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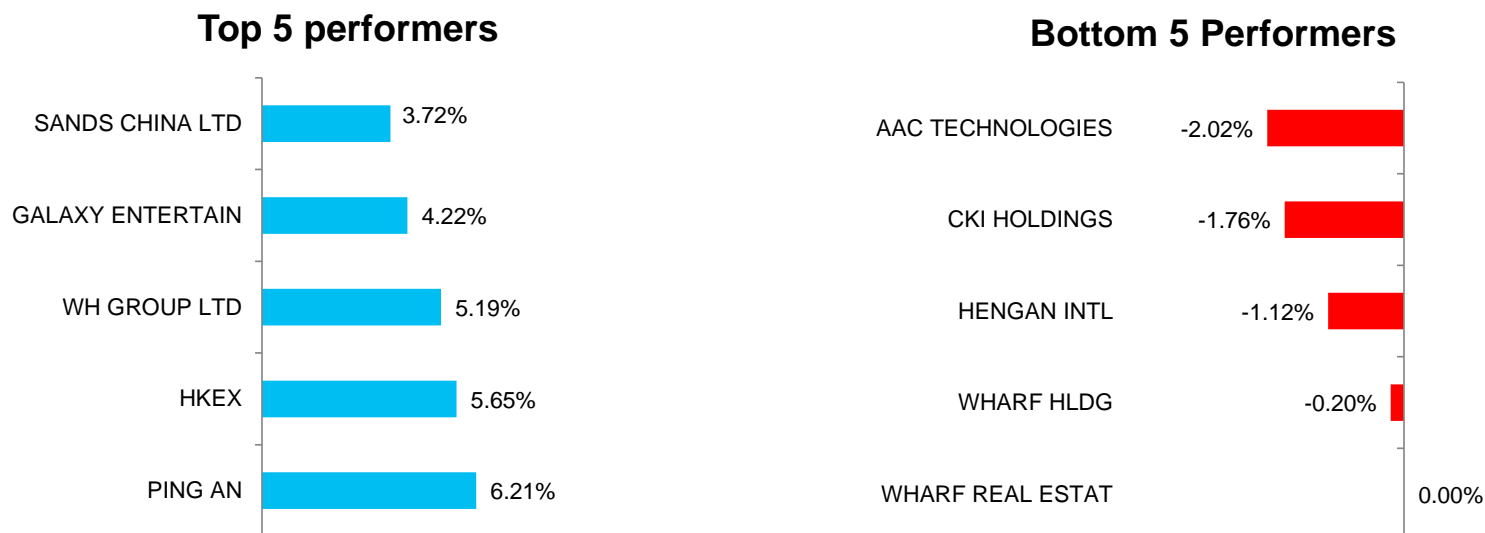
# Stock Spotlight

Nov 27, 2017



HSI rose last week

Chart: Weekly HSI Top 5 & Bottom 5 Performers



Source: Bloomberg L.P., as of Nov 24, 2017

## ❖ The Hang Seng Index rose last week.

- ▶ Daily Turnover exceed HK\$100 billion per day in the past 3 weeks. Shares in Hkex surged 5.7% last week to HK\$247.
- ▶ Ping An rose 6.2% last week, following Ping An's Open Day, which focused on life insurance valuation and fintech. The company's CFO said Ping An's valuation had room to increase as Internet technology units are gradually spun off for their own listings.

## Chinese oil majors the next targets for SOE reform

- ❖ Sweeping changes, instead of mass mergers, are expected to have significant impact on the competitive landscape of the sector as well as individual companies.

## Gas pipelines the key area for restructuring

- ❖ The upcoming China National Pipeline Co would be the biggest development within the sector in years to come. The move is aimed at further promoting natural gas consumption, via breaking up the monopoly and operating the pipelines as independent midstream players.

## Supply side reform in China's teapot refineries

- ❖ China's teapot refinery sector will accelerate to polarize – the ones with quota will rise, the rest without quota likely to be driven out of business.

## Preference

- ❖ We prefer SOEs which have spin-off opportunities. We also like the pipeline players which have the policy overhangs removed evidenced by recent NDRC's modest cut in pipeline tariff.

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