



China | TMT

12 September 2025

Q-Tech Group

Strong August shipment growth for CCM and FPM

- Shipment for CCM and FPM continued to be strong in 8M25
- FY25 is shaping up to be a strong year on steadily improving product mix.
- Guidance lifted as shipments outperformed. Maintain Neutral.

Strong CCM and FPM shipment growth in Aug 2025

Q-Tech's CCM and FPM shipment maintained strong momentum in 8M25. Total sales vol. of CCM increased 18.4% MoM/ 44.3% YoY to 47.1m units in 8M25. The strong YoY increase was primarily driven by the company's expanded market share in the mobile phone segment, alongside a notable surge in demand for camera modules used IoT devices and smart vehicles. Camera modules for Other Fields recorded 180.8% YoY surge in shipment to 2.6m units in 8M25. Shipment vol. for below 32MP CCM and 32MP+ CCM increased by 56.3%/ 25.2% YoY to 24m/ 20.5m units in 8M25 respectively.

Total sales vol. of FPM increased by 43.0% MoM/27.8% YoY to 20.6m units in 8M25. The MoM growth in FPM was mainly due to the fluctuation in customer project cycles. Meanwhile the YoY increase reflected Q-Tech's expanded market share in this segment, bolstered by a substantial rise in sales of ultrasonic FPM. 5.2m units of ultrasonic FPM were shipped in 8M25, representing a MoM/ YoY surge of 173.1%/ 800.6% in 8M25. Its ultrasonic FPM projects have entered mass production and the market share gain in this business.

Product structure upgraded with clear margin improvement

Q-Tech delivered robust top-line growth in 1H25 with turnover rising 15.1% YoY to Rmb8.8bn. This performance was underpinned by a 47.9% YoY surge in sales vol of CCM applied to automotive and IoT applications. The product mix shift contributed to a 27.2% YoY increase in ASP of CCM. FPM sales vol. also jumped 59.7% YoY. 1H25 GPM expanded by 2.2ppt to 7.4%, supported by a strategic shift toward higher-value products and improved operation efficiency. As the company maintained its strategic focus on mid-to-high end CCM, particularly for automotive and IoT applications, boosting product mix and utilization rates. Sales of FPM grew 59.7% YoY, with advanced under-glass optical and ultrasonic FPM making up 66.9% of the volume. These gains in scale contributed meaningfully to margin enhancement across both product lines. 1H25 NP amounted to Rmb308.4m, representing a YoY increase of 167.6%.

Anticipating a bright FY25 on guidance lift.

Q-Tech continues to leverage technological leadership and quality excellence as core competitive advantages in a rapidly evolving market. It will continue to upgrade its product mix by focusing on mid-to-high end CCM, particularly for smartphones with resolution 32MP+. Meanwhile smartphones are increasingly integrating advanced features, driving demand for next generation sensing technologies. Ultrasonic FPM is emerging as a widely adopted product category, driven by its superior functionality and alignment with evolving smartphone features. Leveraging on its strong channel network, Q-Tech is well positioned to capitalize on this fast-growing market. To reflect the stronger than expected growth, the company revised its sales vol. of CCM for non-handset application to grow by at least 60% YoY (prev. +40%) while sales vol. of FPM is now expected to increase by no less than 30% YoY (prev. +20%).

FY25 is shaping up to be a strong year for Q-Tech, driven by a steadily improving CCM product mix, a turnaround in the FPM business and accelerated non-mobile expansion. We have revised our FY25/26 turnover by 6% and NP by 29-31% to reflect stronger August shipments; better than expected GPM improvement and an improved business outlook. Following sector re-rating on better outlook, we revised up our target PE to 16.4x, which is equivalent to its 2+SD historical 5-yr average PE. Our new TP subsequently is set at HK\$14.10. Maintain NEUTRAL.

Summary financial data

Year to Dec 31 (Rmb mn)	2023A	2024A	2025E	2026E	2027E
Revenue	12,531	16,151	19,821	23,159	26,871
Gross profit	509	985	1,478	1,780	2,152
Reported net profit	82	146	742	943	1,151
Recurring net profit	82	146	742	943	1,151
Recurring EPS (RMB)	0.07	0.12	0.63	0.80	0.97
Core P/E (x)	191.7	109.9	21.6	17.0	13.9
P/B (x)	3.2	3.1	2.8	2.4	2.1
Dividend Yield (%)	0.0	0.2	0.9	1.2	1.4
ROE (%)	1.7	5.6	13.6	15.2	16.3
Net debt/ equity (%)	30.9	19.4	28.4	20.0	11.7

Source: Company data, Crosby Securities

NEUTRAL

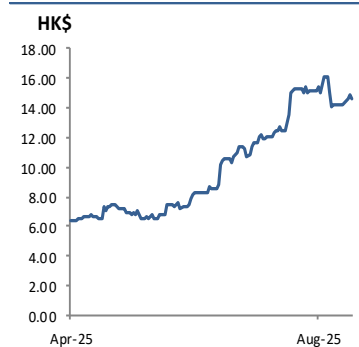
Last Price (HK\$)*	14.58
Target Price (HK\$)	14.10
Upside / (Downside)(%)	-3.3%
Previous rating	NEUTRAL
Previous TP	7.90
Hang Seng Index*	26,388.16
*Prices as of	12-Sep-25

Key Data

Ticker	1478 HK
Market Cap (HK\$m)	17,343
3M avg daily T/O (HK\$m)	92.9
52-week High (HK\$)	16.49
52-week Low (HK\$)	4.15
Free Float (%)	36.1%
Shares O/S (m)	1,189.5

Performance	Absolute	Relative
1 month	7.7%	1.9%
3 months	94.4%	77.1%
6 months	96.5%	75.7%

Price Chart



Source: Bloomberg

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Figure 1 P&L

Year ended Dec (Rmbm)	FY23	FY24	1H24	1H25	YoY change (%)
Revenue	12,530.8	16,151.3	7,675.1	8,831.5	15.1
COGS	(12,021.9)	(15,166.4)	(7,275.0)	(8,177.5)	
Gross profit	508.9	984.9	400.1	654.1	63.5
Other income	384.1	373.2	200.8	89.3	
Selling and distribution expenses	(19.8)	(20.1)	(11.0)	(12.8)	
Administrative and other opex	(149.3)	(183.7)	(82.5)	(81.8)	
R&D costs	(435.6)	(504.8)	(286.1)	(279.1)	
(Impairment loss)/reversal of impairment loss	0.7	(0.6)	(0.6)	0.5	
Operating profit	289.0	648.9	220.7	370.1	67.7
Finance costs	(171.3)	(152.1)	(80.9)	(55.6)	
Share of loss of an associate	(49.6)	(36.5)	(14.1)	48.0	
Before tax profit	68.1	460.2	125.7	362.5	188.4
Tax	15.4	(181.2)	(10.5)	(54.2)	
MI	(1.6)	0.0	0.0	0.0	
Net profit	81.9	279.1	115.2	308.4	167.6

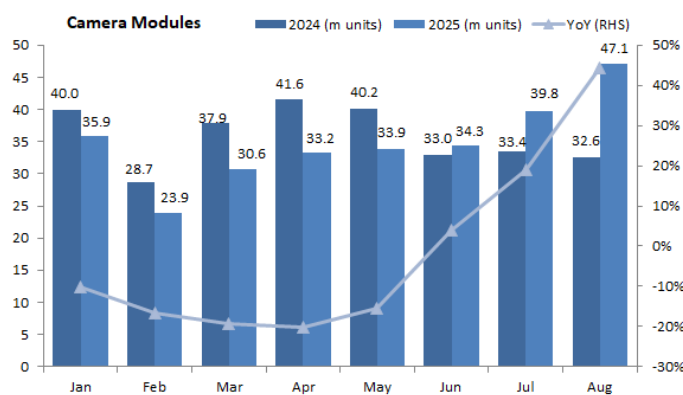
Source: Company data

Figure 2 New estimates

	Revenue (Rmb mn)			Gross profit margin			Net profit (Rmb mn)		
	Old	New	Change	Old	New	Change (ppt)	Old	New	Change
FY25E	18,718	19,821	5.9%	6.9%	7.5%	0.6	577	742	28.6%
FY26E	21,879	23,158	5.8%	7.0%	7.7%	0.6	718	943	31.3%

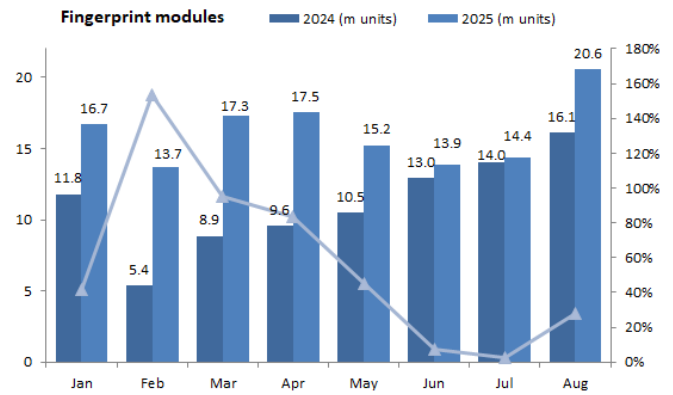
Source: Company data

Figure 3 CCM shipment and growth



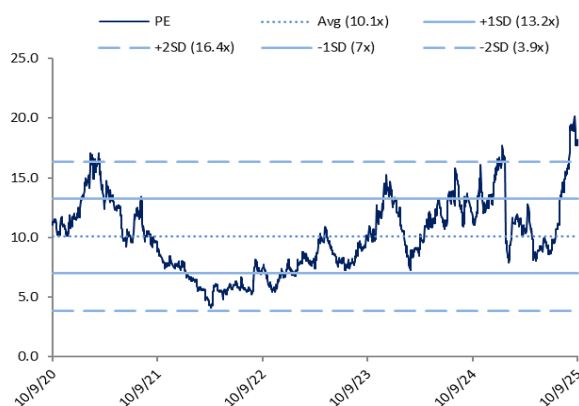
Source: Company data

Figure 4 FPM shipment and growth



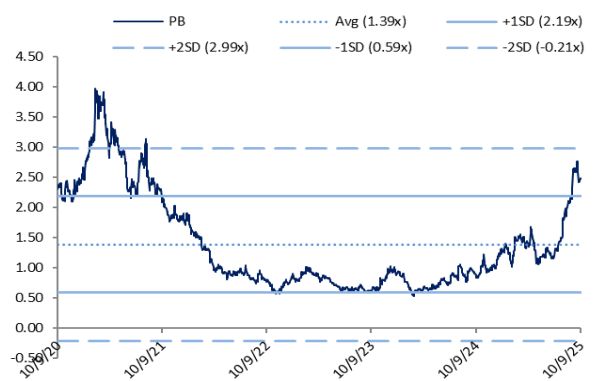
Source: Company data

Figure 5 PE band



Source: Company data

Figure 6 PB band



Source: Company data



Summary financials

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Profit & Loss (RMBm)					
CCM	11,562	14,819	18,145	21,130	24,432
YoY%	(8.0)	28.2	22.4	16.5	15.6
FPM	781	1,178	1,492	1,817	2,195
YoY%	(26.5)	50.8	26.6	21.8	20.8
Others	188	153	184	212	244
YoY%	40.1	(18.3)	20.0	15.0	15.0
Turnover	12,531	16,151	19,821	23,159	26,871
YoY%	(8.9)	28.9	22.7	16.8	16.0
COGS	(12,022)	(15,166)	(18,343)	(21,379)	(24,719)
Gross profit	509	985	1,478	1,780	2,152
Margin	4.1%	6.1%	7.5%	7.7%	8.0%
Selling & distribution	(20)	(20)	(20)	(18)	(21)
Admin	(149)	(184)	(180)	(169)	(196)
R&D	(436)	(505)	(620)	(695)	(806)
Other opex	230	239	235	219	229
Total opex	(374)	(470)	(585)	(662)	(794)
YoY%	(2.2)	25.4	24.6	13.3	19.9
Operating profit	134	515	893	1,118	1,358
Margin	1.1%	3.2%	4.5%	4.8%	5.1%
Other income / (exp)	155	133	147	157	157
Finance costs	(171)	(152)	(163)	(155)	(147)
Associates' income	(50)	(37)	50	60	72
Pre-tax profit	68	460	927	1,179	1,439
Tax	15	(181)	(185)	(236)	(288)
Profit after tax	84	279	742	943	1,151
Margin	0.7%	1.7%	3.7%	4.1%	4.3%
Minority Interest	(2)	0	0	0	0
Net profit	82	279	742	943	1,151
YoY%	(52.1)	240.6	165.8	27.2	22.1
Margin	0.7%	1.7%	3.7%	4.1%	4.3%
Non-core items adj.	0	0	0	0	0
Core profit	82	279	742	943	1,151
YoY%	(52.1)	240.6	165.8	27.2	22.1
Margin	0.7%	1.7%	3.7%	4.1%	4.3%
EBITDA	724	1,149	1,576	1,849	2,138
YoY%	2.2	58.7	37.2	17.3	15.6
Margin	5.8%	7.1%	8.0%	8.0%	8.0%
Fully diluted EPS (RMB)	0.069	0.123	0.626	0.796	0.972
YoY%	(52.2)	77.7	409.4	27.2	22.1
DPS (RMB)	0.000	0.025	0.125	0.159	0.194
YoY%	N/A	N/A	409.4	27.2	22.1

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Cash Flow (RMBm)					
Operating profit	134	515	893	1,118	1,358
Dep. & Amort.	590	634	683	732	780
Chg in working cap	(82)	341	(888)	(445)	(527)
Others	(1,020)	(37)	50	60	72
Cash from operations	(378)	1,454	738	1,464	1,683
Tax paid	(1)	(104)	(208)	(256)	(310)
Net cash from operations	(379)	1,350	531	1,208	1,372
YoY%	N/A	N/A	(60.7)	127.6	13.6
Capex	(293)	(437)	(890)	(497)	(497)
Investments	776	(544)	(335)	(304)	(339)
Disposal of assets	(16)	(18)	(19)	(20)	(22)
Interest received	155	133	147	157	157
Others	(255)	(337)	(258)	(235)	(261)
Net cash from investments	367	(1,202)	(1,354)	(900)	(961)
Issue/ buyback of shares	0	0	0	0	0
Interest paid	(171)	(152)	(163)	(155)	(147)
Dividends paid	0	0	(29)	(148)	(189)
Net change in debt	1,743	(1,953)	1,553	(200)	(200)
Others	(21)	511	253	309	385
Net cash from financing	1,551	(1,593)	1,613	(195)	(151)
Net change in cash	1,539	(1,446)	789	113	260
Adjustments	6	0	0	0	0
Opening cash	1,349	2,893	1,447	2,337	2,466
Closing cash	2,893	1,447	2,237	2,450	2,726
FCF	(672)	913	(359)	711	876
YoY%	N/A	N/A	N/A	N/A	23.1

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Balance Sheet (RMBm)					
Fixed assets	2,845	2,651	2,860	2,627	2,345
Associates & JCE	0	0	0	0	0
Goodwill & intangibles	279	19	19	19	19
Deferred tax assets	180	105	129	151	175
Others	532	1,127	1,383	1,616	1,875
Non-current assets	3,836	3,902	4,391	4,413	4,414
Inventories	1,778	1,976	2,764	3,221	3,725
Trade & bills receivables	4,201	4,988	6,245	6,979	8,098
Prepayments, deposits & others	0	0	0	0	0
Investments	929	1,473	1,808	2,112	2,451
Cash	2,893	1,447	2,337	2,466	2,701
Others	1,305	662	686	708	732
Current assets	11,107	10,546	13,840	15,487	17,707
Total assets	14,943	14,448	18,231	19,900	22,122
Trade & bills payables	5,437	6,563	8,041	9,079	10,497
Accruals & other payables	0	0	0	0	0
Tax payable	0	0	0	0	0
Bank loans	4,160	2,352	3,760	3,560	3,360
Bonds, CB & debentures	0	0	0	0	0
Others	70	170	209	244	283
Current liabilities	9,666	9,085	12,009	12,882	14,140
Bank loans	227	82	227	227	227
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	5	7	9	10	12
Others	213	182	182	182	182
Non-current liabilities	445	271	418	419	421
Total liabilities	10,111	9,357	12,427	13,302	14,561
Total net assets	4,832	5,091	5,804	6,598	7,561
Share capital	9	9	9	9	9
Reserves	4,822	5,082	5,794	6,589	7,551
Shareholder's equity	4,832	5,091	5,804	6,598	7,561
Minority interests	0	0	0	0	0
Total Equity	4,832	5,091	5,804	6,598	7,561
Total debts	4,387	2,434	3,987	3,787	3,587
Net cash/(debts)	(1,494)	(987)	(1,650)	(1,321)	(885)
BVPS (RMB)	4.079	4.298	4.900	5.570	6.383

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Key ratios					
Margins (%)					
Gross margin	4.1	6.1	7.5	7.7	8.0
EBITDA margin	5.8	7.1	8.0	8.0	8.0
EBIT margin	1.1	3.2	4.5	4.8	5.1
Net margin	0.7	1.7	3.7	4.1	4.3
Net margin (Core profit)	0.7	1.7	3.7	4.1	4.3
Effective tax rate (%)	N/A	36.5	21.1	21.1	21.1
Selling exp as % of rev	0.2	0.1	0.1	0.1	0.1
Admin exp as % of rev	1.2	1.1	0.9	0.7	0.7
R&D exp as % of rev	3.5	3.1	3.1	3.0	3.0
Other opex as % of rev	(1.8)	(1.5)	(1.2)	(0.9)	(0.9)
Total opex as % of rev	3.0	2.9	3.0	2.9	3.0
Interest coverage (x)	0.8	3.4	5.5	7.2	9.2
Dividend payout (%)	0.0	20.0	20.0	20.0	20.0
Balance sheet ratios					
Inventory days	45	45	47	51	51
Acct. rec. days	111	104	103	104	102
Acct. payable days	152	144	145	146	145
Cash cycle	4	5	5	9	9
Net debt/equity (%)	30.9	19.4	28.4	20.0	11.7
Net debt/total cap (%)	23.6	16.2	22.1	16.7	10.5
Current ratio (x)	1.15	1.16	1.15	1.20	1.25
Returns (%)					
Asset turnover (x)	0.92	1.10	1.21	1.21	1.28
Financial leverage (x)	2.84	2.96	3.00	3.07	2.97
EBIT margin (%)	1.9	3.8	5.5	5.8	5.9
Interest burden (x)	0.28	0.75	0.85	0.88	0.91
Tax burden (x)	1.20	0.61	0.80	0.80	0.80
ROE (%)	1.7	5.6	13.6	15.2	16.3
ROIC (%)	4.1	7.0	13.4	14.3	15.9

Source: Company data, Crosby



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