

Technology

Apple launch event: new iPhone 16/Watch/AirPods unveiled; Apple Intelligence to launch next month

Apple unveiled four iPhone 16 models (16/16 Plus, 16 Pro/Pro Max), featuring bigger screens (premium models), better processor, improved battery life, new Camera Control button and Apple Intelligence features. Apple also launched two Apple Watch (Series 10/Ultra 2) and three AirPods (4/Pro 2/Max). We believe most spec upgrades and Apple Intelligence launch are in-line with expectations, and no price hikes for both iPhone 16/16 Pro models will be positive to unlock pent-up demand and boost replacement cycle, given AI integration and multiple new features. For stocks, we prefer those with high sales exposure to iPhone/AirPods/Watch with content and share gains, such as **Luxshare** (iPhone/Watch OEM), **BYDE** (iPhone casing), **Sunny Optical** (front-cam share gains, ToF/periscope order win), **AAC Tech** (iPhone haptics/audio), **Goertek** (haptics/acoustics/ AirPods) and **FIT Hon Teng** (connectors/cables/AirPods).

- **New iPhone spec with no price hikes mostly in-line; Apple Intelligence to launch with iOS 18 next month.** Apple launched four new iPhone 16 models (16/16 Plus, 16 Pro/Pro Max) with larger screens (premium models), A18/A18 Pro processor chips, Camera Control button, improved battery life, optical/audio improvements (48MP ultra-wide and improved mics for premium models), stronger ceramic shield, improved heat dissipation and the highly-anticipated Apple Intelligence integration. We believe no price hikes for all models is positive to boost shipment and replacement cycle. For Apple Intelligence, Apple showcased new functions such as writing tools, proof read, text re-format, e-mail summarize, picture search, scan-to-search and improved interactions with Siri. New AI functions will first launch in US English with iOS 18 Beta in next month, and will expand to include localized English in Australia, Canada, New Zealand, South Africa and the UK in December, followed by other languages (Chinese, French, Japanese, Spanish) in 2025. The new iPhones will start pre-order this Friday (13 Sept) with availability on 20 Sept..
- **New AirPods set to boost upgrade; Apple Watch 10/Ultra 2 limited upgrades.** The new AirPods 4 includes active noise cancelations, adaptive audio and transparency mode for the first time, while AirPods Pro 2 features hearing test/protection and hearing aid upgrades. We believe the new line-up is poised to boost replacement after no major launches for three years.
- **Positive on Apple's AI-driven upgrade cycle; Top picks: Luxshare, BYDE, Sunny Optical, AAC Tech, FIT Hon Teng, Goertek.** Historically (Fig.6), the Apple event has been a sell-on-news event for Apple supply chain (-0.8% on launch day; -2.7% in 1M), but we believe the launch of AI-powered iPhone will unlock long-awaited pent-up demand, which will be positive to supply chain performance into 4Q24E (+3.2% in 3M). We prefer Apple names with content/share gains, such as **Luxshare** (OEM/acoustics/haptics), **BYDE** (iPad OEM, iPhone casing), **Sunny Optical** (front-cam/ToF/periscope), **AAC Tech** (haptics/acoustics/AirPods), and **FIT Hon Teng** (connectors/AirPods), and **Goertek** (haptics/acoustics/AirPods).

Valuation Table

Name	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY24E FY25E	P/B (x) FY24E FY25E
Luxshare	002475 CH	BUY	36,343	35.89	45.1	26%	19.1 15.6	3.1 2.6
BYDE	285 HK	BUY	7,571	26.20	40.9	56%	12.2 8.5	2.9 2.3
AAC Tech	2018 HK	BUY	4,673	30.40	37.8	24%	19.3 15.5	1.4 1.3
Sunny Optical	2382 HK	BUY	6,543	46.60	72.5	56%	18.6 15.6	1.9 1.7
FIT Hon Teng	6088 HK	BUY	1,804	1.93	4.3	120%	9.6 5.9	0.7 0.6
Goertek	002241 CH	BUY	9,108	18.96	25.9	37%	22.3 18.2	1.9 1.7

Source: Company data, CMBIGM estimates

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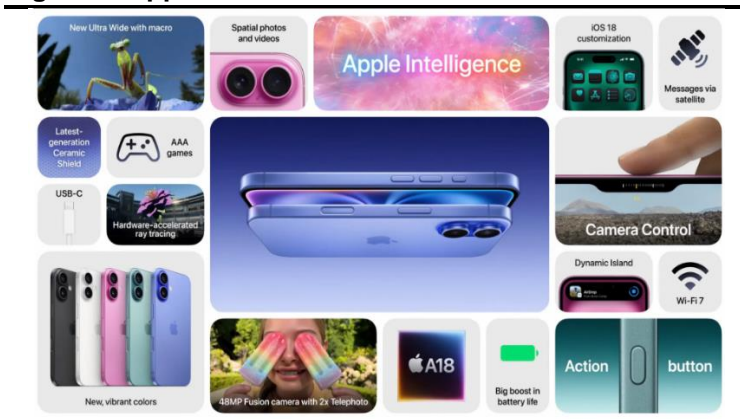
Focus Charts

Figure 1: iPhone 16 series (2024) vs iPhone 15 series (2023)

	iPhone 16	iPhone 16 Plus	iPhone 16 Pro	iPhone 16 Pro Max	iPhone 15	iPhone 15 Plus	iPhone 15 Pro	iPhone 15 Pro Max
Starting Price	\$799	\$899	\$999	\$1,199	\$799	\$899	\$999	\$1,199
... 128GB	\$799	\$899	\$999	-	\$799	\$899	\$999	-
... 256GB	\$899	\$899	\$1,099	\$1,199	\$899	\$999	\$1,099	\$1,199
... 512 GB	\$1,099	\$1,199	\$1,299	\$1,399	\$1,099	\$1,199	\$1,299	\$1,399
... 1TB	-	-	\$1,499	\$1,599	-	-	\$1,499	\$1,599
Storage	8GB+128GB, 256GB, 512GB	8GB+128GB, 256GB, 512GB	8GB+128G, 256GB, 512GB, 1TB	8GB+256GB, 512GB, 1TB	6GB+128GB, 256GB, 512GB	6GB+128GB, 256GB, 512GB	8GB+128GB, 256GB, 512GB, 1TB	8GB+256GB, 512GB, 1TB
Screen Size	6.1 inches	6.7 inches	6.3 inches	6.9 inches	6.1 inches	6.7 inches	6.1 inches	6.7 inches
Adaptive Refresh	60Hz	60Hz	ProMotion 120Hz	ProMotion 120Hz	60Hz	60Hz	ProMotion 120Hz	ProMotion 120Hz
Processor	A18 (N3E)	A18 (N3E)	A18 Pro (N3E)	A18 Pro (N3E)	A16 (4nm)	A16 (4nm)	A17 Pro (3nm)	A17 Pro (3nm)
Rear camera	Dual cameras: * 48MP Main (f/1.6) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.6) * 2x optical zoom in/out * Digital zoom 10x	Dual cameras: * 48MP Main (f/1.6) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.6) * 2x optical zoom in/out * Digital zoom 10x	Three cameras: * 48MP Main (f/1.78) * 48MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.6) * 12MP 3x Tele (f/2.8) * Optical zoom 5x * Digital zoom 15x	Three cameras: * 48MP Main (f/1.78) * 48MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.6) * 12MP 5x Tele (f/2.8), tetraprism * Optical zoom 5x * Digital zoom 25x	Dual cameras: * 48MP Main (f/1.6) * 12MP Ultrawide (f/2.4) * 12MP 2x Tele (f/1.6) * 2x optical zoom in/out * Digital zoom 10x	Dual cameras: * 48MP Main (f/1.6) * 12MP Ultrawide (f/2.4) * 12MP 2x Tele (f/1.6) * 2x optical zoom in/out * Digital zoom 10x	Three cameras: * 48MP Main (f/1.78) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.6) * 12MP 3x Tele (f/2.8) * Optical zoom 3x in/ 2x out * Digital zoom 15x	Three cameras: * 48MP Main (f/1.78) * 12MP Ultrawide (f/2.2) * 12MP 2x Tele (f/1.6) * 12MP 5x Tele (f/2.8), tetraprism * Optical zoom 5x in/ 2x out * Digital zoom 25x
Colors	Ultramarine, teal, pink, white, black	Ultramarine, teal, pink, white, black	Desert, natural, white, black	Desert, natural, white, black	Pink, yellow, green, blue, black	Pink, yellow, green, blue, black	Natural, blue, black, white	Natural, blue, black, white
Battery size	Up to 22 hours	Up to 27 hours	Up to 27 hours	Up to 33 hours	Up to 20 hours	Up to 26 hours	Up to 23 hours	Up to 29 hours
Satellite Comm.	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS	Roadside Assistance/ Emergency SOS
Operating System	iOS 18	iOS 18	iOS 18	iOS 18	iOS 17	iOS 17	iOS 17	iOS 17
Other upgrades	Camera control, Action button, Ceramic shield material, Apple Intelligence, Spatial Capture, Audio Mix	Camera control, Action button, Ceramic shield material, Apple Intelligence, Spatial Capture, Audio Mix	Camera control, Aluminum thermal substructure, Ceramic shield material, Studio-quality mics, Audio mix	Camera control, Aluminum thermal substructure, Ceramic shield material, Studio-quality mics, Audio mix	Type-C, dynamic island	Type-C, dynamic island	Type-C, Titanium design, Spatial videos for Vision Pro, Action Button	Type-C, Titanium design, Spatial videos for Vision Pro, Action Button

Source: Apple, CMBIGM

Figure 2: Apple iPhone 16 Series



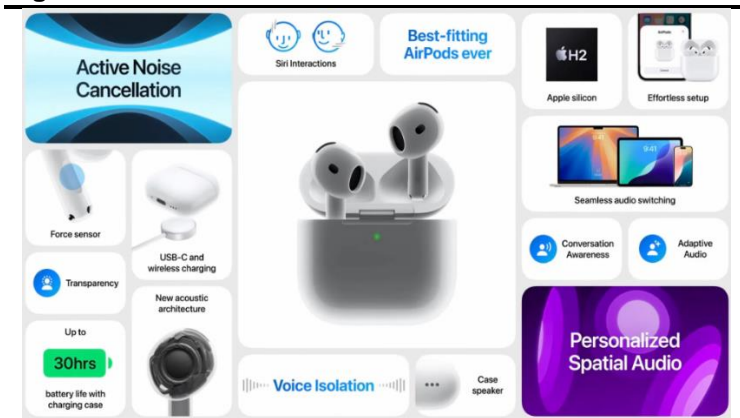
Source: Apple, CMBIGM

Figure 3: Apple iPhone 16 Pro Series



Source: Apple, CMBIGM

Figure 4: New AirPods 4



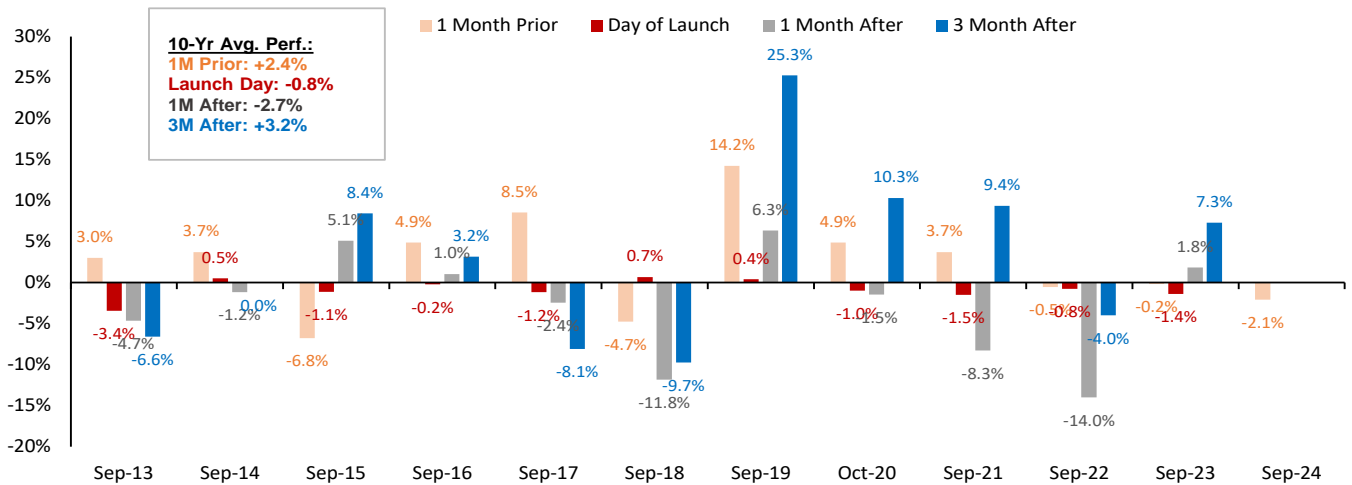
Source: Apple, CMBIGM

Figure 5: Apple Watch Ultra 2



Source: Apple, CMBIGM

Figure 6: Apple supply chain performance prior/after iPhone launch event (2013 – YTD 2024)



Source: Bloomberg, CMBIGM, Apple supply chain: Sunny Optical, Cowell, AAC Tech, FIT Hon Teng, BYDE, Goertek, Luxshare, USI, Lingyi Tech, FII, Lens Tech, Everwin, Sunway, Dongshan Precision, Hon Hai Precision, Largan, Genius, Pegatron, Wistron, Zhen Ding, Kinsus, Unimicron, TSMC, LG Innotek, LG Display, JAE, Murata

Figure 7: Supply chain mapping and sales mix exposure (2024)

Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major Products
AAC Tech	2018 HK	25%	10%	10%	43%	12%	Handset/auto acoustics, haptics, optics, casing
FIT Hon Teng	6088 HK	20%	-	-	-	80%	Connectors, AirPods, accessories, EV, AI servers
Sunny Optical	2382 HK	5%	5%	15%	50%	25%	Handset CCM/lens sets, auto lens/modules, AR/VR
BYDE	285 HK	55%	5%	5%	15%	20%	Casing, ODM/OEM, automobile, AI servers
Cowell	1415 HK	90%	-	5%	-	5%	Camera modules
Luxshare	002475 CN	64%	5%	-	15%	16%	Wireless, iPhone/AirPods/Watch OEM, acoustics/haptics
Goertek	002241 CN	25%	5%	5%	15%	50%	Acoustics, AirPods, Watch, AR/VR, Gaming, Wearables
Tongda	698 HK	9%	5%	5%	40%	41%	Casing, waterproof materials, home appliances
Q-Tech	1478 HK	-	5%	-	85%	15%	Camera modules/lenses, FPM, auto CCM
TK Group	2283 HK	5%	-	-	-	95%	Plastic molding, plastic precision
Truly	732 HK	-	-	3%	62%	35%	Camera modules, fingerprint, display modules

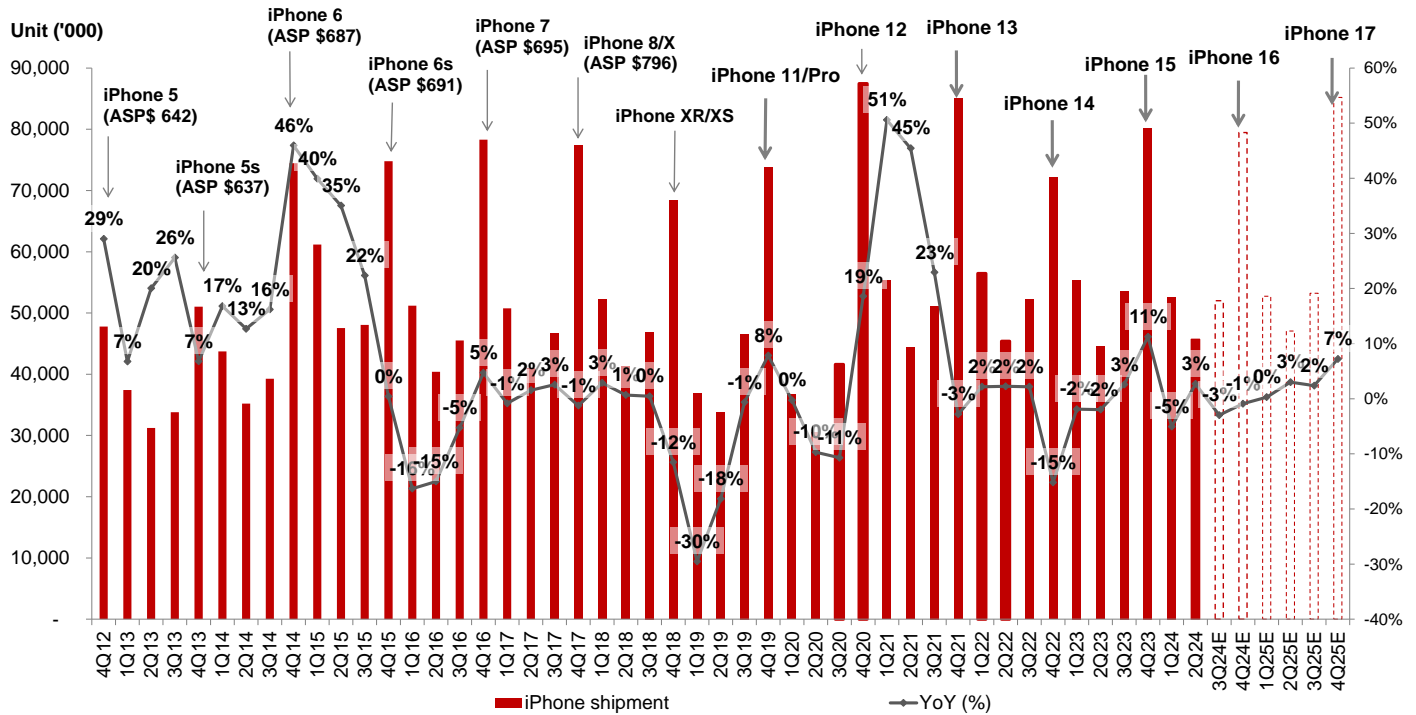
Source: Company data, CMBIGM estimates

Figure 8: Supply chain analysis for iPhone 16 vs iPhone 15

Component	Upgrade?	iPhone 16 Series	iPhone 15 Series
Assembly			
... Plus	No	Foxconn, Luxshare, Pentagon, Tata	Foxconn, Luxshare, Pentagon
... Pro/Max	No	Foxconn, Luxshare, Pentagon	Foxconn, Luxshare, Pentagon
Display	Yes	Samsung, LG, BOE	Samsung, LG
Cover glass	No	Lens, Biel	Lens, Biel
Acoustics	Yes	AAC, Goertek, Luxshare	AAC, Goertek, Luxshare
Haptics	Yes	AAC, Luxshare	AAC, Luxshare
Casing	No	FII, BYDE , Lens	FII, Jabil, Lens
Connectors	No	FIT Hon Teng, Luxshare	FIT Hon Teng, Luxshare
Battery	Yes	Desay, Sunwoda, Simplo	Desay, Sunwoda, Simplo
Camera module			
... Front	No	Cowell, Foxconn, LGI	Cowell, Foxconn, LGI
... Main rear	No	LGI, Sharp	LGI, Sharp
... Ultrawide	Yes	LGI, Sharp, Cowell	LGI, Sharp
... ToF	No	LGI, Sharp	LGI, Sharp
... Periscope	Yes	LGI, Cowell	LGI
Handset lens			
... Front	No	Genius, Sunny, Largan	Genius, Sunny, Largan
... Main rear	No	Largan, Genius	Largan, Genius
... Ultrawide	Yes	Sunny, Genius, Largan	Sunny, Genius, Largan
... ToF	No	Sunny , Genius, Largan	Genius, Largan
... Periscope	Yes	Largan	Largan

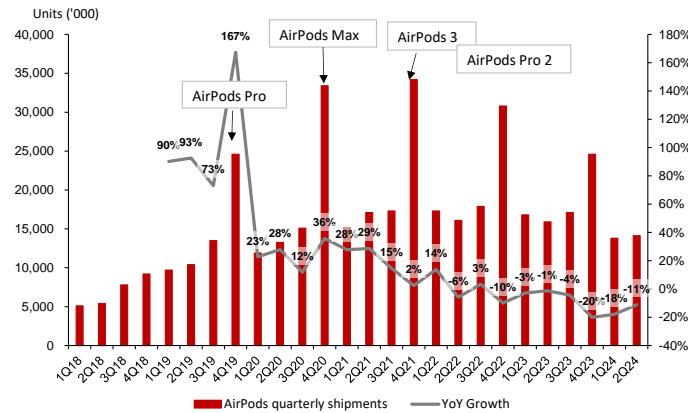
Source: Company data, CMBIGM estimates

Figure 9: Apple's iPhone shipment by quarter (CY)



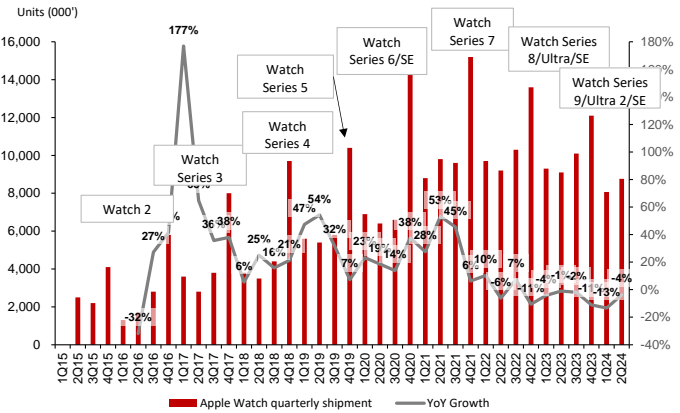
Source: Company data, IDC, CMBIGM

Figure 10: AirPods shipment by quarter (CY)



Source: S&P, CMBIGM

Figure 11: Apple Watch shipment by quarter (CY)



Source: S&P, CMBIGM

Figure 12: Peers Comparison

Company	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Brand												
Apple	AAPL US	NR	3,334,571	219.26	NA	NA	32.7	29.5	53.2	41.3	156.6	160.0
Xiaomi	1810 HK	BUY	59,584	18.62	24.4	31%	17.8	15.6	2.3	2.0	12.8	13.0
Transsion	688036 CH	NR	12,231	77.05	NA	NA	14.6	12.5	4.0	3.3	27.6	26.8
Samsung	005930 KS	NR	300,179	67,500.00	NA	NA	11.5	8.1	1.2	1.0	10.4	13.1
Average							19.2	16.4	15.2	11.9	51.8	53.2
Optics												
Sunny Optical	2382 HK	BUY	6,543	46.60	72.5	56%	18.6	15.6	1.9	1.7	10.1	11.2
Q Tech	1478 HK	BUY	673	4.43	6.4	45%	13.2	8.8	0.9	0.8	6.9	9.6
Cowell	1415 HK	NR	2,301	20.90	NA	NA	22.5	13.3	4.5	3.4	21.1	27.2
Truly	732 HK	NR	377	0.93	NA	NA	-	-	-	-	-	-
Largan	3008 TT	NR	11,226	2,700.00	NA	NA	15.2	14.6	2.0	1.8	13.6	13.3
Genius	3406 TT	NR	1,740	495.50	NA	NA	12.7	12.4	2.3	2.0	19.0	17.6
O-Film	002456 CH	NR	3,969	8.53	NA	NA	49.3	31.2	6.8	6.5	7.8	12.2
Lg Innotek	011070 KS	NR	4,187	237,500.00	NA	NA	7.1	6.4	1.0	0.9	15.6	15.0
Partron	091700 KS	NR	335	7,630.00	NA	NA	10.2	9.1	0.9	0.8	9.0	9.5
Average							18.61	13.93	2.54	2.25	12.88	14.44
Acoustics/Haptics												
AAC Tech	2018 HK	BUY	4,673	30.40	37.8	24%	19.3	15.5	1.4	1.3	7.0	8.2
Goertek	002241 CH	BUY	9,108	18.96	25.9	37%	22.3	18.2	1.9	1.7	8.4	9.5
Luxshare	002475 CH	BUY	36,343	35.89	45.1	26%	19.1	15.6	3.1	2.6	16.0	16.4
Knowles	KN US	NR	1,482	16.76	NA	NA	14.9	12.5	-	-	-	-
Nidec	6594 JP	NR	23,873	5,722.00	NA	NA	22.9	17.4	2.2	1.8	10.1	11.2
Average							19.71	15.86	2.11	1.85	10.38	11.32
Connector												
FIT Hon Teng	6088 HK	BUY	1,804	1.93	4.3	120%	9.6	5.9	0.7	0.6	7.0	10.3
Luxshare	002475 CH	BUY	36,343	35.89	45.1	26%	19.1	15.6	3.1	2.6	16.0	16.4
TE	TEL US	NR	44,165	145.32	NA	NA	19.2	17.7	3.5	3.4	19.0	19.1
Amphenol	APH US	NR	72,715	60.36	NA	NA	34.1	29.2	7.6	6.6	24.3	24.7
Average							20.53	17.11	3.70	3.29	16.56	17.60
EMS/OEM												
BYDE	285 HK	BUY	7,571	26.20	40.9	56%	12.2	8.5	2.9	2.3	23.8	27.5
Luxshare	002475 CH	BUY	36,343	35.89	45.1	26%	19.1	15.6	3.1	2.6	16.0	16.4
Hon Hai Precision	2317 TT	NR	74,277	172.00	NA	NA	15.1	11.5	1.5	1.3	9.7	11.7
Pegatron	4938 TT	NR	8,298	100.00	NA	NA	14.4	13.3	1.4	1.3	9.2	9.6
Wistron	3231 TT	NR	8,736	96.80	NA	NA	14.8	11.6	2.3	2.0	16.5	18.3
Average							28.98	20.90	6.61	5.02	13.58	19.86
Casing												
BYDE	285 HK	BUY	7,571	26.20	40.9	56%	12.2	8.5	2.9	2.3	23.8	27.5
Fii	601138 CH	NR	51,949	18.60	NA	NA	14.3	11.3	2.4	2.1	16.7	18.5
Tongda	698 HK	BUY	94	0.08	0.1	63%	25.0	3.8	0.1	0.1	0.4	2.7
TK Group	2283 HK	BUY	175	1.64	2.8	72%	4.8	3.8	0.7	0.7	15.2	17.4
Lens Tech	300433 CH	NR	11,040	15.76	NA	NA	20.5	15.8	1.6	1.5	8.0	9.7
Ju Teng	3336 HK	NR	154	1.00	NA	NA	-	-	-	-	-	-
Everwin	300115 CH	NR	2,051	10.79	NA	NA	19.0	16.4	2.0	1.8	11.3	11.7
Average							15.97	9.92	1.62	1.42	12.56	14.57

Source: Bloomberg, CMBIGM estimates

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