

## What’s Hot Today:

### ► China Handset Components

#### Weak lens shipment in May

**Sunny Optical (2382.HK, HK\$66.80, HK\$73.1bn) May handset lens shipment down 5.2% YoY**

In May 2025, Sunny Optical shipped 98.1mn HLS and 37.7mn HCM units, down 5.2% and 17.1% YoY, and declined by 4.8% and 3.9% MoM, respectively. This also ended the steady growth seen in HCM throughout Q1.

Since early 2024, Sunny Optical has seen a consistent decline in shipments, driven by its decision to exit low-end, price-sensitive segments amid rising competition. The company now focuses on high-value modules, which is gradually lifting ASPs to offset volume growth.

**Q-Tech (1478.HK, HK\$7.50, HK\$8.92bn) May handset camera module shipment decreased 17.5% YoY**

In May 2025, Q-Tech shipped 32.4mn CCM units, down 17.5% YoY but up 1.9% MoM. High-resolution modules over 32MP made up 51%, showing a strong shift to higher quality products.

Although total volume stayed weak, Q-Tech has been steadily growing its share of high-end modules since 2024. This supports its move toward higher-margin items. The slight MoM increase may be an early sign of recovery, helped by better product mix in a diversified market.

**Our views** – IDC data shows that the global smartphone market recovered in 2024 after two years of decline, with shipments rising by about around 7% YoY. This trend continued into 1Q25, though at a slower pace, with shipments up by 1.5% YoY to about 304.9mn units. The demand in China is believed to be largely supported by the government subsidies, while in the U.S., distributors stocking up ahead of potential tariff changes.

China & HK Indices	CLOSE	1D	YTD
HSI	23,892	-0.6%	19.1%
HSCBI	8,665	-0.9%	18.7%
HSCCI	4,118	1.3%	8.9%
CSI300	3,864	-0.7%	-1.8%
Shanghai A	3,540	-0.8%	-4.3%
Shanghai B	255	-0.5%	-4.3%
Shenzhen A	2,093	-1.3%	2.2%
Shenzhen B	1,160	-1.0%	-4.3%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	42,197	-1.8%	-0.8%
S&P 500	5,976	-1.1%	1.6%
Nasdaq	19,406	-1.3%	0.5%
NIKKEI Index	38,151	0.8%	-4.4%
FTSE Index	8,850	-0.4%	8.3%
CAC Index	7,684	-1.0%	4.1%
DAX Index	23,516	-1.1%	18.1%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,432	1.4%	31.2%
STEEL (US\$/oz.)	1,947	-0.7%	9.0%
SILVER (US\$/oz.)	36	-0.1%	25.3%
CRUDE OIL (US\$/bbl)	72	7.3%	2.9%
COPPER (US\$/oz.)	9,645	-0.0%	10.0%
ALUMINIUM (US\$/oz.)	2,503	-0.5%	-1.9%
PLATINUM (US\$/oz)	1,228	-5.4%	35.7%
ZINC (US\$/oz.)	2,623	-1.1%	-11.9%
WHEAT (US\$/bu)	543	3.3%	-1.6%
CORN (US\$/bu)	443	0.6%	-0.4%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,054	2.7%	3.1%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	309	2.4%	3.0%
BDI			97.4%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.866	144.070	0.811	7.183
HKD	0.127		0.110	18.359	10.338	0.915
EUR	1.155	9.066		166.370	1.067	8.291
JPY	0.007	5.447	0.601		0.563	0.050
CHF	1.232	9.675	1.067	177.556		8.851
RMB	0.139	1.093	0.121	20.040	0.113	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	20	24.2%

Source: Bloomberg

Following a modest recovery in global smartphone demand in 2024, overall shipments began to stabilize. Yet for leading module makers like Sunny Optical and Q-Tech, volume gains remained limited, as intensified competition and a maturing low-end supply chain reshaped market dynamics. The two companies responded with a shift in strategy: Sunny is phasing out low-margin segments to support ASPs, whereas Q-Tech focuses in high-resolution modules. Instead of seeking volume growth, they are now focusing on premiumization and product value.

Looking ahead, global smartphone growth is expected to stay soft amid macro headwinds and trade risks. Nevertheless, demand for advanced optical modules is supported by the upgrading cycle driven by AI phones, foldables, and periscope cameras.

We are constructive on Sunny Optical’s positioning in the high-end module segment. The rising share of high-value products supports both ASP and margins. Meanwhile, Sunny is pivoting towards automotive optics and XR, which now make up nearly 30% of revenue. As a leading player in these high-margin, fast-expanding markets with healthier industry dynamics, Sunny is experiencing another structural upgrades. The ticker is trading at 15.8x FY25E P/E. (Research Department)

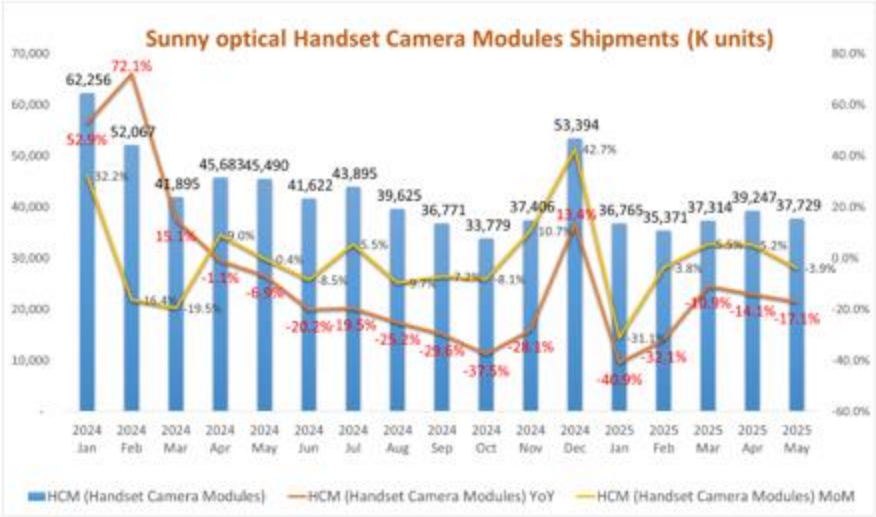
Fig1: Worldwide smartphone shipments



Source: IDC 2025

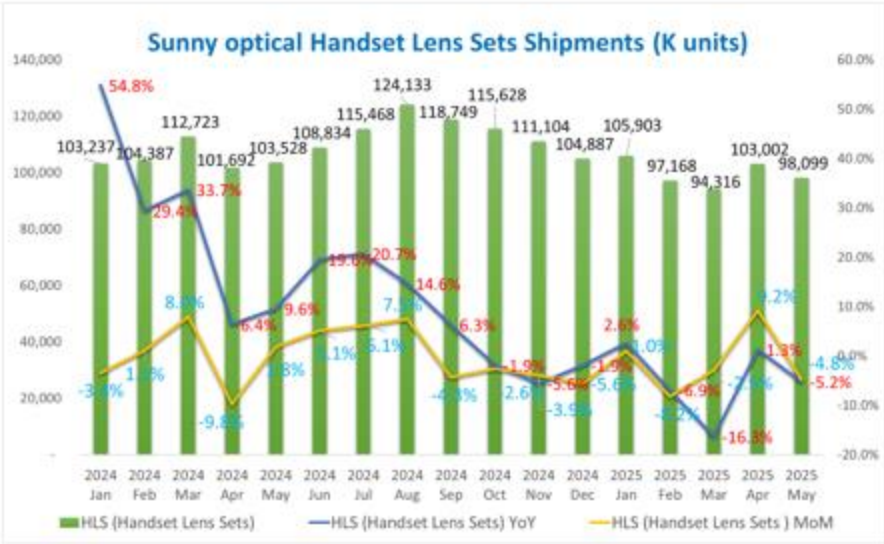
Source: IDC, Sunwah Kingsway Research

Fig2: Sunny optical handset camera modules shipments



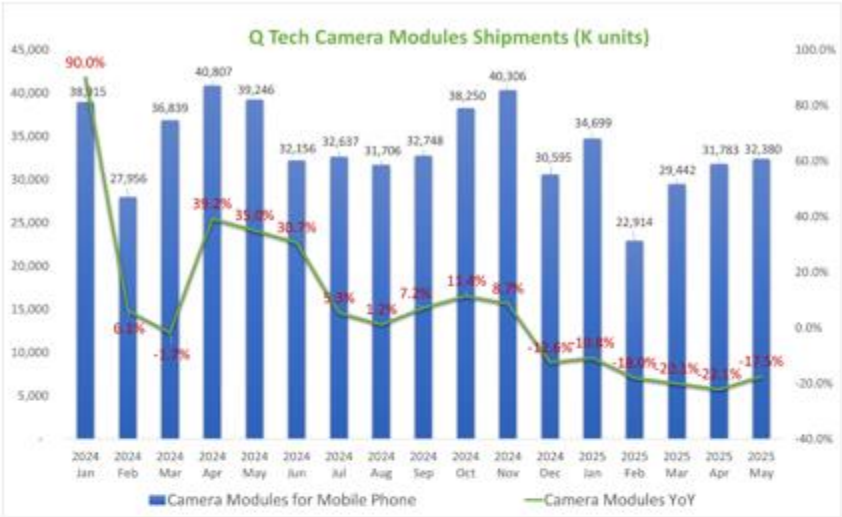
Source: Sunwah Kingsway Research

Fig3: Sunny optical Handset Lens Sets shipments



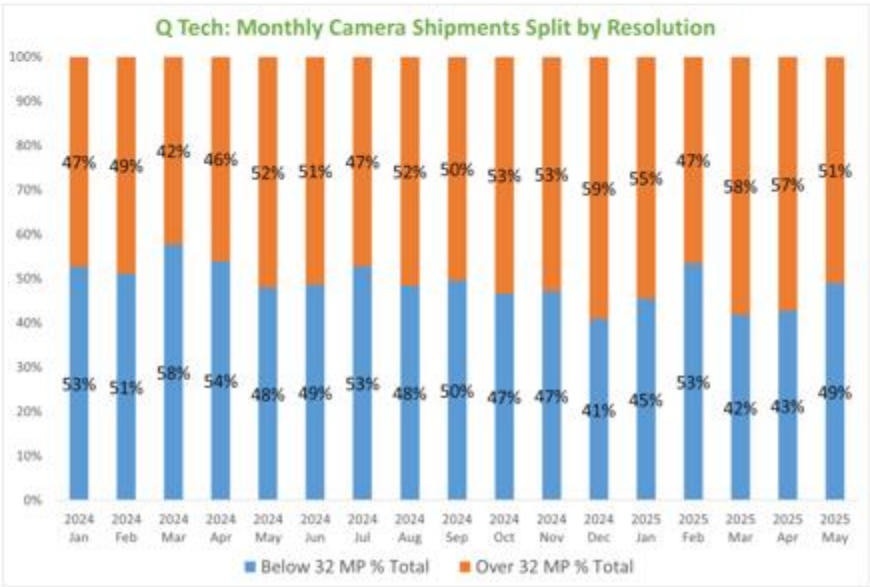
Source: Sunwah Kingsway Research

Fig4: Q Tech camera modules shipments



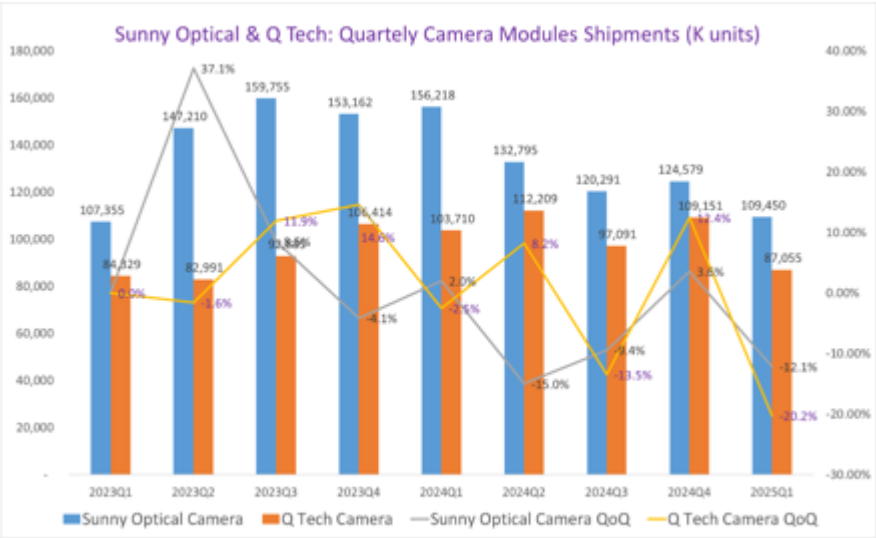
Source: Sunwah Kingsway Research

Fig5: Q Tech Monthly Camera Shipments Split by Resolution



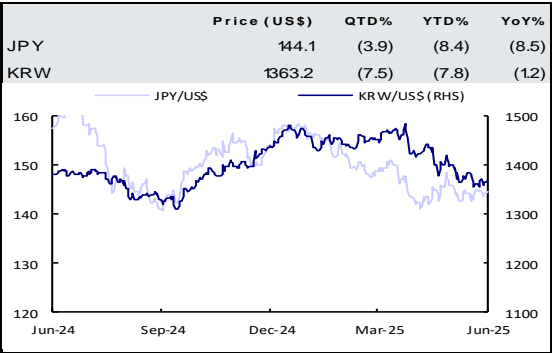
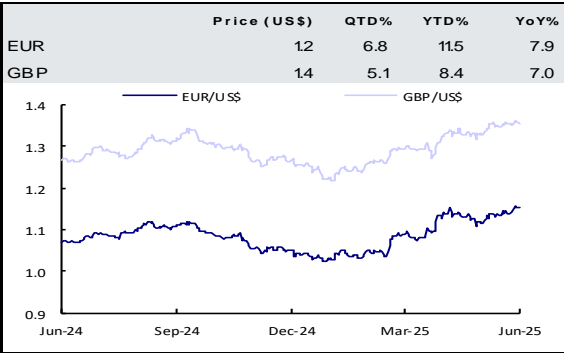
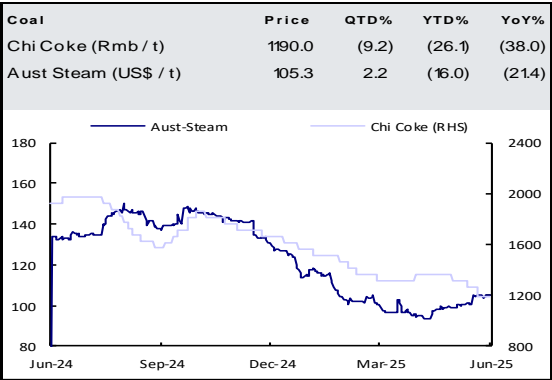
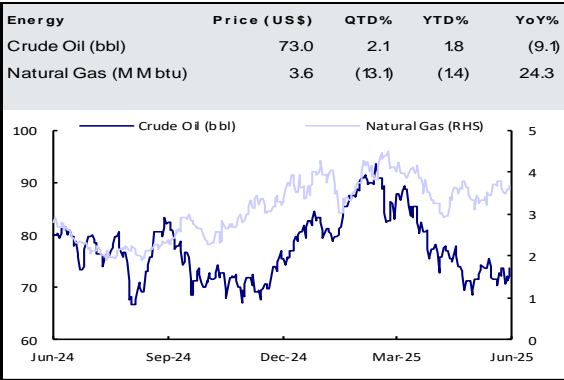
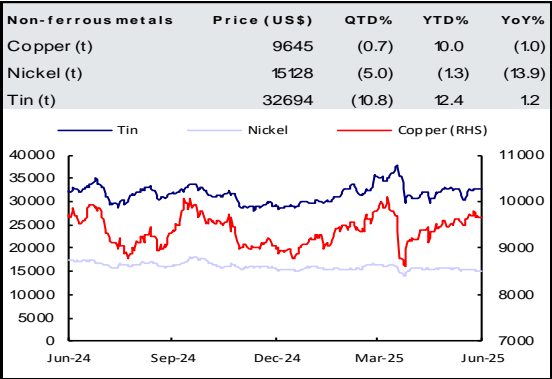
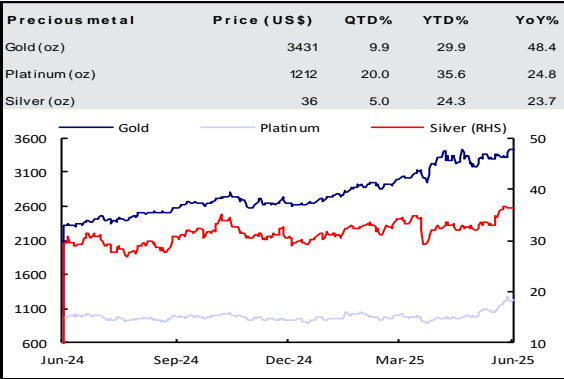
Source: Sunwah Kingsway Research

Fig6: Sunny Optical & Q Tech: Quarterly Camera Modules Shipments



Source: Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Business Inventories	MoM		17-Jun-25
Retail Sales	MoM		17-Jun-25
Industrial Production	MoM		17-Jun-25
Initial Jobless Claims	WoW		18-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		16-Jun-25
Industrial Production	MoM		16-Jun-25
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		17-Jun-25
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

Kingsway Research Team

**Analyst**  
**Howard Wong**  
**Ensley Liu**

**Email**  
[Howard.wong@sunwahkingsway.com](mailto:Howard.wong@sunwahkingsway.com)  
[Ensley.liu@sunwahkingsway.com](mailto:Ensley.liu@sunwahkingsway.com)

**Phone No.**  
(852) 2283 7307  
(852) 2283 7618



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Head Office

Hong Kong  
Kingsway Financial Services Group Limited  
7/F, Tower One, Lippo Centre,  
89 Queensway, Hong Kong  
Tel: 852-2283-7000  
Fax: 852-2877-2665

Affiliated & Overseas Offices

Guangdong  
廣東新華滙富商業保理有限公司  
2701, Dongshan Plaza,  
69 Xianlie Middle Road, Yuexiu District  
Guangzhou, 510095

Vietnam  
Sunwah Kingsway Vietnam Services Limited  
Representative Office  
Sunwah Tower, Mezzanine Floor  
115 Nguyen Hue  
District 1  
Ho Chi Minh City  
Vietnam