

## What's Hot Today:

### ► China Smartphone Components - November Shipments Under Pressure

#### Sunny Optical (2382.HK, HK\$67.45, HK\$73.8bn): Robust Auto-Lens Growth Amid Normalizing Handset Demand

Sunny Optical shipped about 119mn handset lens sets (HLS) in November, down 2.3% from October but up 7.5% YoY. Handset camera module (HCM) shipments came in at about 41.5mn units, down 7.8% MoM but up 10.9% YoY. The MoM declines may reflect some short-term disruption from the recent sharp increase in memory prices, which has temporarily weighed on smartphone shipments, while the YoY growth mainly reflects resilient demand.

Vehicle lens shipments rose to 12.6mn units, up 3.4% MoM and 69.4% YoY, supported by higher demand from automotive customers and the ongoing adoption of more advanced driver-assistance and autonomous-driving features.

Shipments of other lenses, mainly used in IoT, surveillance and smart-home products, declined to 10.6mn units, down 19.0% MoM and 33.0% YoY. The weaker MoM trend may be linked to softer demand following recent adjustments to domestic subsidy policies, and non-handset optical demand remains under pressure on a YoY basis.

Sunny also completed a share swap and capital injection in Goertek Optical in early December, which now owns 31.31% stake of the company. Goertek Optical supplies AR/VR modules to brands such as Meta, Pico and Xiaomi, the partnership is expected to accelerate Sunny's entry into the AR/VR segment and complement its existing handset and automotive lens businesses.

China & HK Indices	CLOSE	1D	YTD
HSI	25,976	1.7%	29.5%
HSCEI	9,079	1.6%	24.5%
HSCCI	4,150	1.2%	9.8%
CSI300	4,580	0.6%	16.4%
Shanghai A	4,078	0.4%	-6.7%
Shanghai B	249	0.3%	-6.7%
Shenzhen A	2,587	0.7%	26.4%
Shenzhen B	1,266	-0.0%	4.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	48,458	-0.5%	13.9%
S&P 500	6,827	-1.1%	16.1%
Nasdaq	23,195	-1.7%	20.1%
Nikkei Index	50,836	1.4%	27.4%
FTSE Index	9,649	-0.6%	18.1%
CAC Index	8,068	-0.2%	9.3%
DAX Index	24,186	-0.4%	21.5%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,299	0.5%	64.1%
STEEL (US\$/oz.)	2,541	1.2%	42.3%
SILVER (US\$/oz.)	61	-2.5%	114.7%
CRUDE OIL (US\$/bbl)	57	-0.3%	-19.6%
COPPER (US\$/oz.)	11,515	-0.4%	31.3%
ALUMINIUM (US\$/oz.)	2,868	0.1%	12.4%
PLATINUM (US\$/oz.)	1,747	2.8%	93.2%
ZINC (US\$/oz.)	3,125	1.4%	4.9%
WHEAT (US\$/bu)	529	-0.4%	-4.0%
CORN (US\$/bu)	440	-0.8%	-3.2%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,086	-1.3%	5.1%
PVC (US\$/t.)	N/A	N/A	-18.9%
CRB	298	-0.8%	3.0%
BDI		-9.3%	121.2%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.785	0.852	155.810	0.796	7.055
HKD	0.128		0.109	20.018	10.226	0.906
EUR	1.174	9.140		182.940	1.070	8.284
JPY	0.006	4.996	0.547		0.511	0.045
CHF	1.257	9.780	1.070	195.925		8.864
RMB	0.142	1.103	0.121	22.083	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	15	2.1%

Source: Bloomberg

**Q-Tech (1478.HK, HK\$9.03, HK\$10.7bn): Soft Handset Modules Offset by Strong IoT/Auto Growth**

Q-Tech shipped about 41.8mn camera modules in November, down 11.9% MoM but roughly flat YoY (+0.4%). The MoM decline in camera module shipments may reflect the impact of surging memory prices on customer project cycles and seasonality. Shipments of mobile phone camera modules reached 38.1mn units (-13.6% MoM, -5.6% YoY). Within this, modules below 32MP were 21.8mn units (-15.9% MoM, +14.9% YoY), while 32MP and above came in at 16.2mn units (-10.3% MoM, -23.8% YoY). Modules below 32MP accounted for about 52% of total camera module shipments, indicating a relatively more resilient trend in the mass-market segment.

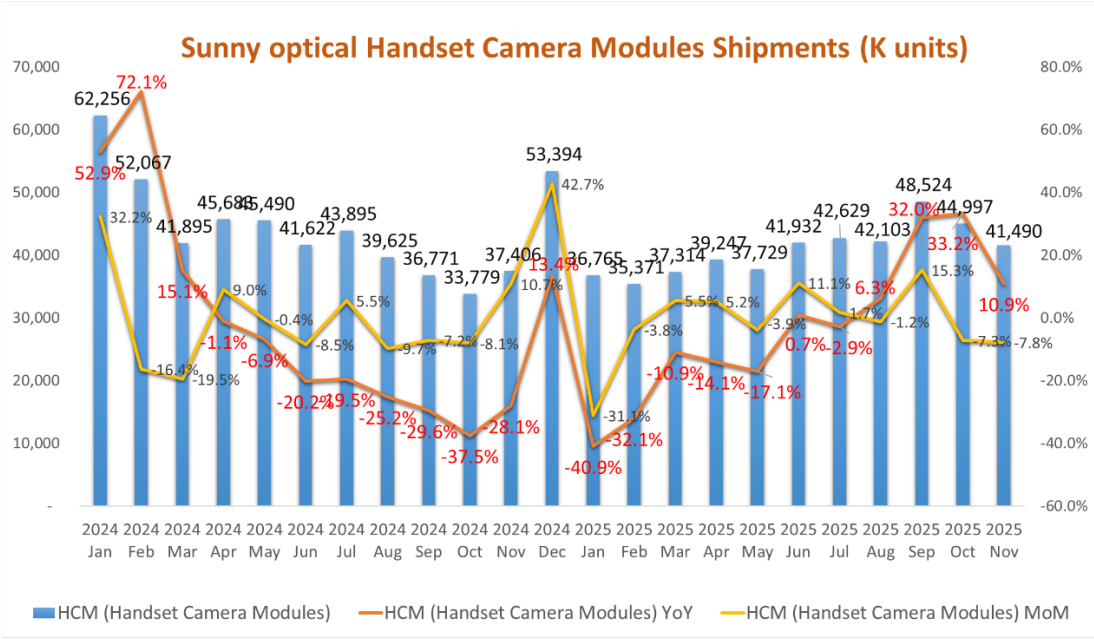
Shipments of camera modules in other fields, mainly used in IoT, handheld imaging devices, automotive and other consumer electronics, rose to about 3.7mn units, up 10.0% MoM and 184.5% YoY. The strong YoY growth likely reflects rising demand for new handheld imaging devices and increasing camera adoption in smart-driving and IoT applications.

Q-Tech made a strategic investment in poLight, a global optical-engine leader and the sole supplier of TLens technology. TLens uses piezoelectric film for focusing, delivering fast response, low power consumption and a compact form factor, and is already adopted in AR devices such as Magic Leap 2 and Vuzix Shield. This AR/VR move should materially strengthen Q-Tech's competitiveness in smart wearables, webcams and next-generation electronic devices.

**Our View:** The sharp rally in memory prices has lifted smartphone costs where memory typically accounts for 10–20% of hardware cost and over 30% for high-end flagships. It is reported that TrendForce has cut its 2026 global smartphone production forecast from +0.1% YoY to -2% as higher prices may result in less unit sales. Nevertheless, mid- to high-end models, with stronger pricing power and margins, are likely less affected by the inflated costs, while rising camera content such as wider adoption of periscope telephoto modules, can command for a higher end products price. This backdrop favors Sunny Optical and Q-Tech, which are both skewed towards mid- to high-end optical products.

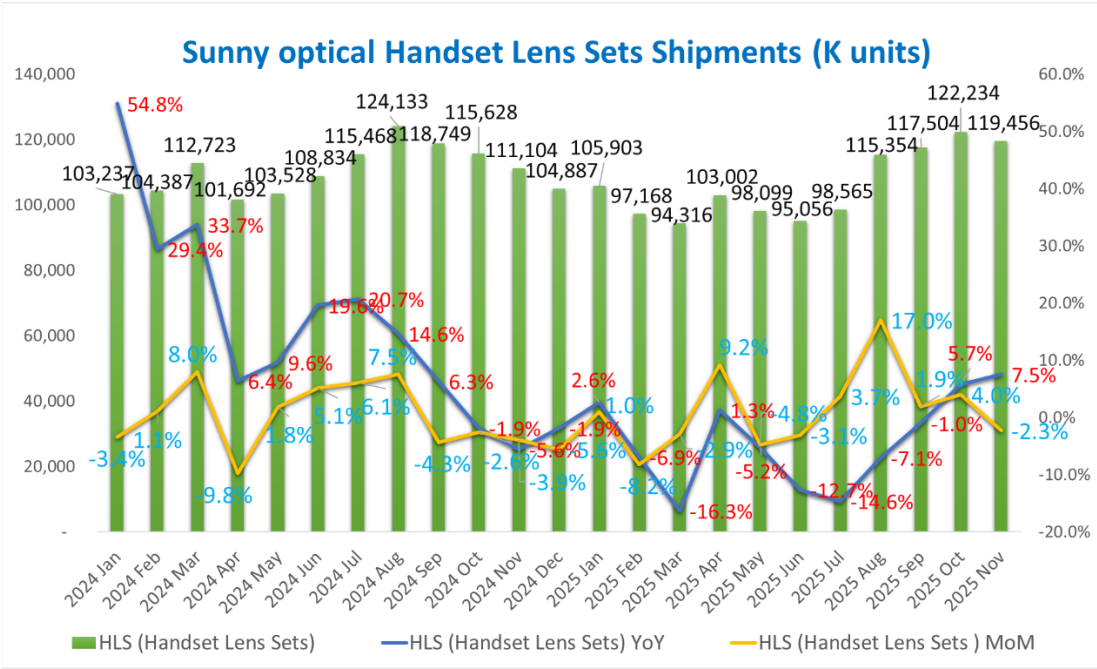
Meanwhile, AI-enabled smart glasses and broader XR devices provide an additional structural growth driver. IDC expects global smart-glasses shipments to exceed 40mn units by 2029, with China delivering a 2024–2029 CAGR of 55.6%. Moreover, Tech majors such as Google, Alibaba and Xiaomi have already announced their smart-glasses products. Sunny and Q-Tech have been investing in AR/VR and smart-glasses optics, and their recent strategic moves strengthen their readiness to be part of the new wave of optical demand beyond smartphones. Sunny optical is currently trading at 16x FY 26E P/E, while Q-tech is trading at 10x FY26E P/E. (Alan Li)

Fig1: Sunny Optical handset camera modules



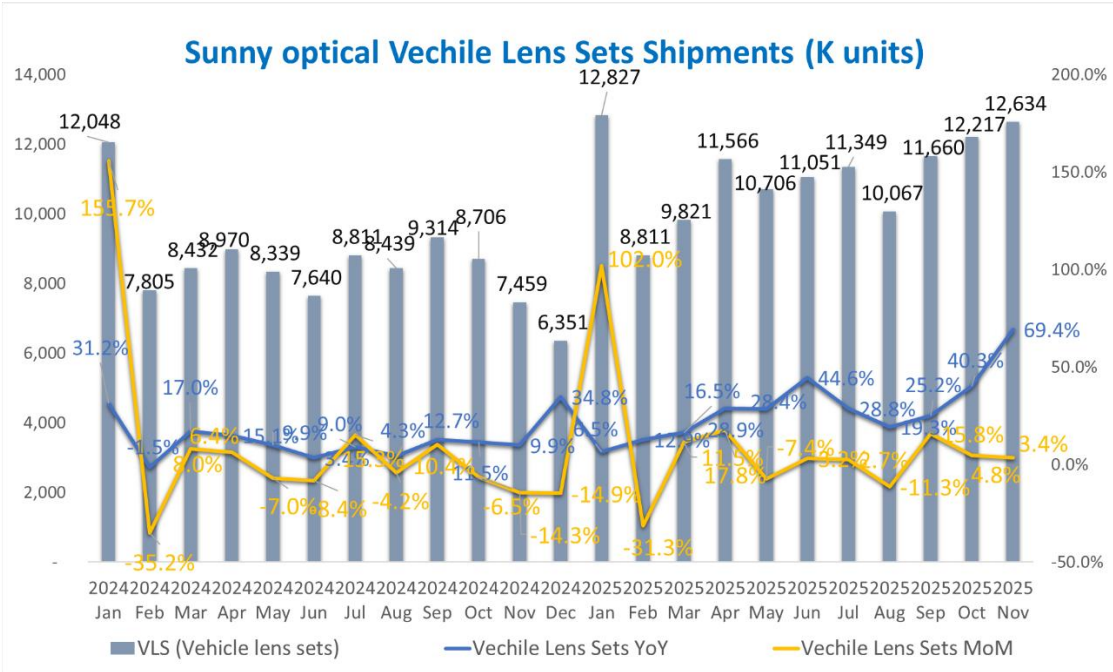
Source: Company report, Sunwah Kingsway Research.

Fig2: Sunny Optical Handset Lens Sets



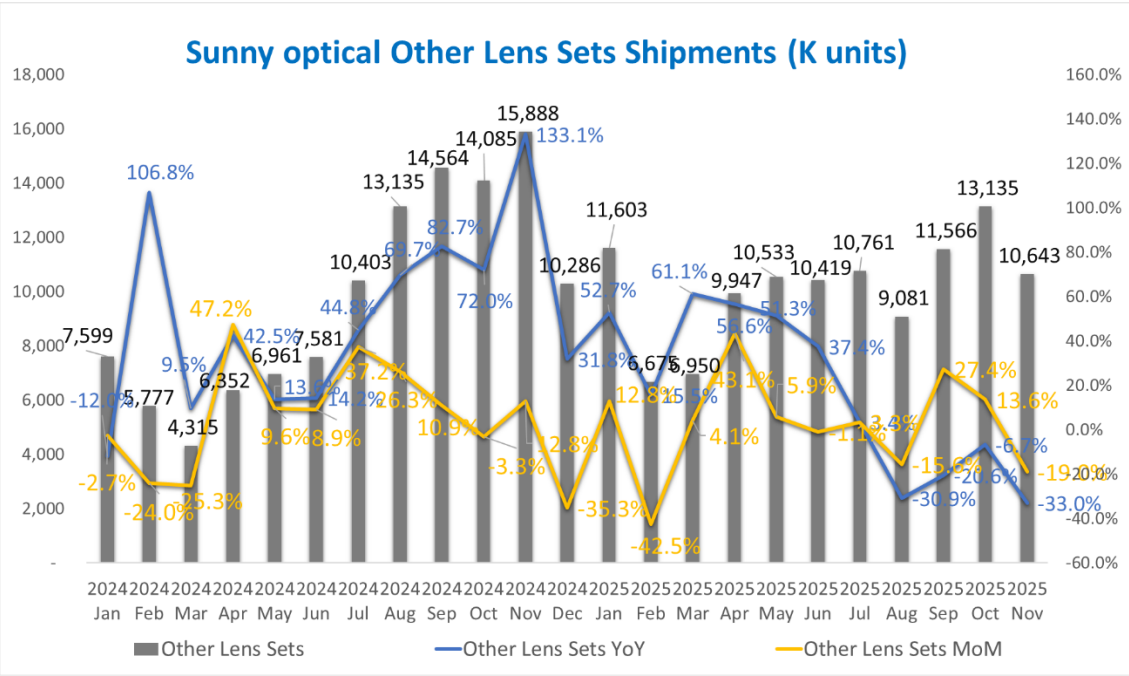
Source: Company report, Sunwah Kingsway Research.

Fig 3: Sunny Optical Vehicle Lens Sets



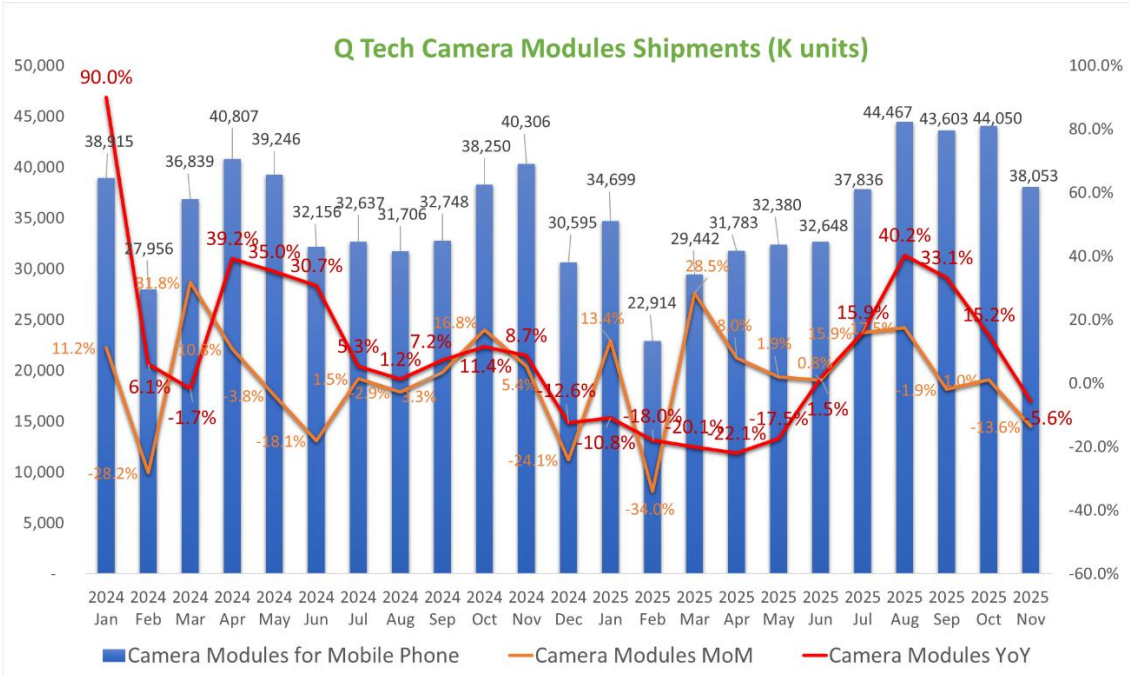
Source: Company report, Sunwah Kingsway Research.

Fig4: Sunny Optical Other Lens Sets



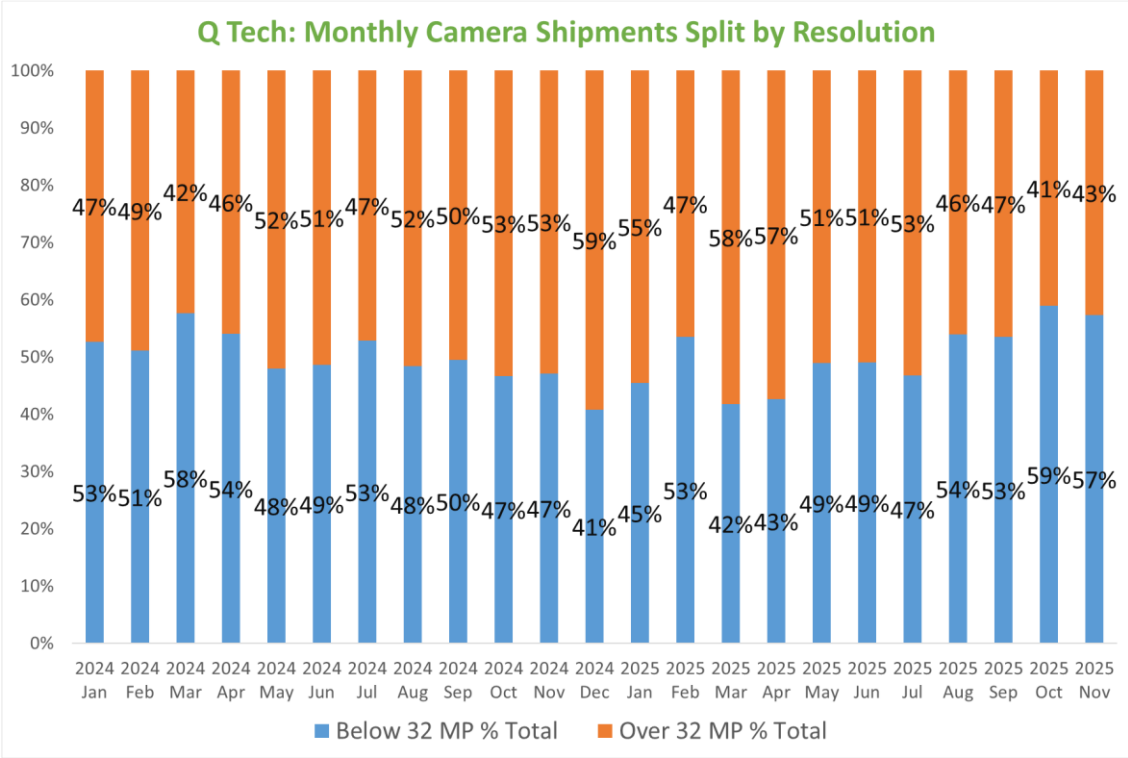
Source: Company report, Sunwah Kingsway Research.

Fig5: Q-tech camera modules shipments



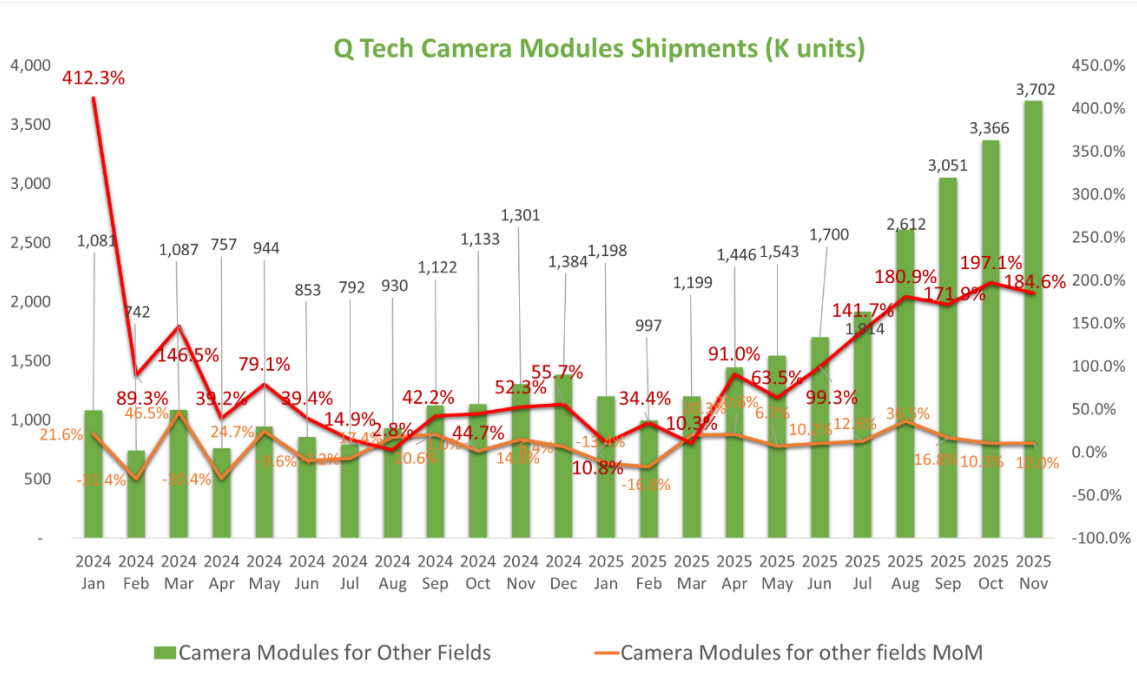
Source: Company report, Sunwah Kingsway Research.

Fig6: Q-tech monthly camera shipments split by resolution



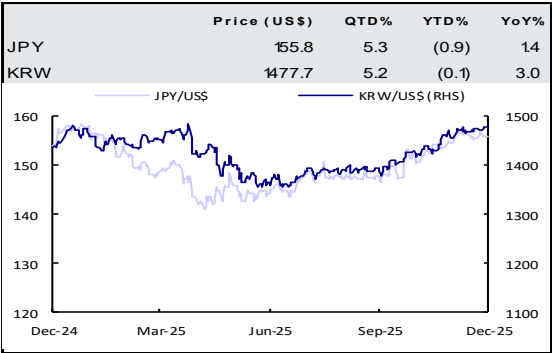
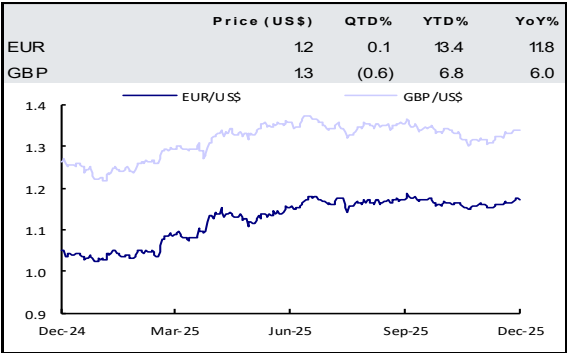
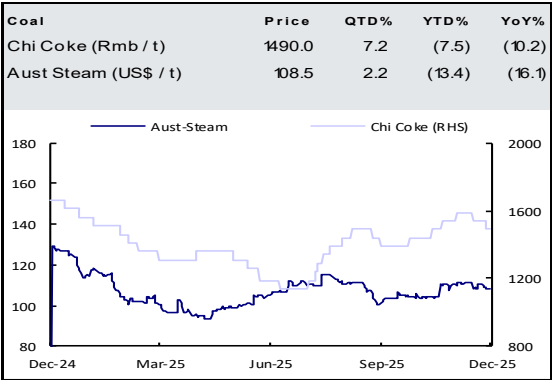
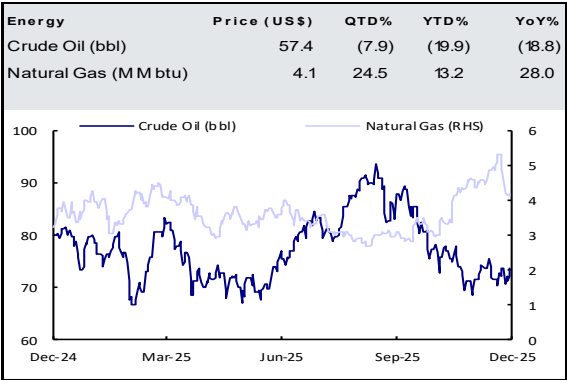
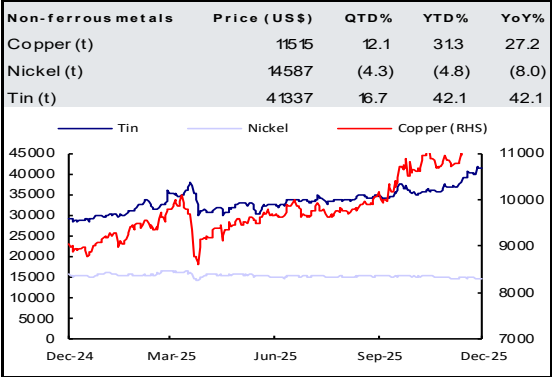
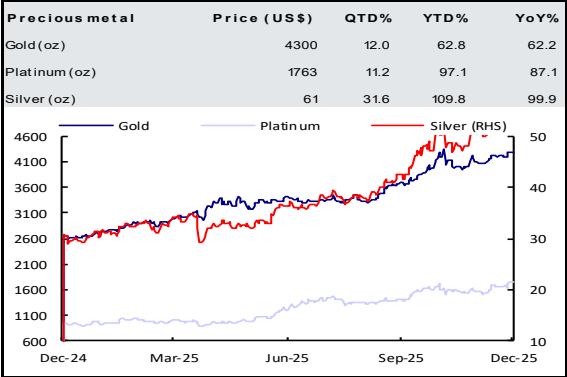
Source: Company report, Sunwah Kingsway Research.

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
Business Inventories	MoM		16-Dec-25
Retail Sales	MoM		16-Dec-25
Employment Report	MoM		16-Dec-25
Housing Starts / Building Permits	MoM		17-Dec-25
New home Sales	MoM		17-Dec-25
Initial Jobless Claims	WoW		18-Dec-25
Existing Home Sales	MoM		19-Dec-25
Industrial Production	MoM		23-Dec-25
Durable Goods Orders	MoM		23-Dec-25
Consumer Confidence	MoM		23-Dec-25
GDP	QoQ		23-Dec-25
Trade Balance	MoM		1-Jan-26
Factory Orders	MoM		1-Jan-26
Personal Income & Spending	MoM		2-Jan-26
ISM Manufacturing PMI	MoM		5-Jan-26
CPI	MoM		13-Jan-26
PPI	MoM		14-Jan-26
Wholesale Inventories	MoM		
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		15-Dec-25
Industrial Production	MoM		15-Dec-25
PMI Manufacturing	MoM		31-Dec-25
Foreign Exchange Reserves	QoQ		7-Jan-26
Money Supply - M2	MoM		9-Jan-26
Trade Balance	MoM		14-Jan-26
PPI	MoM		
CPI	MoM		
GDP	YoY		

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Producer Prices Index	QoQ		15-Dec-25
Industrial Production	QoQ		15-Dec-25
Unemployment Rate	MoM		16-Dec-25
CPI	MoM		22-Dec-25
Trade Balance	MoM		29-Dec-25
Money Supply - M2	MoM		31-Dec-25
Retail Sales	MoM		2-Jan-26
PMI	MoM		6-Jan-26
Foreign Currency Reserve	MoM		7-Jan-26
GDP	QoQ		30-Jan-26
Composite Interest Rate	MoM		

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