英皇證券 Emperor Securities CROSBY

China |Machinery

16 November 2026

# Precision Tsugami (China) (1651 HK)

## Emerging businesses to drive the next leg of growth

- **1H27 (Yr ended Mar) revenue and NP increased by 20.9% and 32.2% YoY respectively. An interim DPS of HK$0.90 was declared, marking the highest interim dividend payout since listed.**
- **Encouraging earnings momentum with emerging industries providing new growth drivers. New TP set at HK$64.40, upgrade to BUY.**

### Solid double-digit top and bottom-line growth with margin improvement

During the review period, Precision Tsugami (China) (PTC) continued to record a sustained increase in orders from key downstream industries, translating into a robust 1H27, with sales and NP increased by 20.9% and 32.2% YoY to Rmb3.0bn and Rmb663.7m respectively. Amid the on-going pricing pressure in China's CNC machine tool market, PTC adopted targeted pricing strategies for selected strategic models. Concurrently, supported by its disciplined cost reduction initiatives; stronger operational resilience and ongoing efficiency enhancement, GPM lifted by 1.6ppt YoY to 36.2% in 1H27.

### Precision lathes driven 1H27 sales growth

During the review period, precision lathes remained as the key growth contributor with sales rose by 24.5% YoY to Rmb2.6bn, accounting for 84.5% of the 1H27 sales. Sales of precision machining centres also went up by 9.3% to Rmb225.9m, accounting for 7.5% of the total sales. In contrast, the precision grinding machine business experienced some weakness with sales declined by 7.1% YoY to Rmb117.3m in 1H27. This was due to demand from automotive industry began to soften from 2H26, resulting in slight decline in orders and shipment volume.

End-market demand showed clear structural divergence during the period. The automotive sector entered a cyclical adjustment phase following three years of growth, with sales declining by 21.4% YoY. In contract, the 3C industry benefited from new product cycles launched by major consumer electronics brands, driving a significant increase in equipment tenders, with sales surged by 142.1% YoY. Demand in the pneumatic and hydraulic industry remained relatively stable. For PTC's emerging industries, which primarily consisted of AI liquid cooling, optical modules and humanoid robots, sales went up by 212% YoY. The AI server liquid-cooling industry entered the mass procurement stage, creating new opportunities for the company's automatic lathes in precision liquid-cooling components. Increased orders from the 3C sector and emerging AI liquid-cooling applications effectively mitigated the impact of softer automotive demand.

### PTC's multiple sectors exposures to sustain earnings growth ahead

We remain constructive on the company's growth prospect, supported by its established technological capabilities, and competitive positioning in China's machine tools market. Despite the cyclical nature adjustment of automotive industry, the growing adoption of AI infrastructure and robotics should sustain the company's growth over the mid to long term. Over the longer term, the expansion of AI computing infrastructure, autonomous driving systems and humanoid robotics is expected to drive demand for highly consistent machining of complex precision components. PTC's new production facility is expected to add 3k units of annual assembly capacity from early 2028.

As of 1H27, PTC continued to maintain a solid financial position with a net cash balance of Rm1.7bn with no outstanding debt. Given a more gradual-than-expected recovery in automotive demand, we have lowered our FY27-FY28 revenue forecasts by 3%-5% and NP by 7%-10%. The share price of PTC has been under selling pressure, and we reckon this was mainly due to the overall weak market sentiment. We believe the company is fundamental solid and positive outlook still remain intact. Tagging to 17x PE, our new TP is set at HK$64.40. Upgrade to BUY from Neutral.

### Summary financial data

| Year to Mar 31 (RMB'm) | 2025A | 2026A | 2027E | 2028E | 2029E |
|---|---|---|---|---|---|
| **Revenue** | **4,262** | **5,184** | **6,195** | **7,347** | **8,573** |
| Gross profit | 1,410 | 1,808 | 2,168 | 2,601 | 3,069 |
| Reported net profit | 782 | 1,094 | 1,261 | 1,499 | 1,773 |
| **Adj. net profit** | **782** | **1,094** | **1,261** | **1,499** | **1,773** |
| Adj. net profit YoY% | 63.0 | 39.9 | 15.2 | 18.9 | 18.3 |
| Adj. EPS (RMB) | 2.07 | 2.97 | 3.44 | 4.09 | 4.84 |
| **Adj. P/E (x)** | **14.5** | **10.1** | **8.7** | **7.3** | **6.2** |
| P/B (x) | 3.5 | 3.0 | 3.2 | 2.6 | 2.1 |
| Dividend yield (%) | 2.7 | 3.4 | 4.7 | 5.6 | 6.6 |
| **ROE (%)** | **28.7** | **34.0** | **32.4** | **44.3** | **42.4** |
| Net debt / equity (%) | Net cash | Net cash | Net cash | Net cash | Net cash |

Source: Company data, Crosby Securities

**BUY**

| | |
|---|---|
| Last Price (HK$)* | 33.08 |
| **Target Price (HK$)** | **64.40** |
| Upside / (Downside)(%) | 94.7% |
| *Previous rating* | *NEUTRAL* |
| *Previous TP* | *69.00* |
| Hang Seng Index* | 23,753.84 |
| ** Prices as of* | *16-Nov-26* |

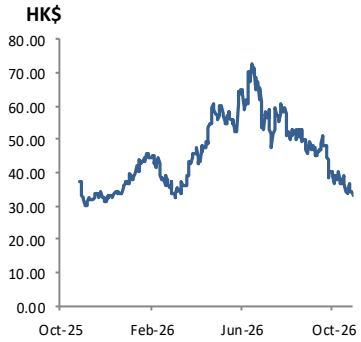
### Key Data

| | |
|---|---|
| Ticker | 1651 HK |
| Market Cap (HK$m) | 12,194 |
| 3M avg daily T/O (HK$m) | 88.8 |
| 52-week High (HK$) | 74.15 |
| 52-week Low (HK$) | 30.00 |
| Free Float (%) | 31.0% |
| Shares O/S (m) | 368.6 |

### Performance

| | Absolute | Relative |
|---|---|---|
| 1 month | -18.4% | -17.0% |
| 3 months | -43.5% | -40.3% |
| 6 months | -43.0% | -37.7% |

### Price Chart




*Source: Bloomberg*

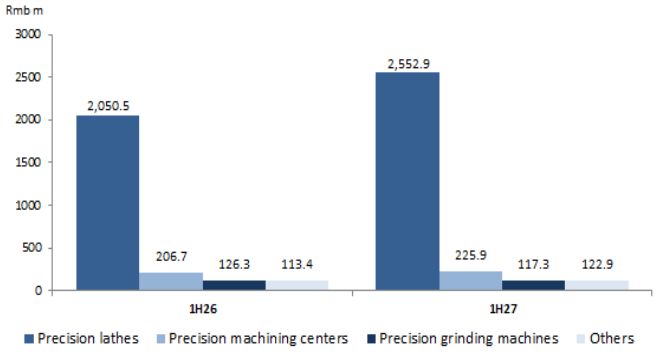
**E Wuen Tan**
Ewuen.tan@crosby.com
+852 3476 2720

**Figure 1 P&L**

| Year ended Mar (Rmbm) | 1H23 | 1H24 | 1H25 | 1H26 | 1H27 | 1H26 vs 1H27 YoY change (%) |
|---|---|---|---|---|---|---|
| **Revenue** | **2,200.4** | **1,494.4** | **1,978.1** | **2,496.9** | **3,019.0** | ***20.9*** |
| Costs of sales | (1,666.3) | (1,080.3) | (1,343.1) | (1,633.9) | (1,926.7) | |
| **Gross profit** | **534.1** | **414.1** | **634.9** | **863.0** | **1,092.2** | ***26.6*** |
| Other income and gains | 42.8 | 49.1 | 36.5 | 26.1 | 67.9 | |
| Selling and distribution expenses | (75.7) | (76.1) | (93.1) | (107.0) | (106.1) | |
| Administrative expenses | (54.7) | (54.2) | (85.6) | (77.7) | (68.4) | |
| Other expenses | (3.7) | (6.2) | (0.8) | 1.3 | (3.4) | |
| Finance costs | (0.0) | (0.6) | (0.4) | (2.2) | (0.0) | |
| **Before tax profit** | **442.8** | **326.0** | **491.5** | **703.5** | **982.2** | ***39.6*** |
| Tax | (142.1) | (104.8) | (151.5) | (201.3) | (318.4) | |
| **Net profit** | **300.8** | **221.3** | **340.0** | **502.3** | **663.7** | ***32.2*** |

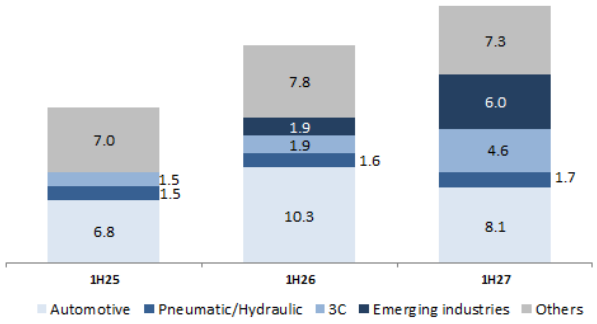
Source: Company data

**Figure 2 Revenue breakdown**



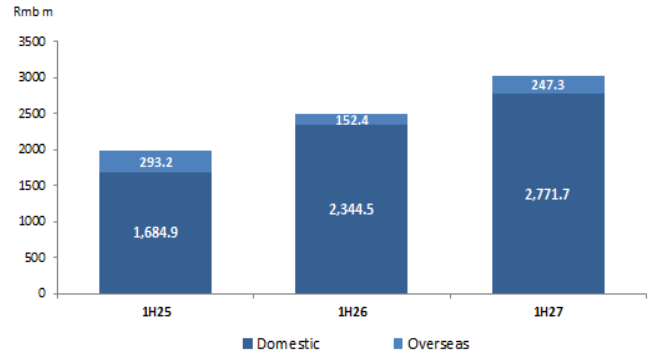

Source: Company data

**Figure 3 Sales breakdown by downstream customers (Rmb100m)**



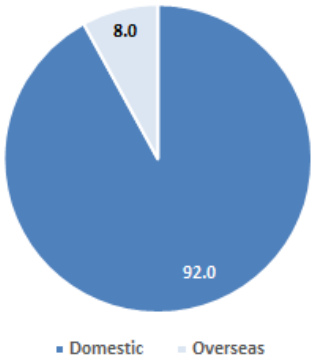

Source: Company data

**Figure 4 Geographical breakdown**




Source: Company data

**Figure 5 Geographical breakdown**




Source: Company data

**Figure 6 New estimates**

| Year ended Mar (RMBm) | Old estimates 2027 | Old estimates 2028 | New estimates 2027 | New estimates 2028 | Change (%) 2027 | Change (%) 2028 |
|---|---|---|---|---|---|---|
| Turnover | 6,405.1 | 7,706.8 | 6,195.5 | 7,346.7 | (3.3) | (4.7) |
| Gross profit | 2,241.8 | 2,712.8 | 2,168.4 | 2,600.7 | (3.3) | (4.1) |
| Net profit | 1,358.3 | 1,665.8 | 1,261.1 | 1,498.8 | (7.2) | (10.0) |
| ***Margin*** | | | | | ***Change (ppt)*** | |
| Gross margin | 35.0 | 35.2 | 35.0 | 35.4 | 0.0 | 0.2 |
| Net margin | 21.2 | 21.6 | 20.4 | 20.4 | (0.9) | (1.2) |

Source: Crosby

# Summary financials

| Year ended Mar | 2025A | 2026A | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|
| **Profit & Loss (RMBm)** | | | | | |
| Precision automatic lathes | 3,624 | 4,331 | 5,247 | 6,286 | 7,374 |
| YoY% | 36.5 | 19.5 | 21.2 | 19.8 | 17.3 |
| Precision machining centres | 244 | 386 | 434 | 483 | 532 |
| YoY% | 57.3 | 58.3 | 12.5 | 11.5 | 10.1 |
| Precision grinding machines | 208 | 227 | 238 | 259 | 285 |
| YoY% | 44.4 | 8.9 | 4.7 | 8.9 | 10.3 |
| Others | 185 | 241 | 277 | 318 | 382 |
| YoY% | 11.8 | 30.1 | 15.0 | 15.0 | 20.0 |
| **Turnover** | **4,262** | **5,184** | **6,195** | **7,347** | **8,573** |
| YoY% | 36.6 | 21.6 | 19.5 | 18.6 | 16.7 |
| COGS | (2,851) | (3,376) | (4,027) | (4,746) | (5,504) |
| **Gross profit** | **1,410** | **1,808** | **2,168** | **2,601** | **3,069** |
| Margin | 33.1% | 34.9% | 35.0% | 35.4% | 35.8% |
| Selling & distribution | (190) | (211) | (260) | (320) | (374) |
| Admin | (153) | (137) | (169) | (208) | (243) |
| Other incomes | 80 | 110 | 118 | 137 | 162 |
| Other opex | 0 | 0 | 0 | 0 | 0 |
| **Total opex** | **(262)** | **(238)** | **(310)** | **(391)** | **(455)** |
| YoY% | 42.2 | (9.2) | 30.3 | 26.0 | 16.3 |
| **Operating profit** | **1,148** | **1,570** | **1,858** | **2,210** | **2,615** |
| Margin | 26.9% | 30.3% | 30.0% | 30.1% | 30.5% |
| Other income / (exp) | (11) | (2) | (4) | (6) | (8) |
| Finance costs | (0) | (2) | 0 | 0 | 0 |
| Associates/ JV income | 0 | 0 | 0 | 0 | 0 |
| Pre-tax profit | 1,137 | 1,565 | 1,855 | 2,204 | 2,607 |
| Tax | (355) | (471) | (593) | (705) | (834) |
| **Profit after tax** | **782** | **1,094** | **1,261** | **1,499** | **1,773** |
| Margin | 18.4% | 21.1% | 20.4% | 20.4% | 20.7% |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **782** | **1,094** | **1,261** | **1,499** | **1,773** |
| YoY% | 63.0 | 39.9 | 15.2 | 18.9 | 18.3 |
| Margin | 18.4% | 21.1% | 20.4% | 20.4% | 20.7% |
| Crosby Adjustments | 0 | 0 | 0 | 0 | 0 |
| **Adj. net profit** | **782** | **1,094** | **1,261** | **1,499** | **1,773** |
| YoY% | 63.0 | 39.9 | 15.2 | 18.9 | 18.3 |
| Margin | 18.4% | 21.1% | 20.4% | 20.4% | 20.7% |
| **EBITDA** | **1,209** | **1,632** | **1,945** | **2,327** | **2,766** |
| YoY% | N/A | N/A | N/A | N/A | N/A |
| Margin | 28.4% | 31.5% | 31.4% | 31.7% | 32.3% |
| **Adj EPS (RMB)** | **2.074** | **2.967** | **3.443** | **4.092** | **4.840** |
| YoY% | (96.0) | (95.7) | (97.7) | (96.9) | (96.9) |
| **DPS (RMB)** | **0.782** | **1.000** | **1.377** | **1.637** | **1.936** |
| YoY% | 6.0 | 28.0 | 37.7 | 18.9 | 18.3 |

| Year ended Mar | 2025A | 2026A | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|
| **Cash Flow (RMBm)** | | | | | |
| Before tax profit | 1,137 | 1,565 | 1,855 | 2,204 | 2,607 |
| Dep. & Amort. | 61 | 62 | 87 | 117 | 152 |
| Chg in working cap | (568) | (149) | (378) | (418) | (448) |
| Others | (6) | 4 | (22) | (25) | (29) |
| **Cash from operations** | **624** | **1,482** | **1,542** | **1,877** | **2,281** |
| Tax paid | (271) | (418) | (527) | (626) | (740) |
| **Net cash from operations** | **353** | **1,065** | **1,015** | **1,251** | **1,540** |
| YoY% | (30.2) | 201.6 | (4.7) | 23.3 | 23.1 |
| Capex | (42) | (23) | (150) | (140) | (130) |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Disposal of assets | 1 | 1 | 1 | 1 | 1 |
| Interest received | 23 | 19 | 22 | 25 | 29 |
| Others | (262) | (111) | (30) | (30) | (30) |
| **Net cash from investments** | **(281)** | **(113)** | **(157)** | **(144)** | **(130)** |
| Issue/ buyback of shares | 0 | 0 | 0 | 0 | 0 |
| Interest paid | (0) | (2) | 0 | 0 | 0 |
| Dividends paid | (295) | (369) | (504) | (600) | (709) |
| Net change in debt | 0 | 0 | 0 | 0 | 0 |
| Others | (64) | (255) | (200) | (200) | (200) |
| **Net cash from financing** | **(360)** | **(626)** | **(704)** | **(800)** | **(909)** |
| **Net change in cash** | **(288)** | **325** | **153** | **308** | **502** |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Opening cash | 678 | 390 | 715 | 868 | 1,177 |
| **Closing cash** | **390** | **715** | **868** | **1,177** | **1,678** |
| **FCF** | **311** | **1042** | **865** | **1111** | **1410** |
| YoY% | (26.0) | 235.4 | (17.0) | 28.5 | 26.9 |

| Year ended Mar | 2025A | 2026A | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|
| **Balance Sheet (RMBm)** | | | | | |
| Fixed assets | 554 | 519 | 669 | 809 | 939 |
| Assoicates & JCE | 0 | 0 | 0 | 0 | 0 |
| Goodwill & intangibles | 6 | 5 | 3 | 3 | 4 |
| Deferred tax assets | 26 | 26 | 26 | 26 | 26 |
| Others | 72 | 102 | 0 | 0 | 0 |
| **Non-current assets** | **660** | **651** | **698** | **838** | **969** |
| Inventories | 930 | 877 | 1,048 | 1,243 | 1,451 |
| Trade & bills receivables | 1,567 | 1,965 | 2,349 | 2,785 | 3,250 |
| Prepayments, deposits & others | 16 | 9 | 11 | 13 | 15 |
| Investments | 692 | 771 | 0 | 0 | 0 |
| Cash | 390 | 715 | 868 | 1,177 | 1,678 |
| Others | 0 | 0 | 0 | 0 | 0 |
| **Current assets** | **3,595** | **4,338** | **4,276** | **5,218** | **6,394** |
| **Total assets** | **4,254** | **4,989** | **4,974** | **6,055** | **7,363** |
| Trade & bills payables | 611 | 614 | 733 | 864 | 1,002 |
| Accruals & other payables | 214 | 394 | 470 | 554 | 643 |
| Tax payable | 138 | 155 | 195 | 232 | 274 |
| Bank loans | 0 | 0 | 0 | 0 | 0 |
| Bonds, CB & debentures | 0 | 0 | 0 | 0 | 0 |
| Others | 12 | 18 | 0 | 0 | 0 |
| **Current liabilities** | **974** | **1,181** | **1,398** | **1,650** | **1,918** |
| Bank loans | 0 | 0 | 0 | 0 | 0 |
| Bonds, CB & debentures | 0 | 0 | 0 | 0 | 0 |
| Deferred tax liabilities | 116 | 152 | 191 | 227 | 269 |
| Others | 30 | 29 | 0 | 0 | 0 |
| **Non-current liabilities** | **146** | **180** | **191** | **227** | **269** |
| **Total liabilities** | **1,120** | **1,361** | **1,589** | **1,877** | **2,187** |
| **Total net assets** | **3,134** | **3,628** | **3,385** | **4,179** | **5,176** |
| Share capital | 320 | 315 | 315 | 315 | 315 |
| Reserves | 2,902 | 3,582 | 3,069 | 3,863 | 4,860 |
| **Shareholder's equity** | **3,221** | **3,898** | **3,385** | **4,179** | **5,176** |
| Others | (87) | (270) | 0 | 0 | 0 |
| **Total Equity** | **3,134** | **3,628** | **3,385** | **4,179** | **5,176** |
| Total debts | 0 | 0 | 0 | 0 | 0 |
| **Net cash/(debts)** | **390** | **715** | **868** | **1177** | **1678** |
| **BVPS (RMB)** | **8.307** | **9.836** | **9.242** | **11.410** | **14.132** |

| Year ended Mar | 2025A | 2026A | 2027F | 2028F | 2029F |
|---|---|---|---|---|---|
| **Key ratios** | | | | | |
| **Margins (%)** | | | | | |
| Gross margin | 33.1 | 34.9 | 35.0 | 35.4 | 35.8 |
| EBITDA margin | 28.4 | 31.5 | 31.4 | 31.7 | 32.3 |
| EBIT margin | 26.9 | 30.3 | 30.0 | 30.1 | 30.5 |
| Net margin | 18.4 | 21.1 | 20.4 | 20.4 | 20.7 |
| Net margin (Core profit) | 18.4 | 21.1 | 20.4 | 20.4 | 20.7 |
| Effective tax rate (%) | 31.2 | 30.1 | 32.0 | 32.0 | 32.0 |
| Selling exp as % of rev | 4.5 | 4.1 | 4.2 | 4.4 | 4.4 |
| Admin exp as % of rev | 3.6 | 2.6 | 2.7 | 2.8 | 2.8 |
| R&D exp as % of rev | N/A | N/A | N/A | N/A | N/A |
| Other opex as % of rev | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total opex as % of rev | 6.2 | 4.6 | 5.0 | 5.3 | 5.3 |
| Interest coverage (x) | 2,787.0 | 710.3 | N/A | N/A | N/A |
| Dividend payout (%) | 37.6 | 33.5 | 39.7 | 39.7 | 39.7 |
| **Balance sheet ratios** | | | | | |
| Inventory days | 114 | 98 | 87 | 88 | 89 |
| Acct. rec. days | 109 | 124 | 127 | 128 | 128 |
| Acct. payable days | 73 | 66 | 61 | 61 | 62 |
| **Cash cycle** | **150** | **156** | **153** | **154** | **156** |
| **Net debt/equity (%)** | **Net cash** | **Net cash** | **Net cash** | **Net cash** | **Net cash** |
| Net debt/total cap (%) | Net cash | Net cash | Net cash | Net cash | Net cash |
| Current ratio (x) | 3.69 | 3.67 | 3.06 | 3.16 | 3.33 |
| **Returns (%)** | | | | | |
| Asset turnover (x) | 1.08 | 1.12 | 1.24 | 1.33 | 1.28 |
| Financial leverage (x) | 1.44 | 1.43 | 1.28 | 1.63 | 1.61 |
| EBIT margin (%) | 26.7 | 30.2 | 29.9 | 30.0 | 30.4 |
| Interest burden (x) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Tax burden (x) | 0.69 | 0.70 | 0.68 | 0.68 | 0.68 |
| **ROE (%)** | **28.7** | **34.0** | **32.4** | **44.3** | **42.4** |
| **ROIC (%)** | **32.8** | **38.7** | **46.5** | **54.3** | **54.5** |

Source: Company data, Crosby

# Information Disclosures

The information and opinions in this report were prepared by Emperor Securities Limited and Crosby Securities Limited and/or its affiliate(s) (collectively, hereinafter "Emperor and Crosby") and the research analyst(s) named in this report.

### Analyst Certification Disclosure

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner, including with respect to Emperor and Crosby, and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Each research analyst primarily responsible for the content of this research report further confirm that (i) neither they nor their respective associates (as defined in the Code of Conduct issued by the Hong Kong Securities and Futures Commission) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of the report; (ii)) neither they nor their respective associates serve as an officer of any of the Hong Kong listed companies covered in this report; and (iii) neither they nor their respective associates have any financial interests in the stock(s) covered in this report.

### Stock Ratings Disclosure:

**Fundamental Rating System**

Our Fundamental Ratings are based on our estimated potential total return for the stocks over a 12-month time horizon. Potential total return is the sum of (1) share price upside or downside express in percentage plus (2) gross dividend yield over the next 12 months.

**Buy (B)**: The stock's potential total return is expected to be over 10%/15% for Large Caps/Small&Mid Caps, respectively.

**Neutral (N)**: The stock's potential total return is expected to be ranging from -10% to 10%/15% for Large Caps/Small&Mid Caps, respectively.

**Sell (S)**: The stock's potential total return is expected to be less than -10% over the next 12 months.

**Tactical Call Rating System**

Our Tactical Calls are based on short-term share-price catalyst(s), technical factor(s) and/or quantitative analysis for a time horizon of 3 months. Our Tactical Calls could be on companies not covered by our fundamental rating system or contrary to our fundamental ratings of the same companies.

**Tactical Buy (TB)**: The stock's potential total return is expected to be over 20%.

**Tactical Sell/Short (TS / TSH)**: The stock's potential total return is expected to be less than -20%.

**Closure/Expiry of Tactical Call**: Our Tactical Call(s) will be considered closed or expires when (1) the share price(s) of our tactical Call(s) reaches either the Take-Profit or Cut-Loss levels after the initiation of the Tactical Call(s); or (2) after 3 months from the initiation of the Tactical Call(s), whichever comes earlier.

**Not Rated (NR)**: Stocks that we have no Fundamental or Tactical Call rating

**Under Review (UR)**: An indication of the stock's target price and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

We generally define LargeCaps as companies with a total market capitalization of US$5bn or above, while those with total market capitalization below this level are defined as Small&Mid Caps.

Due to daily price volatility, actual total market capitalization of stocks of defined size categories may temporarily deviate from the above thresholds and potential total return of stocks covered by our Fundamental Rating System may temporarily be inconsistent with the defined potential total return associated with the assigned fundamental ratings.

## General Disclosures and Disclaimers

This report has been prepared based on information available to the public that we consider reliable, but Emperor Securities Limited and Crosby Securities Limited ("Emperor and Crosby") has not independently verified the contents hereof and does not represent or warrant, expressly or impliedly, that it is fair, accurate, timely, reasonable or complete and it should not be relied on as such The information and opinions contained herein are for investors' reference only and do not take into account the particular investment objectives, financial situation or needs of individual clients, and does not constitute an offer to buy or sell or a solicitation of an offer to buy or sell the securities or other financial products or provide any investment advice or service. Under no circumstances shall the information contained herein or the opinions expressed herein constitute a personal recommendation to anyone.

Emperor and Crosby may have positions in and may effect transactions in the securities of company(ies) referred to in the research report and may also perform or seek to perform investment banking or financial advisory services for those companies. Investors should aware that there is a possible conflict of interest that would affect the objectivity of the research reports attached herein. Emperor and Crosby and our officers, directors and employees, excluding equity and credit analysts, may from time to time have long or short positions in, act as principal in, and buy or sell, the securities or other financial products, if any, referred to in this report.] Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. None of Emperor and Crosby, its shareholders or any of its or their related personal shall be liable in any manner whatsoever for any loss or consequences howsoever arising from any use of or reliance on this document or any of its contents or otherwise in connection therewith.

The information contained in this report, as well as the opinions, valuations, ratings, estimates and forecasts are subject to change and may be amended from time to time without any notification. Past performance is not a reliable indicator of future performance. At different period, Emperor and Crosby may release reports which are inconsistent with the opinions, valuations, ratings, estimates and forecasts contained herein.

Emperor and Crosby's salespeople, traders, and other professionals may provide oral or written market commentary or trading ideas that may be inconsistent with, and research different conclusion from, the recommendations and opinions presented in this report. Such ideas or recommendations reflect the different assumptions, views and analytical methods of the persons who prepared them, and Emperor and Crosby is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report. Emperor and Crosby's asset management areas, proprietary trading desks and other investing business may make investment decisions that are inconsistent with the recommendations or opinions expressed in this report.

THIS DOCUMENT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT. IT IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMISTTED OUTSIDE OF HONG KONG. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESETRICTED BY LAW, AND PERSONS IN TO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

This report is distributed in Hong Kong. The research report herein are not provided to and may not be used by any person or entity in any jurisdiction where the provision or use thereof would be contrary to applicable laws, rules or regulations of any governmental authority or regulatory or self-regulatory organization or clearing organization or where Emperor and Crosby is not authorized to provide such information or service.

**Copyright of this report belongs to** Emperor and **Crosby. Any form of unauthorized distribution, reproduction, publication, release or quotation is prohibited without** Emperor and **Crosby's written permission.**