

What’s Hot Today:

► China Smartphone Components: June Shipments Stabilized, Structural Upgrade Trend Continues

Sunny Optical (2382.HK, HK\$74.60, HK\$81.6bn): Product mix continues to improve.

Approximately 95.1mn handset lens sets (HLS) and 41.9mn handset camera modules (HCM) were shipped in June 2025, with HLS down 12.7% YoY and 3.1% MoM, while HCM rose 0.7% YoY and 11.1% MoM. Subsequent to a dip in May, HCM shipments resumed growth in June and returned to the upward trend since bottoming in February, driven by delivery cycles of major customer projects and recovering demand for mid-to-high-end modules. In contrast, HLS shipments remain under pressure as the company continues to fade out from low-end models to focus on higher-value orders, supporting product structure optimization and ASP improvement.

Beyond smartphones, attention should be given to vehicle lens sets (VLS) and other lens products. In June, VLS shipments reached around 11mn units, up 44.6% YoY, supported by rising smart driving adoption and increased orders from mid-range clients. Other lenses, mainly used in IoT areas such as surveillance and smart home, shipment recorded 10.4mn units in June, up 37.4% YoY. Overall, non-smartphone businesses continued to show strong growth and are becoming the key engine for Sunny to optimize revenue structure and build a second growth curve.

Q-Tech (1478.HK, HK\$10.54, HK\$13 bn) Shipments recovering, high-end mix improving

In June 2025, Q-Tech shipped approximately 32.65mn camera modules, up 1.5% YoY and 0.8% MoM. Modules with 32MP and above accounted for 50.9% of total shipments, showing a steady shift toward high-end products. Although overall shipment volume remains low, the company expects its net profit for 1H25 to grow by 150–180% YoY, far outpacing shipment growth, reflecting continuous improvements in ASP and gross margin driven by higher-spec products.

Camera modules in other fields are mainly used in IoT, smart cars, and consumer electronics. Shipment in June reached 1.7mn units, almost doubled on YoY basis, a new monthly high for the year. This segment is benefiting from rising demand in AIoT and handheld imaging devices and is becoming the second growth driver under Q Technology’s diversification strategy, highlighting the early results of structural transformation.

China & HK Indices	CLOSE	1D	YTD
HSI	24,139	0.5%	20.3%
HSCEI	8,687	0.2%	19.2%
HSCCI	4,176	0.2%	10.5%
CSI300	4,014	0.1%	2.0%
Shanghai A	3,679	0.0%	-1.7%
Shanghai B	262	0.3%	-1.7%
Shenzhen A	2,214	0.5%	8.2%
Shenzhen B	1,251	0.3%	3.2%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,371	-0.6%	4.3%
S&P 500	6,259	-0.3%	6.4%
Nasdaq	20,585	-0.2%	6.6%
Nikkei Index	39,439	-0.3%	-1.1%
FTSE Index	8,941	-0.4%	9.4%
CAC Index	7,829	-0.9%	6.1%
DA-X Index	24,255	-0.8%	21.8%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,355	0.9%	28.5%
STEEL (US\$/oz.)	2,155	2.4%	20.7%
SILVER (US\$/oz.)	38	3.8%	33.3%
CRUDE OIL (US\$/bbl)	68	2.8%	-4.4%
COPPER (US\$/oz.)	9,660	0.3%	10.2%
ALUMINIUM (US\$/oz.)	2,603	0.3%	2.0%
PLATINUM (US\$/oz.)	1,393	1.9%	53.7%
ZINC (US\$/oz.)	2,738	-0.1%	-8.1%
WHEAT (US\$/bu)	540	-0.4%	-1.9%
CORN (US\$/bu)	412	-1.0%	-7.9%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,007	-0.6%	-2.3%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	303	1.0%	3.0%
BDI			66.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.856	147.430	0.797	7.170
HKD	0.127		0.109	18.780	10.147	0.913
EUR	1.169	9.177		172.300	1.074	8.381
JPY	0.007	5.325	0.580		0.540	0.049
CHF	1.255	9.855	1.074	185.020		8.998
RMB	0.139	1.095	0.119	20.564	0.111	

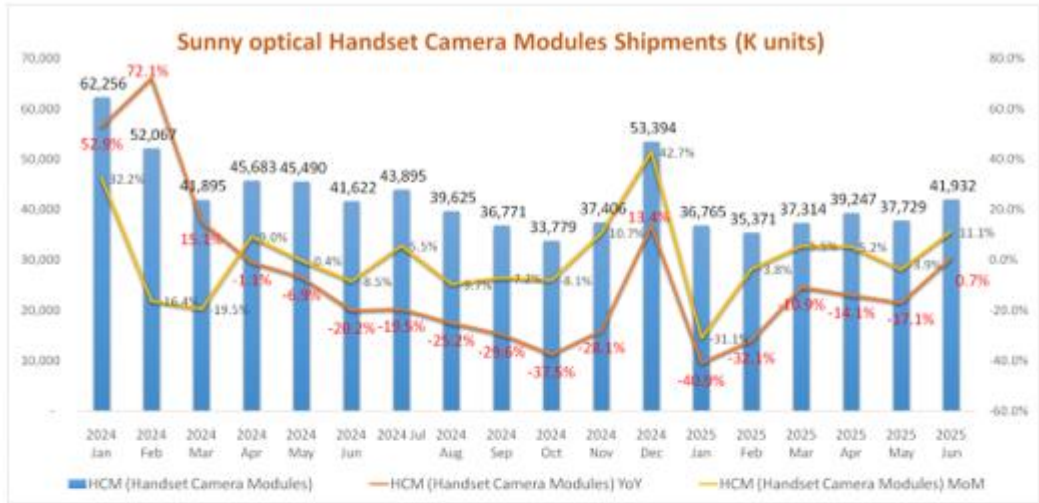
Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	0.1%

Source: Bloomberg

Our View: From the June shipment, handset camera module shipments of Sunny Optical and Q Technology both returned to positive YoY growth, reversing a multi-month decline and signaling that smartphone component demand is entering a bottoming-out recovery phase. The rebound is largely due to concentrated demand from mid-to-high-end customer projects, rather than a broad-based recovery, reflecting the market's growing focus on imaging quality and functional upgrades. Both companies are actively reducing exposure to low-end models and focusing on high-spec modules, aligning with trends like AI-powered smartphones, periscope lenses, and OIS stabilization. The sharp growth of Q Tech's 1H profit may indicate a success of its high-end strategy.

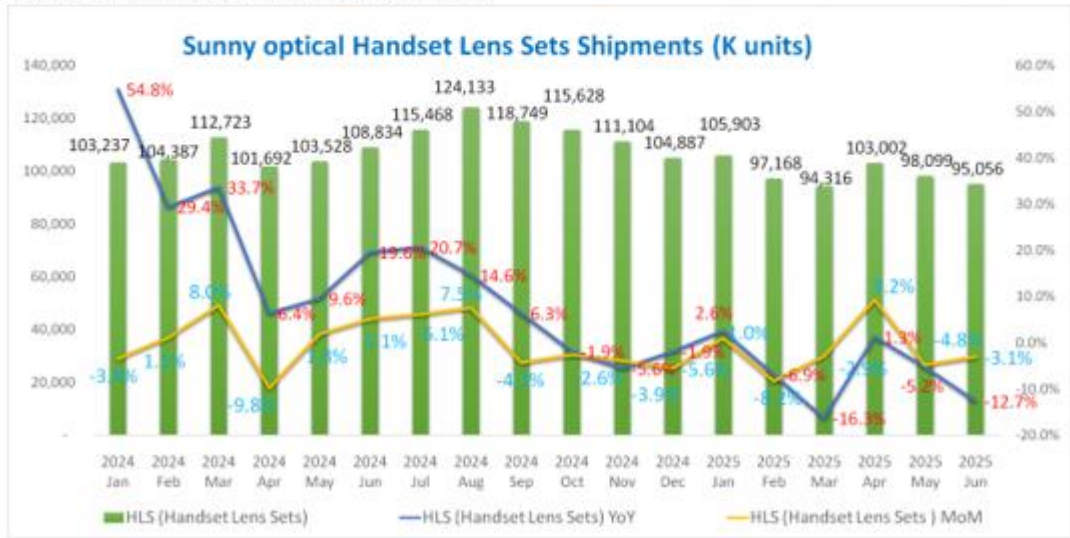
Other than smartphones, both companies are actively expanding into new product segments. Sunny's VLS shipments rose 44.6% YoY in June, while Q Tech's IoT and other modules jumped 99.3% YoY, tapping into the fast-expanding markets of smart mobility and intelligent hardware. Looking ahead, we believe both companies are demonstrating a smooth transition from volume-driven to value-driven growth. Sunny optical is currently trading at 21.9x FY 25E P/E, while Q-tech is trading at 19.5x FY25E P/E. (Research Department)

Fig1: Sunny Optical handset camera modules



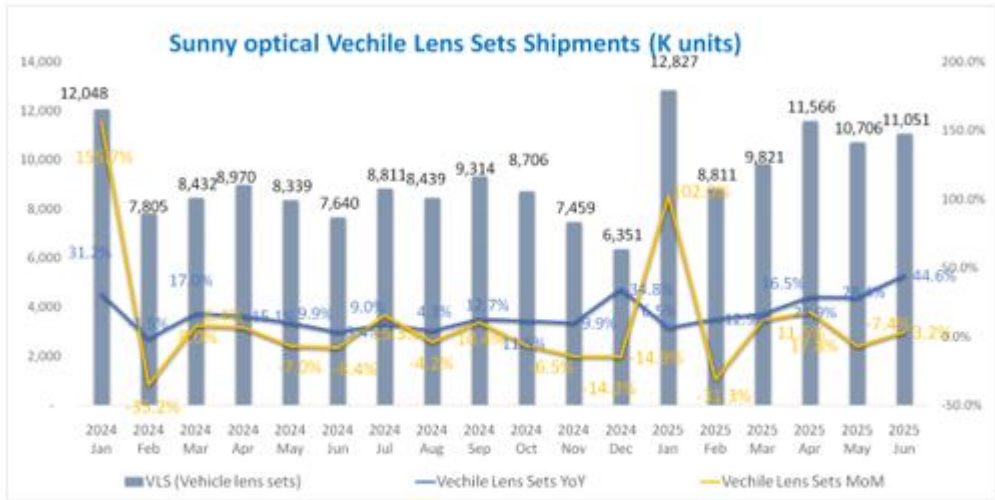
Source: Company report, Sunwah Kingsway Research.

Fig2: Sunny Optical Handset Lens Sets



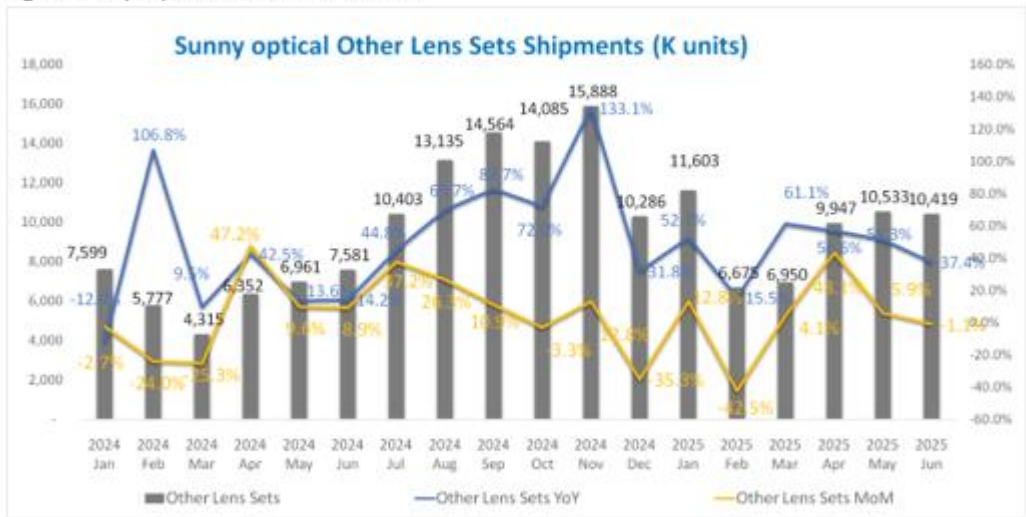
Source: Company report, Sunwah Kingsway Research.

Fig 3: Sunny Optical Vehicle Lens Sets



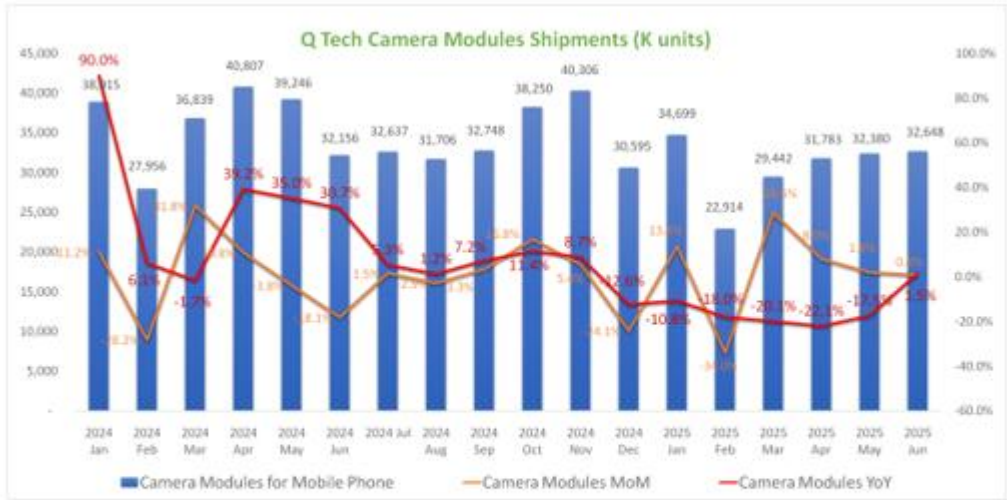
Source: Company report, Sunwah Kingsway Research.

Fig4: Sunny Optical Other Lens Sets



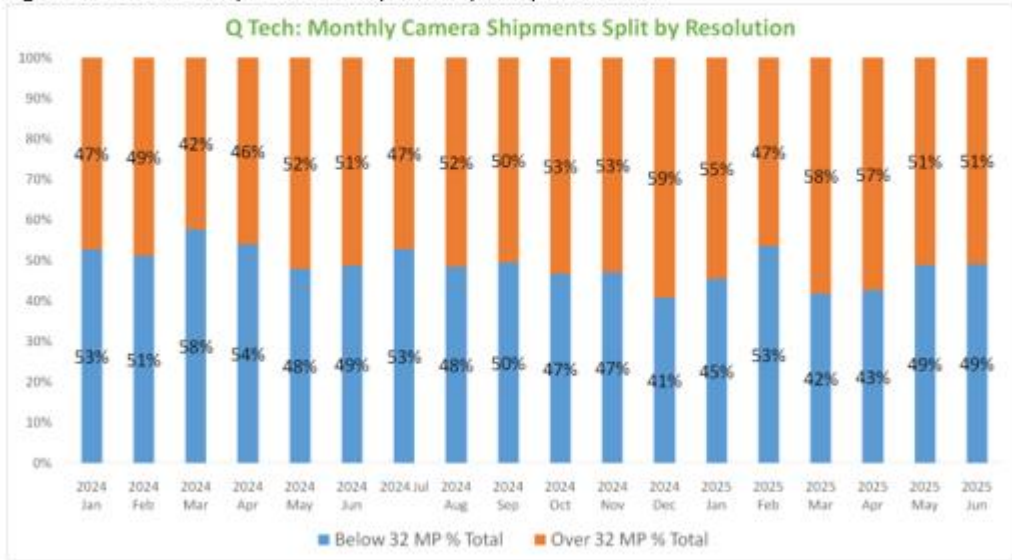
Source: Company report, Sunwah Kingsway Research.

Fig5: Q-tech camera modules shipments



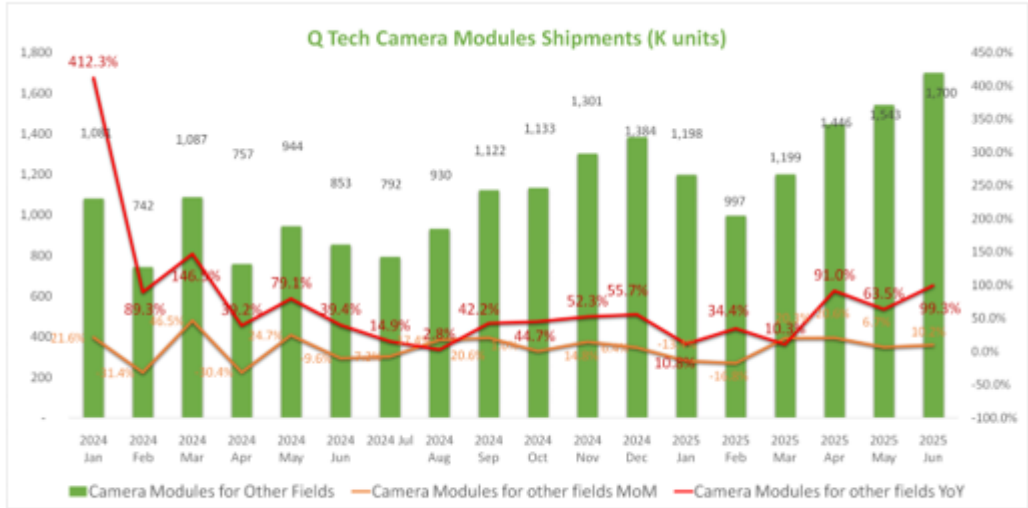
Source: Company report, Sunwah Kingsway Research.

Fig6: Q-tech monthly camera shipments split by resolution



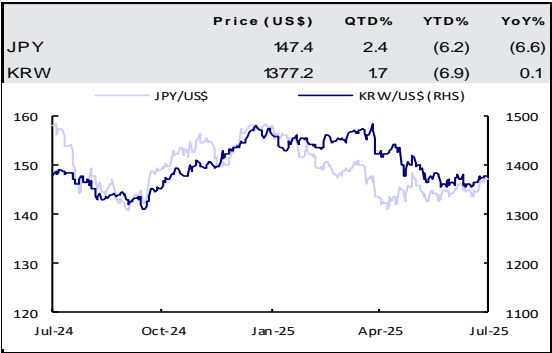
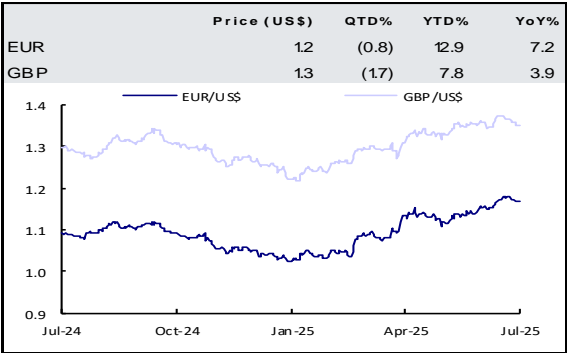
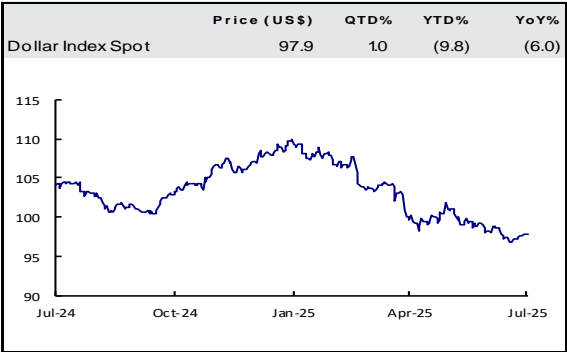
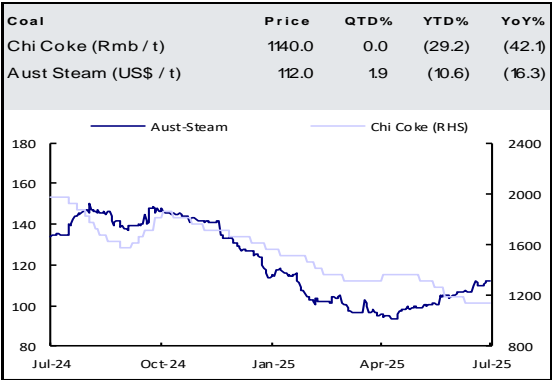
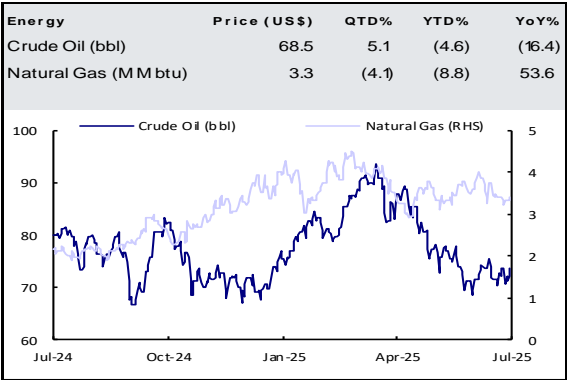
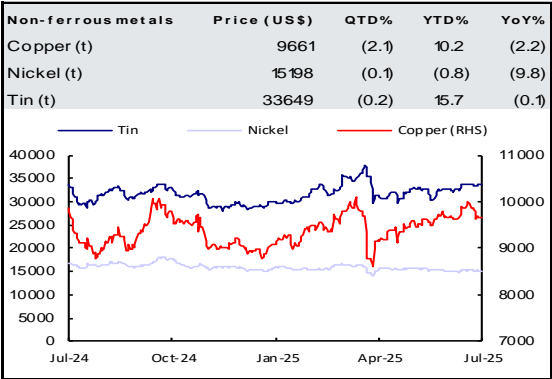
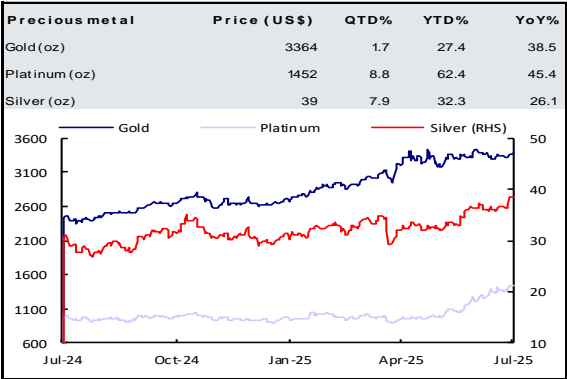
Source: Company report, Sunwah Kingsway Research.

Fig7: Q-tech camera modules shipments



Source: Company report, Sunwah Kingsway Research.

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Initial Jobless Claims	WoW		17-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Housing Starts / Building Permits	MoM		18-Jul-25
Existing Home Sales	MoM		23-Jul-25
New home Sales	MoM		24-Jul-25
Durable Goods Orders	MoM		25-Jul-25
Wholesale Inventories	MoM		29-Jul-25
Consumer Confidence	MoM		29-Jul-25
GDP	QoQ		30-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Employment Report	MoM		1-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		14-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25
PMI Manufacturing	MoM		31-Jul-25
Foreign Exchange Reserves	QoQ		7-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		17-Jul-25
CPI	MoM		21-Jul-25
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Money Supply - M2	MoM		31-Jul-25
Retail Sales	MoM		31-Jul-25
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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