

Hot on the plate – China Connect

- ❖ **Real Estate Industrial Chain Thematic In-Depth Report: As policy drives home sales to recover, how to make layout for the real estate industrial chain?**
Infrastructure Construction, Real Estate and Other Teams | As policy drives home sales to recover, the curtain for the recovery of the real estate industrial chain has also been lifted. In a stronger-than-expected investment climate, the raw materials and construction machinery segments will benefit most. With an expected recovery in floor space completed, consumer-oriented segments such as kitchen appliances, house & home, customized refined decoration and property management, as well as after real estate consumption-related home appliances retailing, copper and aluminum sectors are poised to benefit most. We recommend a pan-real estate industrial chain investment portfolio.

- ❖ **Property Management Sector Tracking Report: Leverage key support to pursue small elasticity, and improve services to achieve fast growth**
Real Estate | In the short run, we are bullish about small- and medium-sized property management companies which can count on the support of big developers and have high business growth certainty and high gross margins. In the medium/long term, we are more sanguine about “industrious ordinary property management companies” rather than “mediocre silver-spoon companies overdependent on their parent groups”.

- ❖ **Fund Portfolio Thematic Report Series No.1: Intelligently position investment style, and establish equity fund portfolios**
Quantitative | As the first piece of the fund portfolio thematic report series, this note mainly discusses the establishment of stock-leaning public offering fund portfolios. Besides introducing the portfolio formulation process, it is more focused on the optimization of fund investment style algorithms, involving style stability index design, machine learning positioning style and other innovative contents. It goes on to establish a multi-dimensional fund selection system from quantitative and qualitative perspectives, draw up an optimal strategy for selecting component funds, and put forward stock-learning public offering fund portfolios.

- ❖ **PV Sector Update: As Tianjin Zhonghuan Semiconductor (002129) raises silicon wafer production capacity, equipment manufacturers may be the first to benefit**
Power Equipment & New Energy | With strong demand for and tight supply of monocrystalline wafers, leaders are expected to steadily increase their market shares by expanding production capacities. This will further drive up the equipment demand of single crystal growing furnace manufacturers. We mainly recommend single crystal growing furnace supplier Zhejiang Jingsheng Mechanical & Electrical (300316), and suggest investors keep a watch on Tianjin Zhonghuan Semiconductor (002129).

- ❖ **China Grand Automotive Services (600297) Tracking Report: Three ongoing changes**
Automobile | Dealers have the characteristics of “high operating revenue, low gross margin and high asset-liability ratio”. Downward financing costs and the start of a new de-stocking cycle in the sector are expected to directly stimulate the profit recovery of China Grand Automotive Services. In addition, this year is expected to become a big year of policy reform in the second-hand car industry. We recommend China Grand Automotive Services (600297), the leading dealer.

Other recommendations

- ❖ **Aisino Corp. (600271) Update:** Strategic cooperation with Alibaba releases positive signal for diversified business development
- ❖ **Huaneng Power International (600011) 2018 Annual Report Commentary:** Higher-than-expected cost rises drag down earnings
- ❖ **Dawning Information Industry (603019) 2018 Annual Report Commentary:** Chip and system businesses pushed forward in coordination, and an autonomous and controllable ecosystem is emerging

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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%
	NEUTRAL	Increase relative to market representative index between -10% and 10%
	UNDERPERFORM	Decrease relative to market representative index over 10%

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