

# Technology

## Apple WWDC 2024: Apple Intelligence, iOS 18, Siri with ChatGPT and more

Apple announced significant updates on iOS 18 and showcased its new personal intelligence system "Apple Intelligence" across iPhone, iPad and Mac. The long-awaited updates focused on enhancing user experience, privacy and ecosystem integration, leveraging generative models for personalised interactions and integrating ChatGPT in Siri for content generation. In addition, Apple released VisionOS 2 and announced international launch schedules (28 June for China/Japan/Singapore, 12 July for Australia/Canada/France/Germany/UK). Overall, we think the event is largely in-line with expectations. Given that Apple Intelligence will be only applicable on devices of iPhone 15 Pro and devices with M1 or newer chips, we think Apple AI should boost replacement demand with new product launches in 3Q24E. We are positive on major beneficiaries such as Luxshare, BYDE, FIT Hon Teng, Goertek, AAC Tech, Sunny Optical and Cowell (1415 HK, NR).

- **Long-awaited "Apple Intelligence" largely in-line; ChatGPT integration is the bright spot.** Apple showcased its new "Apple Intelligence" package of AI features deployed across iPhone, iPad and Mac, including phone recording/transcribing, photos clean up tool, search in videos, picture generating, new Rewrite/Smart Reply/summarize functions and more text-based features. We think ChatGPT integration for content generation is the major bright spot, which will arrive on iOS18/iPadOS 18/macOS Sequoia for free later this year and it will be integrated with Siri and other system-wide apps for the best personal response. Private cloud compute will be used for more complex tasks based on Apple servers.
- **Vision Pro international launch schedule announced, China's launch date confirmed on 28 June.** Apple unveiled latest versions of VisionOS 2 with latest updates on immersive video and developer frameworks. Two tranches of international product launch dates were announced with China region launch date confirmed on 28 June. Pre-order will start on-line from 14 June and the starting selling price is RMB 29,999.
- **AI feature updates poised to boost replacement demand; Positive on Apple and Vision Pro supply chain.** Apple Intelligence will be only available on the devices of iPhone 15 Pro, M1 Mac/iPad and later models, and we believe Apple AI updates will simulate replacement demand. We believe the upcoming Vision Pro international launches and the accelerated replacement demand will benefit related supply chain names, such as Luxshare (OEM), BYDE (casing), FIT Hon Teng (AirPods/socket), Goertek (acoustics), AAC Tech (haptics/structural products), Sunny Optical (optical lens) and Cowell (camera module).

### Valuation Table

Name	Ticker	Rating	Mkt Cap		TP Up/Down	P/E (x)		P/B (x)		ROE
			Rating(US\$ mn)	(LC)		side FY24E	FY25E	FY24E	FY25E	
AAC Tech	2018 HK	HOLD	4,412	22.4*	N/A	22.4	18.0	1.3	1.2	5.8
BYDE	285 HK	BUY	10,026	45.2	30%	13.0	9.6	3.7	2.9	28.4
FIT Hon Teng	6088 HK	BUY	2,296	2.5	-2%	11.3	8.5	0.8	0.8	7.4
Goertek	002241 CH	BUY	7,947	17.6	4%	24.1	22.2	1.7	1.6	7.0
Luxshare	002475 CH	BUY	31,448	46.6	47%	16.4	13.2	2.7	2.2	16.4
Sunny Optical	2382 HK	HOLD	6,512	47.3	2%	33.6	24.8	1.9	1.8	5.7
Cowell	1415 HK	NR	2,225	N/A	N/A	21.7	12.4	4.3	3.2	21.9

Source: Company data, CMBIGM estimates. \*TP under review.

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3. Apple FY2Q24 better-than-feared on China and iPhone; Expect return to growth in next quarter-3 May 2024 ([link](#))
4. BYDE (285 HK) - 1Q24 solid on track; Android recovery, Jabil synergy, high-end NEV and AI servers the bright spots - 2 May 2024 ([link](#))
5. Goertek (002241 CH) - 1Q24 earnings back on track; Positive on VR/AR/gaming recovery in FY24/25E - 29 Apr 2024 ([link](#))
6. Luxshare (002475 CH) - FY23 in-line with better-than-feared 1H24 earnings guidance; Solid outlook ahead - 26 Apr 2024 ([link](#))

## Focus Charts

**Figure 1: WWDC 2024 new features launched**

New features	
<b>Apple Intelligence</b>	ChatGPT integration with Siri, Notes app on audio recording/transcribing/summarizing, Phone app on call recording/transcribing, Photos app Clean Up tools, Image Wand on image generation, Genmoji on emoji-style characters generation, new Rewrite/Smart Reply, new Siri interface, type to Siri, system-wide new writing and image generation tools powered by AI, priority notifications on iPhone.
<b>iOS 18</b>	Locked and hidden apps, send later in messages, home screen/control center customization, redesigned tapbacks, messages via satellite, redesigned photos app, game mode, RCS, customized home screen icons, new Apple pay online platform.
<b>iPad OS 18</b>	Notes app on support for math notes, calculator app, new floating tab bar, home screen customization.
<b>macOS Sequoia</b>	Redesigned reader view with summarizes, updated Safari with highlights features, New Password apps, Presenter, iPhone mirroring that allows access to the iPhone from Mac.
<b>watchOS 11</b>	New Double Tap API, new Translate app, more intelligent smart stack, Vitals app, new rest day mode for the Fitness app, new training load feature.
<b>AirPods</b>	AirPods allows shake the head yes or no to respond to Siri, voice isolation on AirPods Pro, FaceTime Live Captions, New InSight features for Apple Originals.
<b>VisionOS 2</b>	New developer's framework, new "Extreme Sports" series for Vision Pro immersive video, adds train support, new gesture, support for SharePlay with spatial personas in Photos app, create a spatial photo from any photo in the library.

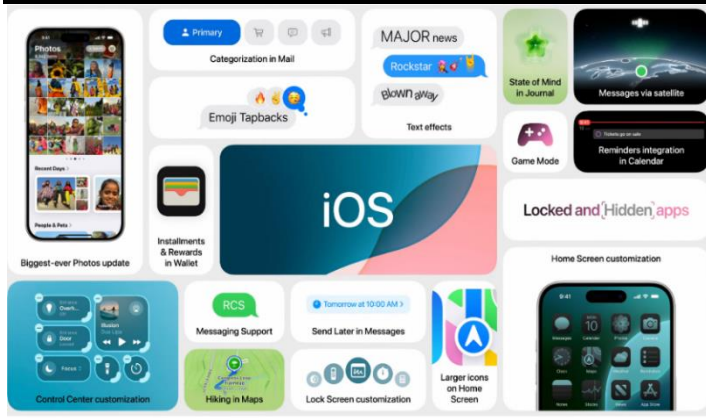
Source: Apple, CMBIGM

**Figure 2: Apple supply chain mapping and sales mix exposure (2024)**

Company	Ticker	Apple	Huawei	Samsung	Other CN brands	Others	Major products
AAC Tech	2018 HK	45%	15%	15%	20%	5%	Acoustics, haptics, optics, casing
FIT Hon Teng	6088 HK	40%	3%			57%	Connectors, wireless charging, accessories
Sunny Optical	2382 HK	2%	5%	15%	63%	15%	Camera modules, handset lens sets, auto lens/modules
BYDE	285 HK	40%	5%	10%	30%	15%	Metal/glass/plastics casing, ODM/OEM, automobile
Tongda	698 HK	20%	5%	10%	35%	25%	Metal/plastic casing, waterproof materials
Q-Tech	1478 HK	-	5%	-	85%	15%	Camera modules/lenses, fingerprint modules, auto camera modules
TK Group	2283 HK	10%	-	-	-	90%	Plastic molding, plastic precision
Truly	732 HK	-	-	3%	62%	35%	Camera modules, fingerprint, display modules
Cowell	1415 HK	90%	-	5%	-	5%	Camera modules
Luxshare	002475 CN	60%	10%	3%	-	27%	Wireless, iPhone/AirPods/Watch OEM, acoustics/haptics
Goertek	002241 CN	45%	5%	10%	15%	25%	Acoustics, AirPods, Watch, AR/VR, Wearables

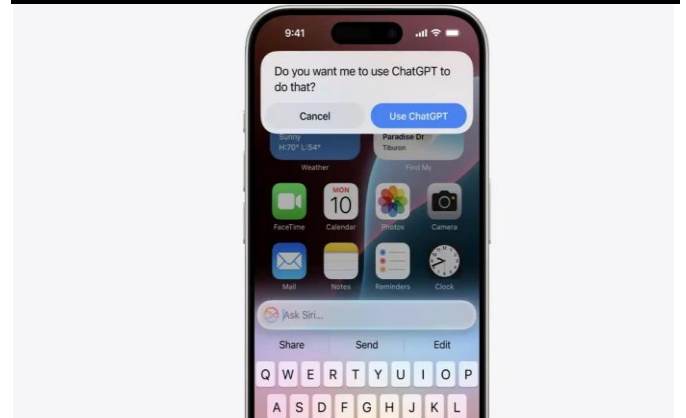
Source: Company data, CMBIGM estimates

Figure 3: Launch of iOS 18



Source: Apple, CMBIGM

Figure 4: Integration of ChatGPT with Siri



Source: Apple, CMBIGM

Figure 5: Launch of VisionOS 2



Source: Apple, CMBIGM

Figure 6: Vision Pro pre-order starts Jun 14 in China

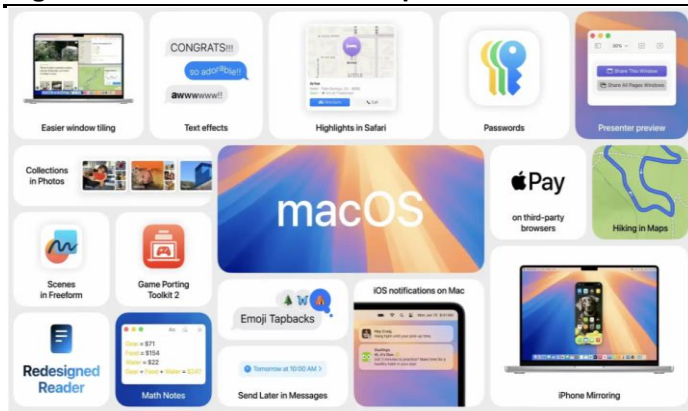
Apple Vision Pro

6月14日(週五)起，Apple Vision Pro 預購活動將在中國展開。



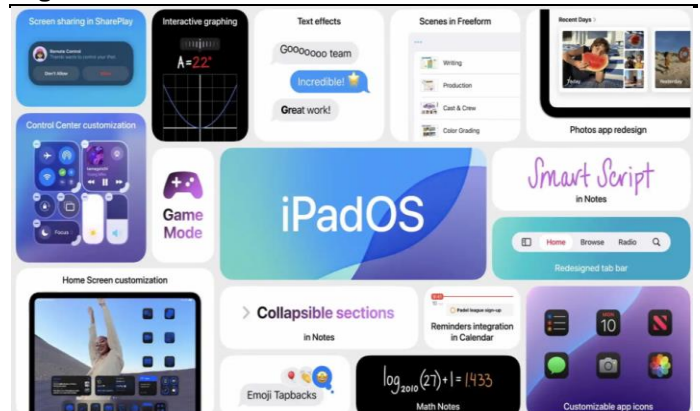
Source: Apple, CMBIGM

Figure 7: Launch of macOS Sequoia



Source: Apple, CMBIGM

Figure 8: Launch of iPad OS



Source: Apple, CMBIGM

Figure 9: 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
<b>Optics</b>												
Sunny Optical	2382 HK	Hold	6,512	46.45	47.3	2%	33.6	24.8	1.9	1.8	5.7	7.4
Q Tech	1478 HK	Buy	534	3.52	3.9	12%	9.6	7.2	0.7	0.7	7.6	9.4
Cowell	1415 HK	NR	2,225	20.30	NA	NA	21.7	12.4	4.3	3.2	21.9	28.4
Largan	3008 TT	NR	9,129	2,215.00	NA	NA	13.3	13.1	1.7	1.5	12.6	12.4
Genius	3406 TT	NR	1,897	545.00	NA	NA	15.0	15.6	2.6	2.3	18.0	15.8
Primax	4915 TT	NR	1,537	107.50	NA	NA	17.3	14.8	2.7	2.5	14.9	16.4
Lite-On	2301 TT	NR	7,539	104.00	NA	NA	16.9	14.3	2.7	2.6	15.8	17.3
O-Film	002456 CH	NR	3,490	7.77	NA	NA	36.5	25.1	5.5	4.7	12.3	14.6
Samsung Elec	009150 KS	NR	8,110	149,700	NA	NA	16.6	12.9	1.4	1.3	8.5	9.9
Lg Innotek	011070 KS	NR	3,939	229,500	NA	NA	7.4	6.6	1.0	0.9	14.6	14.3
Partron	091700 KS	NR	327	7,660.00	NA	NA	10.7	9.7	0.9	0.8	9.0	8.9
<b>Average</b>							<b>18.0</b>	<b>14.2</b>	<b>2.3</b>	<b>2.0</b>	<b>12.8</b>	<b>14.1</b>
<b>Acoustics/Haptics</b>												
AACTech	2018 HK	Hold	4,412	28.75	22.4*	NA	22.4	18.0	1.3	1.2	5.8	6.9
Goertek	002241 CH	Buy	7,947	16.87	17.6	4%	24.1	22.2	1.7	1.6	7.0	7.1
Luxshare	002475 CH	Buy	31,448	31.78	46.6	47%	16.4	13.2	2.7	2.2	16.4	16.9
Sunway	300136 CH	NR	2,378	17.83	NA	NA	18.9	15.3	2.2	1.9	11.2	12.6
Merry	2439 TT	NR	810	119.00	NA	NA	15.0	13.8	1.9	-	13.4	13.6
Knowles	KN US	NR	1,573	17.53	NA	NA	16.6	14.2	-	-	-	-
Nidec	6594 JP	NR	26,818	7,072.00	NA	NA	28.3	22.0	2.7	2.4	10.1	11.3
Alps Alpine	6770 JP	NR	2,097	1,504.00	NA	NA	-	13.0	0.8	0.8	(8.6)	5.5
<b>Average</b>							<b>20.9</b>	<b>16.9</b>	<b>1.8</b>	<b>1.6</b>	<b>6.5</b>	<b>9.5</b>
<b>Connector</b>												
FIT Hon Teng	6088 HK	Buy	2,296	2.46	2.4*	NA	11.3	8.5	0.8	0.8	7.4	9.1
Luxshare	002475 CH	Buy	31,448	31.78	46.6	47%	16.4	13.2	2.7	2.2	16.4	16.9
TE	TEL US	NR	45,833	149.67	NA	NA	19.9	18.0	3.7	3.5	18.9	19.4
Amphenol	APH US	NR	80,385	133.84	NA	NA	39.0	34.4	8.4	7.2	23.6	23.4
<b>Average</b>							<b>21.7</b>	<b>18.5</b>	<b>3.9</b>	<b>3.4</b>	<b>16.6</b>	<b>17.2</b>
<b>EMS/OEM</b>												
BYDE	285 HK	Buy	10,026	34.75	45.2	30%	13.0	9.6	3.7	2.9	28.4	30.3
Luxshare	002475 CH	Buy	31,447	31.78	46.6	47%	16.4	13.2	2.7	2.2	16.4	16.9
Hon Hai	2317 TT	NR	77,269	180.50	NA	NA	16.3	12.8	1.5	1.4	9.4	10.9
Pegatron	4938 TT	NR	9,213	112.00	NA	NA	17.1	14.8	1.5	1.5	8.2	8.8
Wistron	3231 TT	NR	9,616	107.50	NA	NA	17.1	12.8	2.6	2.3	15.8	18.4
<b>Average</b>							<b>28.98</b>	<b>20.90</b>	<b>6.61</b>	<b>5.02</b>	<b>13.58</b>	<b>19.86</b>
<b>Casing</b>												
BYDE	285 HK	Buy	10,027	34.75	45.2	30%	13.0	9.6	3.7	2.9	28.4	30.3
Tongda	698 HK	Buy	100	0.08	0.1	NA	3.5	2.8	0.1	0.1	3.1	3.8
TK Group	2283 HK	Buy	198	1.86	2.8	75%	5.5	4.7	0.8	0.8	15.3	16.3
Everwin	300115 CH	NR	1,794	10.81	NA	50%	18.0	15.0	2.0	1.8	11.4	11.9
Lens Tech	300433 CH	NR	10,696	15.57	NA	NA	19.7	16.1	1.6	1.5	8.2	9.5
Chaozhou Three	300408 CH	NR	7,916	29.96	NA	NA	28.8	23.0	2.9	2.6	10.0	11.5
Catcher	2474 TT	NR	4,759	226.50	NA	NA	12.7	14.9	1.0	1.0	7.5	6.2
Jabil	JBL US	NR	14,122	117.10	NA	NA	14.0	11.1	7.1	4.9	43.6	54.7
<b>Average</b>							<b>14.4</b>	<b>12.1</b>	<b>2.4</b>	<b>2.0</b>	<b>15.9</b>	<b>18.0</b>

Source: Bloomberg, CMBIGM estimates, \*TP under review.



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