digitalization
- ❖ **China United Network Communications (600050) 2018 Annual Report Commentary:** Industrial Internet business grows fast, and mixed ownership reform continuously releases dividend

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	HOLD	Increase relative to market representative index between -10% and 5%
	SELL	Decrease relative to market representative index over 10%
	OUTPERFORM	Increase relative to market representative index over 10%
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