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Technology

Huawei Pura 70 series set to boost share gain; Prefer BYDE, Q-tech and Tongda

Huawei launched its highly-anticipated Pura 70 series (70/Pro/Pro+/Ultra) on 18 Apr, featuring advanced cameras (ultra-wide angle/OIS/periscope), Kirin 9010 chips, triangular camera island design, 2nd-gen Kunlun glasses for display and Harmony OS 4.2 supporting AI applications. Overall, we believe the launch of Pura 70 series will boost Huawei's market share in 1H24E. For stocks, backed by Huawei's share gains, Android restocking and spec upgrades, we prefer Android names over Apple plays. In 1Q24, global smartphone shipments climbed 7.8% YoY (vs Apple -10% YoY). Reiterate BUY on BYDE for Huawei/Honor/Xiaomi exposure, Tongda for casing and Q-tech for camera upgrades (OIS/Periscope).

- Huawei Pura 70: re-branded flagship focusing on imaging and fashion.** Huawei Pura 70 series were officially launched for sale on 18 Apr. There are four models, Pura 70/Pro/Pro+/Ultra, with starting price at RMB5,499/6,499/7,999/9,999, largely in line with the Mate 60 series. Initial consumer feedback is very positive, and Pura 70 Ultra&Pro were sold out within one minute on 18 Apr. We expect camera upgrades, Kirin 9010 chips and new AI features will boost Huawei's market share in 1H24E. We believe global shipments of the Pura 70 series could reach 10.4mn (vs 1.8mn/3mn for P60/P50 in 2023/ 2022), and Huawei shipments are estimated to grow 69% YoY to 59mn (vs 35mn in 2023), by TechInsights.
- Key highlights: Ultra-wide angle/OIS/periscope camera, triangular camera island design and AI features.** Huawei Pura 70 series features specs below: **1) Design:** Pura70/Pro/Pro+ adopted triangular camera island design; **2) Display:** 6.6-inch 2760 x 1256 pixel OLED screen, 1440Hz high-frequency PWM dimming, 300Hz touch sampling rate, and 2nd-gen Kunlun glasses; **3) Imaging:** 50mn pixel ultra-spotlight camera, as well as a 13mn pixel ultra-wide angle camera (OIS) and a 12mn pixel periscope telephoto camera; **4) Battery life:** 4900mAh battery and supports 66W/50W wired/wireless fast charging, and 7.5W wireless reverse charging; **5) HarmonyOS 4.2,** supporting AI remote control, intelligent payment, and integrating with the Pangu model, bringing more smart applications including AI elimination and AI cloud enhancement.
- Prefer Android supply chain over Apple names; top picks are BYDE and Q-Tech.** We are positive on Android supply chain over Apple given Android's recent flagship launches, faster spec upgrades and market share gains in China. We prefer names with Huawei/Honor/Xiaomi exposure such as **BYDE, Tongda** for OEM/casing, and **Q-Tech** for camera modules (OIS/Periscope).

Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)	
							FY23E	FY24E	FY23E	FY24E
BYDE	285 HK	BUY	6,789	23.60	46.5	97%	11.8	8.6	1.6	2.5
FIT Hon Teng	6088 HK	BUY	1,833	1.97	2.4	23%	14.0	9.0	0.7	0.7
Tongda	698 HK	BUY	88	0.07	0.2	139%	3.9	2.4	0.1	0.1
Q-tech	1415 HK	BUY	469	3.10	3.9	27%	11.1	8.4	0.7	0.6
Luxshare	002475 CH	BUY	26,163	26.39	47.0	78%	17.0	13.5	1.9	1.7
Sunny Optical	2382 HK	HOLD	4,992	35.65	47.3	33%	31.7	25.8	1.5	1.5
AAC Tech	2018 HK	HOLD	3,634	23.75	22.4	-6%	33.8	18.5	1.1	1.1

Source: Company data, CMBIGM estimates

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Figure 1: Huawei Pura 70 Series line-up



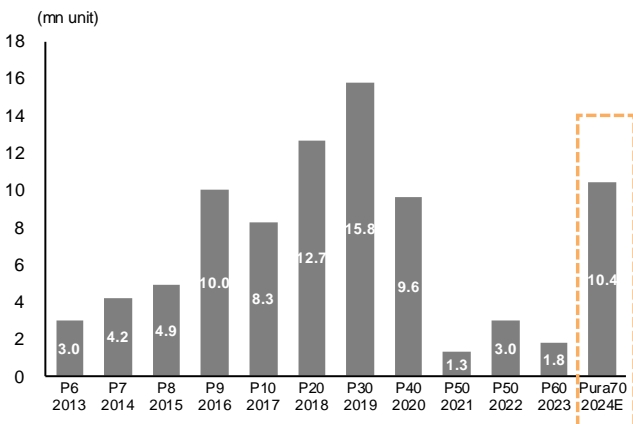
Source: Huawei official website, Smartphone China

Figure 2: Huawei Pura 70 Series spec comparison

Model name	Pura 70	Pura 70 Pro	Pura 70 Pro+	Pura 70 Ultra
Starting price (RMB)	5,499	6,499	7,999	9,999
Screen size (inch)	6.6	6.8	6.8	6.8
Resolution (pixel)	2760*1256	2844*1260	2844*1260	2844*1260
Display glass material	2nd gen Kunlun	2nd gen Kunlun	Xuanwu tempered Kunlun	Xuanwu tempered Kunlun
Memory	256GB/512GB/1TB	256GB/512GB/1TB	512GB/1TB	512GB/1TB
Running memory	12GB	12GB	16GB	16GB
Main camera	50 megapixel ultra spotlight camera (F1.4-F4.0 aperture, OIS)	50 megapixel ultra spotlight camera (F1.4-F4.0 aperture, OIS)	50 megapixel ultra spotlight camera (F1.4-F4.0 aperture, OIS)	50 megapixel ultra spotlight camera (1-inch, F1.6-F4.0 aperture, OIS)
Ultra-wide angle camera	13mn pixel ultra wide angle camera (F2.2 aperture)	12.5mn pixel ultra wide angle camera (F2.2 aperture)	12.5mn pixel ultra wide angle camera (F2.2 aperture)	40mn pixel ultra wide angle camera (F2.2 aperture)
Telephoto camera	12mn pixel periscope (F3.4 aperture, OIS) with autofocus	48mn pixel ultra spotlight macro (F2.1 aperture, OIS), autofocus	48mn pixel ultra spotlight macro (F2.1 aperture, OIS), autofocus	50mn pixel ultra spotlight macro (F2.1 aperture, OIS), autofocus
Front camera	13 MP ultra-wide angle	13 MP ultra-wide angle	13 MP ultra-wide angle	13 MP ultra-wide angle
Operating system	HarmonyOS 4.2	HarmonyOS 4.2	HarmonyOS 4.2	HarmonyOS 4.2
Infrared remote control	No	Yes	Yes	Yes
Size	157.6mm (length) 74.3mm (width) 7.95mm (thickness)	162.6mm (length) 75.1mm (width) 8.4mm (thickness)	162.6mm (length) 75.1mm (width) 8.4mm (thickness)	162.6mm (length) 75.1mm (width) 8.4mm (thickness)
Weight	207g	220g	220g	226g
Battery	4900mAh	5050mAh	5050mAh	5200mAh
Protection level	IP68	IP69	IP70	IP71

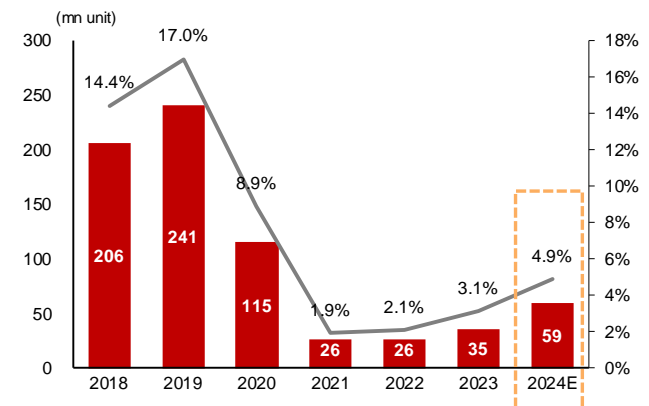
Source: Huawei official website, TMT post, CMBIGM estimates

Figure 3: Huawei P and Pura 70 series shipments



Source: TechInsights, CMBIGM estimates

Figure 4: Huawei shipments/ mkt share (2018-24E)



Source: TechInsights, CMBIGM estimates

Figure 5: Supply chain mapping and sales mix exposure (2024E)

Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major Products
AAC Tech	2018 HK	45%	8%	25%	17%	5%	Acoustics, haptics, optics, casing
FIT Hon Teng	6088 HK	40%	3%	/	/	57%	Connector, wireless charging, accessories
Sunny Optical	2382 HK	3%	8%	15%	59%	15%	Camera module, handset lens sets, auto lens/module
BYDE	285 HK	40%	8%	10%	27%	15%	Metal/glass/plastics casing, ODM/OEM, automobile
Tongda	698 HK	37%	4%	2%	30%	27%	Metal/plastic casing, waterproof, household & sports
Q-Tech	1478 HK	/	8%	/	77%	15%	Cam module/lens, fingerprint modules, auto cam module
TK Group	2283 HK	2%	/	/	/	98%	Plastic molding, plastic precision
Truly	732 HK	/	/	5%	60%	35%	Camera modules, fingerprint, display modules
Cowell	1415 HK	90%	/	5%	/	5%	Camera Module
Luxshare	002475 CN	65%	5%	3%	/	27%	iPhone/AirPods/Watch OEM, acoustics/haptics, auto., comm.
Goertek	002241 CN	35%	6%	5%	5%	50%	Acoustics, AirPods/Watch OEM, AR/VR, gaming console

Source: Company data, CMBIGM estimates

Figure 6 Peers Comparison

Company	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY23E	P/E (x) FY24E	P/B (x) FY23E	P/B (x) FY24E	ROE (%) FY23E	ROE (%) FY24E
Optics												
Sunny Optical	2382 HK	Hold	4,992	35.65	47.3	33%	31.7	25.8	1.5	1.5	4.8	5.7
Q Tech	1478 HK	Buy	469	3.10	3.9	27%	11.1	8.4	0.7	0.6	6.1	7.6
Cowell	1415 HK	NR	1,686	15.48	NA	NA	25.7	16.5	3.9	3.3	14.4	21.9
Largan	3008 TT	NR	8,698	2,120.00	NA	NA	15.3	12.9	1.7	1.6	11.5	12.5
Genius	3406 TT	NR	1,470	424.00	NA	NA	16.2	13.5	2.2	2.0	14.2	15.5
Primax	4915 TT	NR	1,215	85.40	NA	NA	15.0	13.9	2.3	2.1	14.7	14.7
Lite-On	2301 TT	NR	6,952	96.10	NA	NA	14.5	14.4	2.6	2.4	18.3	16.7
O-Film	002456 CH	NR	4,095	9.10	NA	NA	-	47.4	-	-	(9.9)	9.9
Average							18.49	19.09	2.14	1.94	9.28	13.06
Acoustics/Haptics												
AAC Tech	2018 HK	HOLD	3,634	23.75	22.4	-6%	33.8	18.5	1.1	1.1	3.3	5.8
Goertek	002241 CH	BUY	6,994	14.82	17.8	20%	46.3	20.9	1.6	1.5	3.5	7.1
Luxshare	002475 CH	BUY	26,163	26.39	47.0	78%	17.0	13.5	1.9	1.7	10.9	12.3
Sunway	300136 CH	NR	2,356	17.63	NA	NA	22.1	16.9	2.3	2.1	10.5	11.8
Merry	2439 TT	NR	769	114.00	NA	NA	18.3	15.8	1.9	1.8	10.0	11.6
Nidec	6594 JP	NR	25,428	6,592.00	NA	NA	47.4	26.2	2.9	2.5	7.0	10.2
Alps Alpine	6770 JP	NR	1,763	1,242.50	NA	NA	10.5	-	0.6	0.7	6.2	(8.6)
Average							27.92	18.62	1.77	1.60	7.34	7.16
Connector												
FIT Hon Teng	6088 HK	BUY	1,833	1.97	2.4	23%	14.0	9.0	0.7	0.7	5.1	7.6
Luxshare	002475 CH	BUY	26,163	26.39	47.0	78%	17.0	13.5	1.9	1.7	10.9	12.3
TE	TEL US	NR	43,558	141.08	NA	NA	21.0	18.6	3.9	3.2	19.1	18.5
Amphenol	APH US	NR	67,123	111.58	NA	NA	37.6	33.6	8.3	7.1	24.4	22.9
Average							22.42	18.66	3.70	3.16	14.86	15.34
EMS/OEM												
BYDE	285 HK	BUY	6,789	23.60	46.5	97%	11.8	8.6	1.6	2.5	13.7	29.0
Luxshare	002475 CH	BUY	26,163	26.39	47.0	78%	17.0	13.5	1.9	1.7	10.9	12.3
Hon Hai Precision	2317 TT	NR	60,943	143.00	NA	NA	15.0	12.6	1.3	1.2	8.8	9.5
Pegatron	4938 TT	NR	7,764	94.80	NA	NA	16.2	14.9	1.3	1.2	8.1	8.5
Wistron	3231 TT	NR	10,252	115.00	NA	NA	27.8	17.5	3.1	2.7	11.4	16.1
Average							17.57	13.42	1.84	1.85	10.61	15.08
Casing												
BYDE	285 HK	BUY	6,789	23.60	46.5	97%	11.8	8.6	1.6	2.5	13.7	29.0
Tongda	698 HK	BUY	88	0.07	0.2	139%	3.9	2.4	0.1	0.1	2.3	3.5
TK Group	2283 HK	BUY	156	1.47	2.8	90%	5.9	4.3	0.7	0.7	12.3	15.3
Everwin	300115 CH	NR	169	1.10	NA	NA	-	-	-	-	-	-
Lens Tech	300433 CH	NR	1,629	9.80	NA	NA	68.5	18.1	2.0	1.8	2.2	10.3
Average							17.0	13.0	1.9	1.7	12.6	13.8

Source: Bloomberg, CMBIGM estimates.

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