

What's Hot Today:

► China Smartphone Components: Momentum Sustained Amid Strong New Model Cycle

Sunny Optical (2382.HK, HK\$79.95, HK\$87.5bn): Steady Growth with HCM and VLS at 2025 Highs

Sunny Optical shipped about 117mn handset lens sets (HLS) in September, rising 1.9% from August but slightly down by 1 % YoY. Handset camera module (HCM) shipments climbed to 48.5mn, representing a MoM increase of 15% and a strong YoY gain of 32%. Both categories reached new highs this year, driven by seasonal demand and robust orders from key handset customers as new models entered mass production.

Vehicle lens shipments rose to 11.6mn units, with 16% MoM rise and up 25% YoY. The growth driven by firm auto-lens demand and shipment rollover from August.

Shipments of other lenses, mainly used in IoT, surveillance and smart-home products, increased to 11.5mn units, up 27% MoM but still down 21% YoY. Despite the softer annual comparison, the sequential rebound points to a gradual recovery in non-handset demand.

Q-Tech (1478.HK, HK\$15.10, HK\$17.9bn) Steady Trend with IoT Modules at YTD Highs

Q-tech shipped about 43.6mn camera modules in September, down 8.9% from August but up 40.5% from a year earlier, driven by continued market share gains in its mobile phone camera module business. Shipments of modules below 32 MP reached 23.3mn units, declining slightly from the previous month yet rising 32% YoY, while 32 MP+ totaled 20.2mn units, showing a similar sequential decrease but a strong 51% YoY increase. Below 32 MP accounted for 53.5% of total shipments, suggesting demand has stabilized following the strong surge in August (54%).

Shipments of camera modules in other fields, mainly used in IoT, automotive and consumer electronics, climbed to around 3mn units, up 17% MoM and 172% YoY. The increase was supported by expanding adoption of IoT-related applications, bringing shipments in this segment to their highest level so far this year.

China & HK Indices	CLOSE	1D	YTD
HSI	25,889	-1.5%	29.1%
HSCEI	9,222	-1.5%	26.5%
HSCCI	4,026	-0.2%	6.5%
CSI300	4,593	-0.5%	16.7%
Shanghai A	4,077	-0.2%	-2.0%
Shanghai B	262	0.4%	-2.0%
Shenzhen A	2,602	-0.7%	27.1%
Shenzhen B	1,354	0.1%	11.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	46,067	1.3%	8.3%
S&P 500	6,654	1.6%	13.1%
Nasdaq	22,694	2.2%	17.5%
NIKKEI Index	47,707	-0.8%	19.6%
FTSE Index	9,442	0.2%	15.5%
CAC Index	7,934	0.2%	7.5%
DAX Index	24,387	0.6%	22.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,110	2.3%	57.3%
STEEL (US\$/oz.)	2,229	-1.1%	24.8%
SILVER (US\$/oz.)	52	4.4%	81.8%
CRUDE OIL (US\$/bbl)	59	1.0%	-16.7%
COPPER (US\$/oz.)	10,820	-0.4%	23.4%
ALUMINIUM (US\$/oz.)	2,763	-1.3%	8.3%
PLATINUM (US\$/oz)	1,634	2.4%	82.7%
ZINC (US\$/oz.)	3,021	0.3%	1.4%
WHEAT (US\$/bu)	496	-0.4%	-10.0%
CORN (US\$/bu)	410	-0.5%	-7.3%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,007	0.1%	-1.6%
PVC (US\$/t.)	N/A	N/A	-12.2%
CRB	295	-1.3%	3.0%
BDI			94.2%

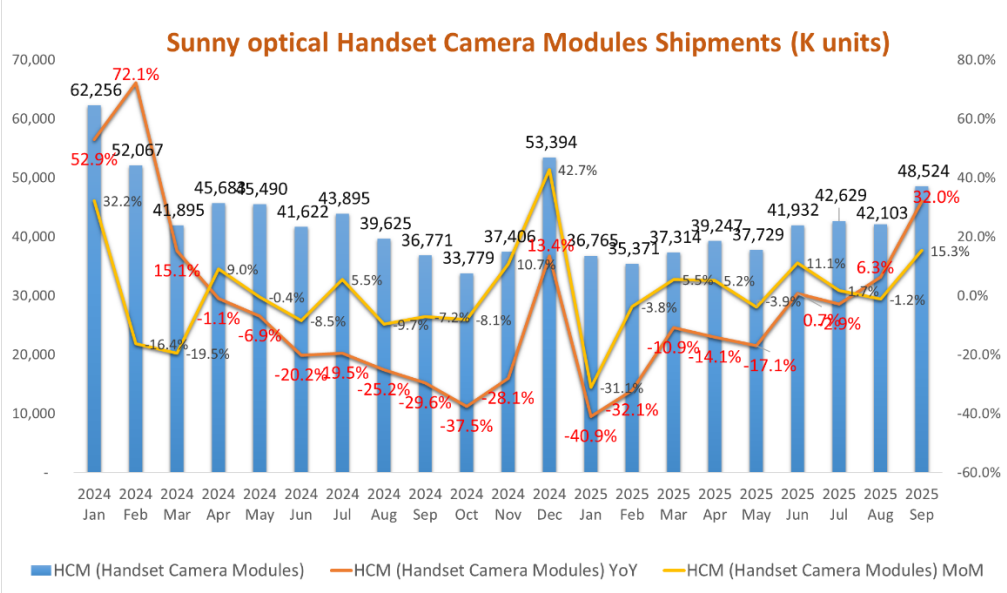
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.781	0.864	152.280	0.804	7.131
HKD	0.129		0.111	19.573	10.336	0.917
EUR	1.157	9.002		176.180	1.075	8.249
JPY	0.007	5.109	0.568		0.528	0.047
CHF	1.244	9.677	1.075	189.363		8.868
RMB	0.140	1.091	0.121	21.360	0.113	

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	19	16.2%

Source: Bloomberg

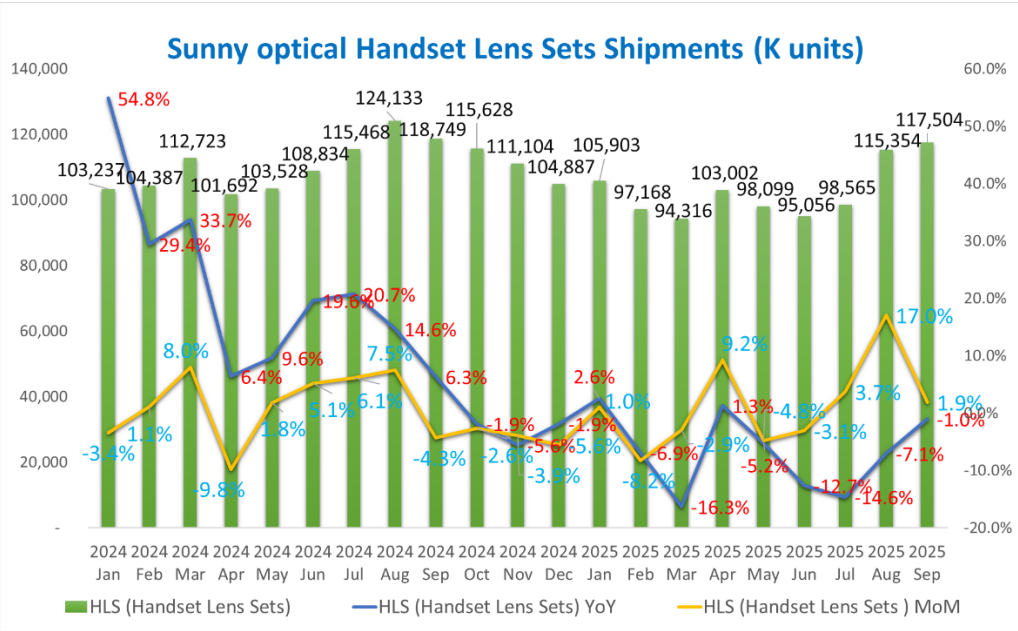
Our View: The launch of new smartphone models in September, particularly from Apple and Xiaomi, has fueled a recovery in the optical component sector, with strong market feedback driving continued demand for handset camera modules. Notably, Q-Tech’s total shipments surpassed Sunny Optical for the first time in the third quarter, supported by robust sell-through of client models and solid growth in the below 32 MP category. As the consumer electronics sector enters its peak season, both companies are expected to benefit from the ongoing product-cycle momentum and the broader industry uptrend. Sunny optical is currently trading at 22x FY 25E P/E, while Q-tech is trading at 20x FY25E P/E. (Research Department)

Fig1: Sunny Optical handset camera modules



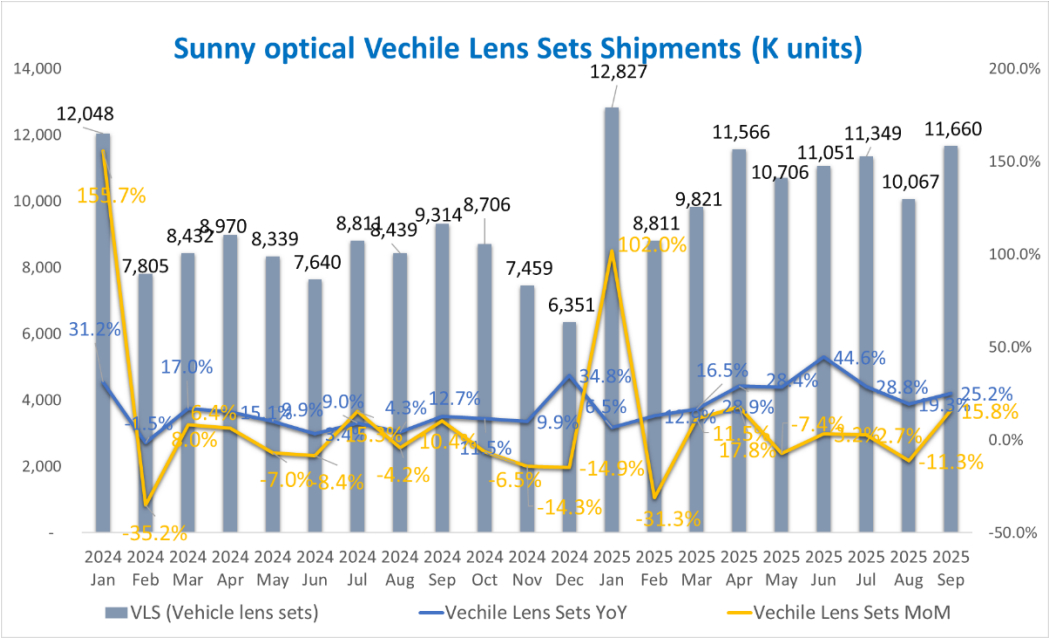
Source: Company report, Sunwah Kingsway Research.

Fig2: Sunny Optical Handset Lens Sets



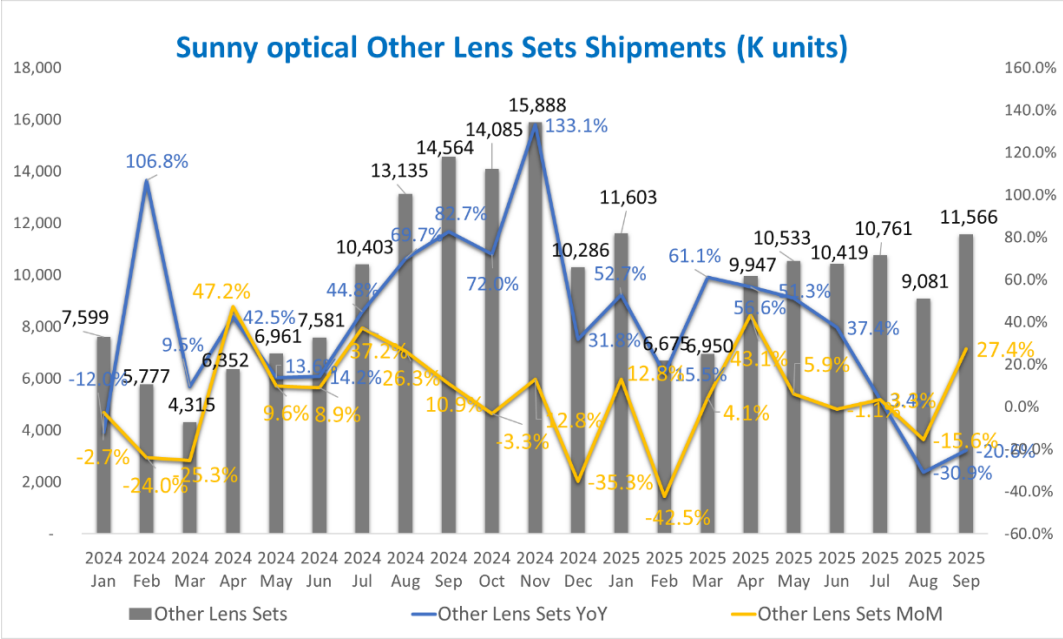
Source: Company report, Sunwah Kingsway Research.

Fig 3: Sunny Optical Vehicle Lens Sets



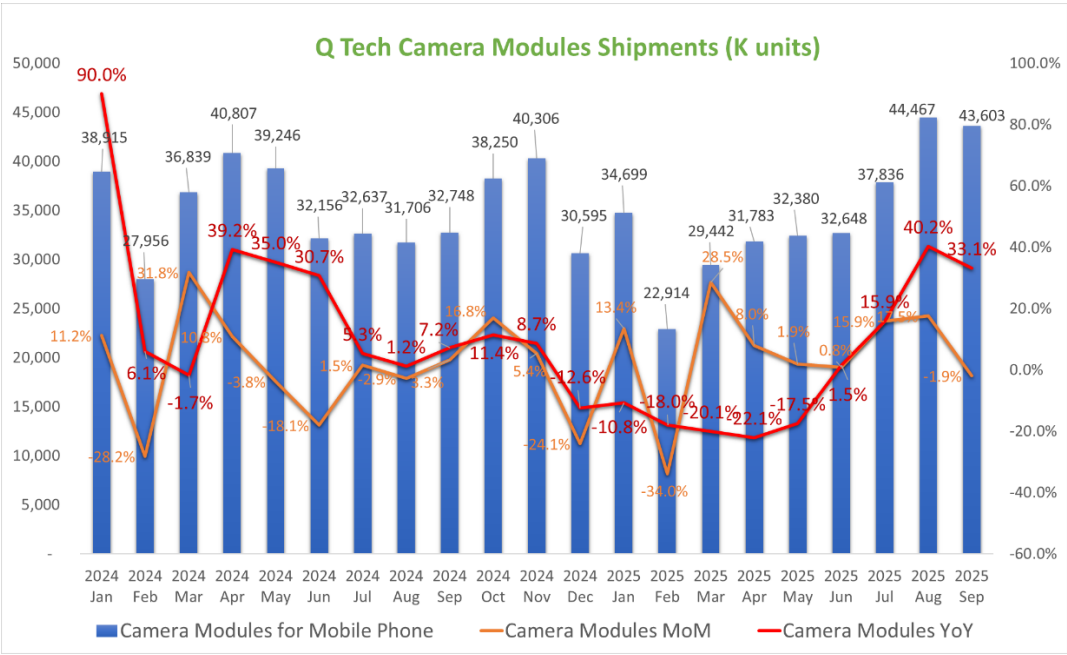
Source: Company report, Sunwah Kingsway Research.

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

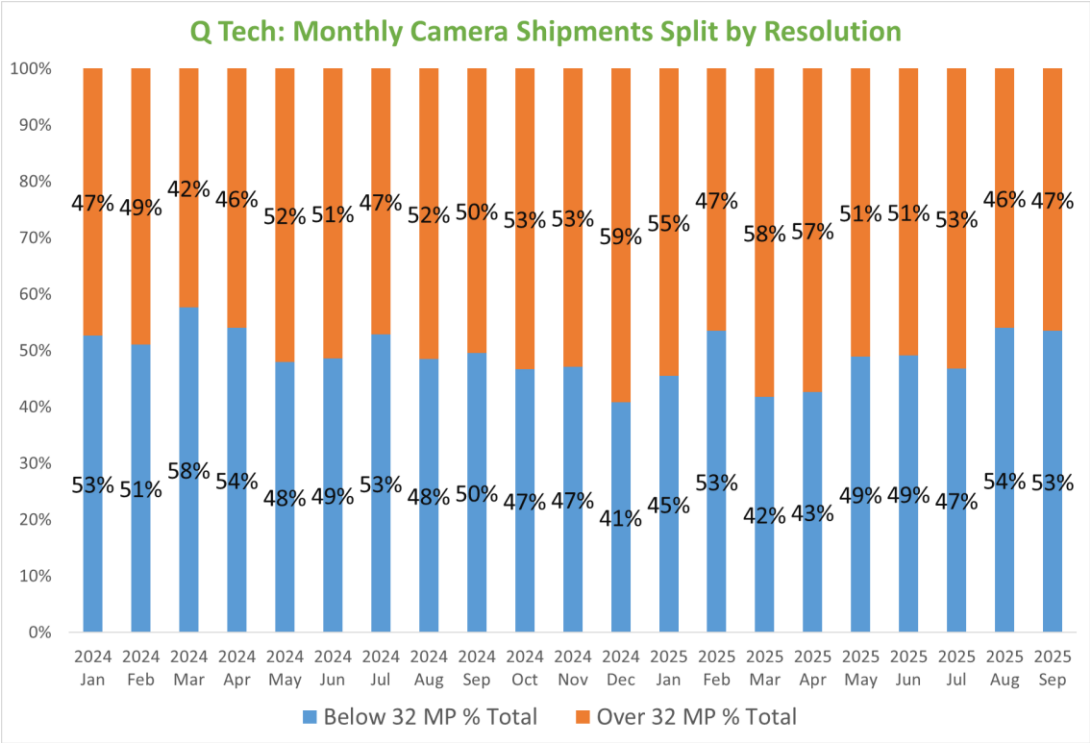
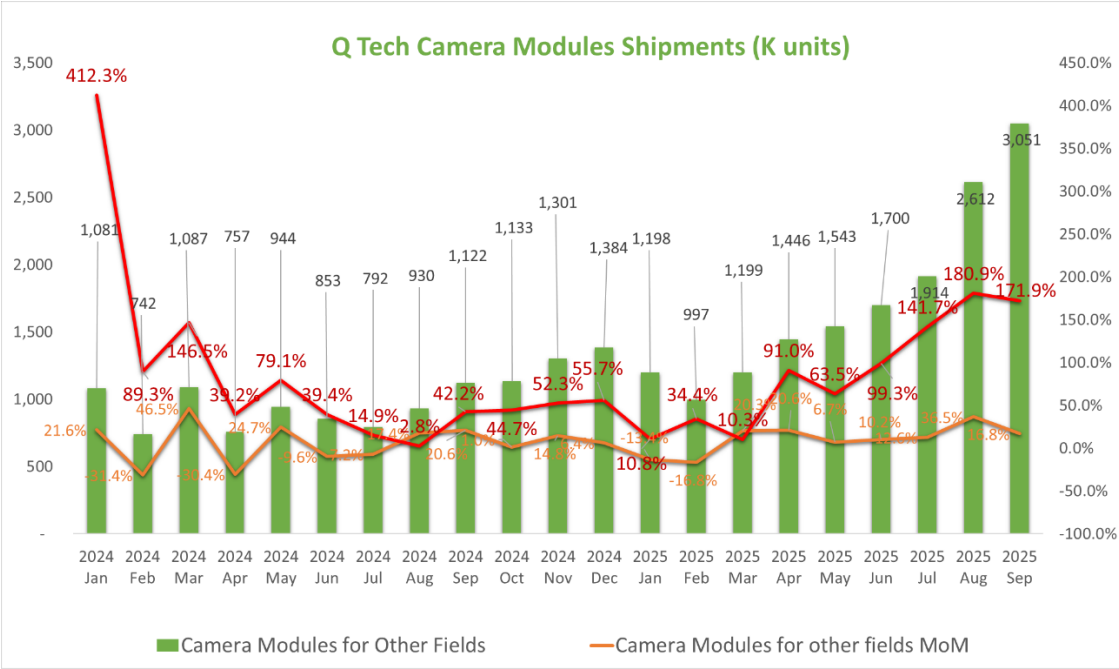
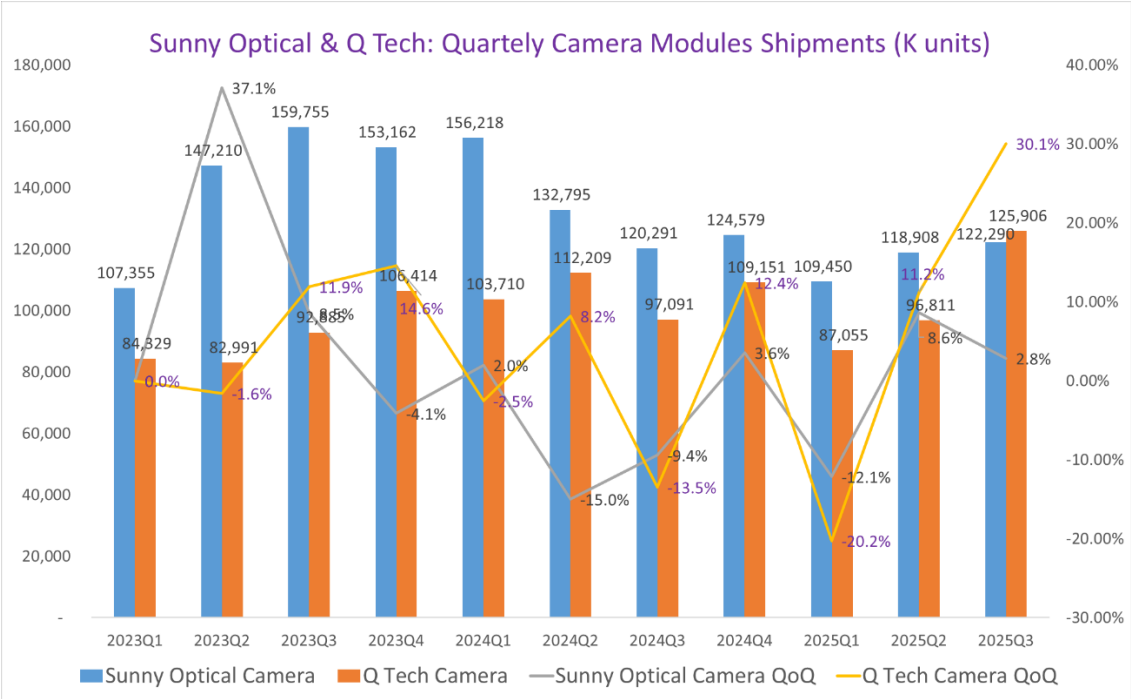


Fig7: Q-tech camera modules shipments

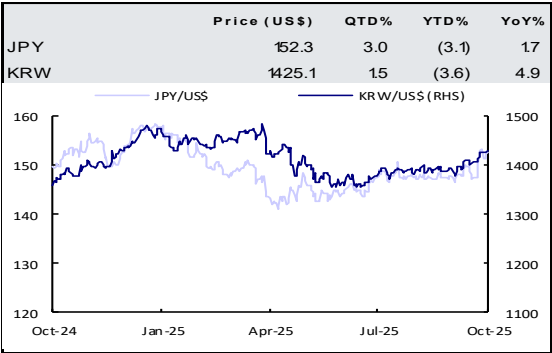
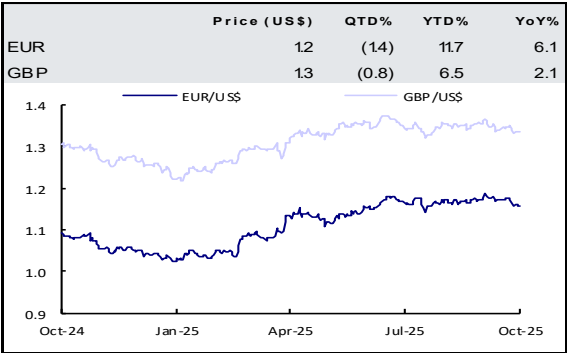
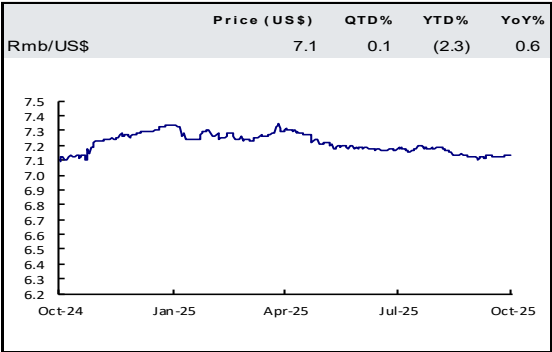
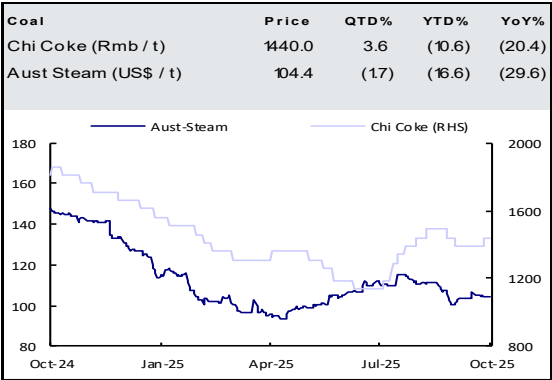
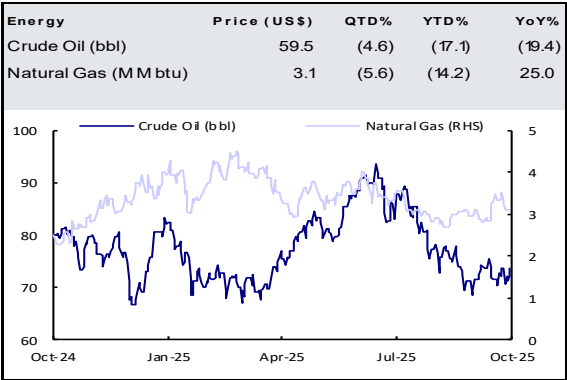
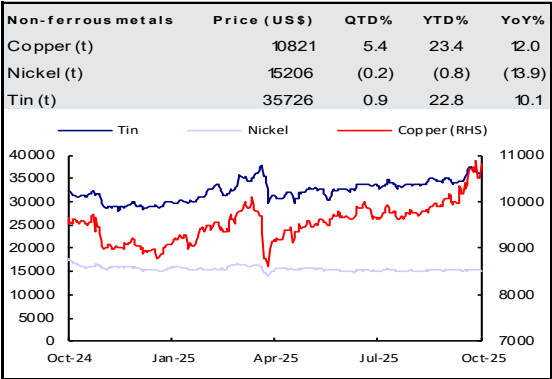
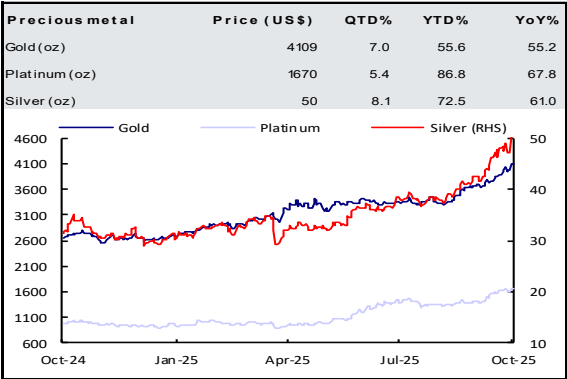


Source: Company report, Sunwah Kingsway Research.

Fig8: Q-tech and Sunny Optical Quarterly Camera Modules Shipments



Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		16-Oct-25
PPI	MoM		16-Oct-25
Business Inventories	MoM		16-Oct-25
Retail Sales	MoM		16-Oct-25
Housing Starts / Building Permits	MoM		17-Oct-25
Existing Home Sales	MoM		23-Oct-25
CPI	MoM		24-Oct-25
New home Sales	MoM		24-Oct-25
Durable Goods Orders	MoM		27-Oct-25
Consumer Confidence	MoM		28-Oct-25
Wholesale Inventories	MoM		29-Oct-25
GDP	QoQ		30-Oct-25
Personal Income & Spending	MoM		31-Oct-25
ISM Manufacturing PMI	MoM		3-Nov-25
Trade Balance	MoM		4-Nov-25
Factory Orders	MoM		4-Nov-25
Employment Report	MoM		7-Nov-25
Industrial Production	MoM		18-Nov-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		14-Oct-25
PPI	MoM		15-Oct-25
CPI	MoM		15-Oct-25
Retail Sales	MoM		20-Oct-25
Industrial Production	MoM		20-Oct-25
GDP	YoY		20-Oct-25
PMI Manufacturing	MoM		31-Oct-25
Foreign Exchange Reserves	QoQ		7-Nov-25
Trade Balance	MoM		7-Nov-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		20-Oct-25
CPI	MoM		23-Oct-25
Trade Balance	MoM		27-Oct-25
GDP	QoQ		31-Oct-25
Money Supply - M2	MoM		31-Oct-25
Retail Sales	MoM		31-Oct-25
PMI	MoM		5-Nov-25
Foreign Currency Reserve	MoM		7-Nov-25
Producer Prices Index	QoQ		15-Dec-25
Industrial Production	QoQ		15-Dec-25
Composite Interest Rate	MoM		

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KFS and/or its affiliates beneficially own shares of Sunny Optical Technology (Group) Co. Ltd. (2382. HK)

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