

What's Hot Today:

► China Auto Industry – June 2025: From Price Cuts to Value-Driven Competition

As price competition moderates, pressures continue to weigh on the profitability of industry: In June 2025, it is believed that China’s automotive industry has reached an inflection point. BYD announced the termination of its nationwide “one-price” policy, signaling the conclusion of a two-month price war. Major players such as Chery, Geely, and SAIC-GM also joined this last aggressive discount cycle, making the recent June the most price-competitive month of the year. However, rising volumes did not translate into profit improvement—highlighting the previous “growth without margin” dilemma.

The competitive focus is shifting from pricing to product strength: Rather than hard core price war, competition now shifts towards value-based rivalry. Tesla set the tone by launching an upgraded Model 3 on June 30, featuring enhanced battery life and a longer range, allowing a rare price hike in a soft market. Meanwhile, Xiaomi’s debut of its YU7 electric SUV has attracted over 240k pre-orders so far, breaking industry sales records. This surge in demand may have affected competitors like Li Auto, whose June sales declined 24% YoY.

New dynamics are reshaping the competitive landscape: BYD retained market leadership in June with 383k units sold (up 12% YoY), driven by a 234% surge in overseas sales. Geely followed with 236k units (up 42% YoY), maintaining a momentum of over 200k units for ten consecutive months. Among new EV marks, Huawei’s Harmony Mobility delivered 53k units, topping the segment. Leap Motor (ranked second with 48k units, supported by strong exports. XPeng posted 35k units (up 35% YoY), with first-half sales already exceeding their 2024 full-year total. Xiaomi also delivered over 20k units, but its YU7 faces a delivery backlog of up to 10 months, indicating strong demand–capacity mismatches.

China & HK Indices	CLOSE	1D	YTD
HSI	24,069	-0.6%	20.0%
HSCEI	8,648	-0.9%	18.6%
HSCCI	4,097	0.1%	8.4%
CSI300	3,968	0.6%	0.8%
Shanghai A	3,628	0.2%	-3.0%
Shanghai B	259	0.0%	-3.0%
Shenzhen A	2,180	1.0%	6.5%
Shenzhen B	1,235	0.9%	1.9%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,828	0.8%	5.4%
S&P 500	6,279	0.8%	6.8%
Nasdaq	20,601	1.0%	6.7%
NIKKEI Index	39,801	0.0%	-0.2%
FTSE Index	8,823	0.6%	8.0%
CAC Index	7,754	0.2%	5.1%
DAX Index	23,934	0.6%	20.2%

Commodities		CLOSE	1D	YTD
GOLD	(US\$/oz.)	3,326	-0.9%	26.8%
STEEL	(US\$/oz.)	2,116	4.7%	18.5%
SILVER	(US\$/oz.)	36	0.8%	27.1%
CRUDE OIL	(US\$/bbl)	67	-0.7%	-6.5%
COPPER	(US\$/oz.)	9,954	0.2%	13.5%
ALUMINIUM	(US\$/oz.)	2,605	0.3%	2.1%
PLATINUM	(US\$/oz)	1,376	-3.2%	52.0%
ZINC	(US\$/oz.)	2,750	1.3%	-7.7%
WHEAT	(US\$/bu)	547	2.0%	-0.7%
CORN	(US\$/bu)	420	3.5%	-5.0%
SUGAR	(US\$/lb)	N/A	N/A	
SOYBEAN	(US\$/bu)	1,049	2.1%	2.3%
PVC	(US\$/t.)	N/A	N/A	-6.8%
CRB		299	1.3%	3.0%
BDI				44.7%

Exchange Rates		USD	HKD	EUR	JPY	CHF	RMB
USD			7.850	0.851	144.930	0.795	7.171
HKD	0.127			0.108	18.463	10.131	0.913
EUR	1.176	9.230			170.390	1.070	8.425
JPY	0.007	5.417	0.587			0.549	0.049
CHF	1.258	9.871	1.070	182.243			9.012
RMB	0.139	1.095	0.119	20.230	0.111		

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	16	-1.3%

Source: Bloomberg

Figure 1 Major OEMs' Sales Performance

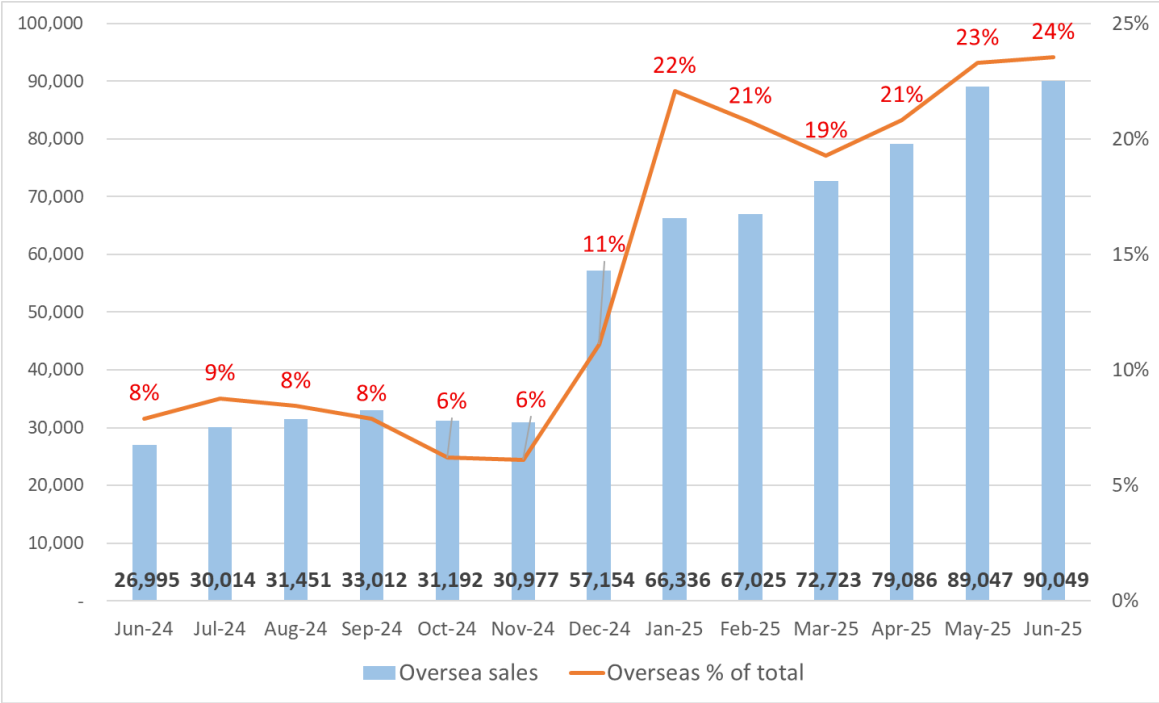
Ran k	Company Name	June Sales Volume (K units)	MoM	YoY	Jan-Jun Sales(K units)	YoY	Market Share
1	BYD	383	0.0%	12%	2,146	33%	16.8%
2	SAIC	365	-0.2%	12%	2,053	12%	16.1%
3	Geely	236	0.4%	42%	1,409	47%	11.1%
4	Changan	235	4.7%	4%	1,355	2%	10.6%
5	GWM	111	8.3%	2%	570	2%	4.5%
6	Huawei	53	18.7%	0%	205	5%	1.6%
7	Leap Motor	48	6.5%	139%	222	156%	1.7%
8	Li Auto	36	-11.2%	-24%	204	8%	1.6%
9	XPeng	35	3.2%	224%	197	279%	1.5%
10	Xiaomi	25	-10.8%	75%	157	425%	1.2%
11	NIO	25	7.3%	0%	114	31%	0.9%

Relieving supply chain pressure: Separately, on June 10, 17 automakers—including BYD, Dongfeng, and Geely—collectively committed to a 60-day supplier payment policy under the SME payment protection regulation. This milestone improves liquidity for upstream partners and makes a healthier supply chain.

Our view: The industry is currently undergoing a critical transformation from "price war" to "value-driven competition". It is expected that vehicle prices will remain resilient, but the intensity of competition remains high. Automakers will face a dual challenge - they need to maintain price competitiveness and create products that combine technologies precisely addressing user needs. This would require R&D efficiency, supply chain response and brand building ability. Product innovation and global expansion will be the leading driving forces to support industry growth in the 2H25.

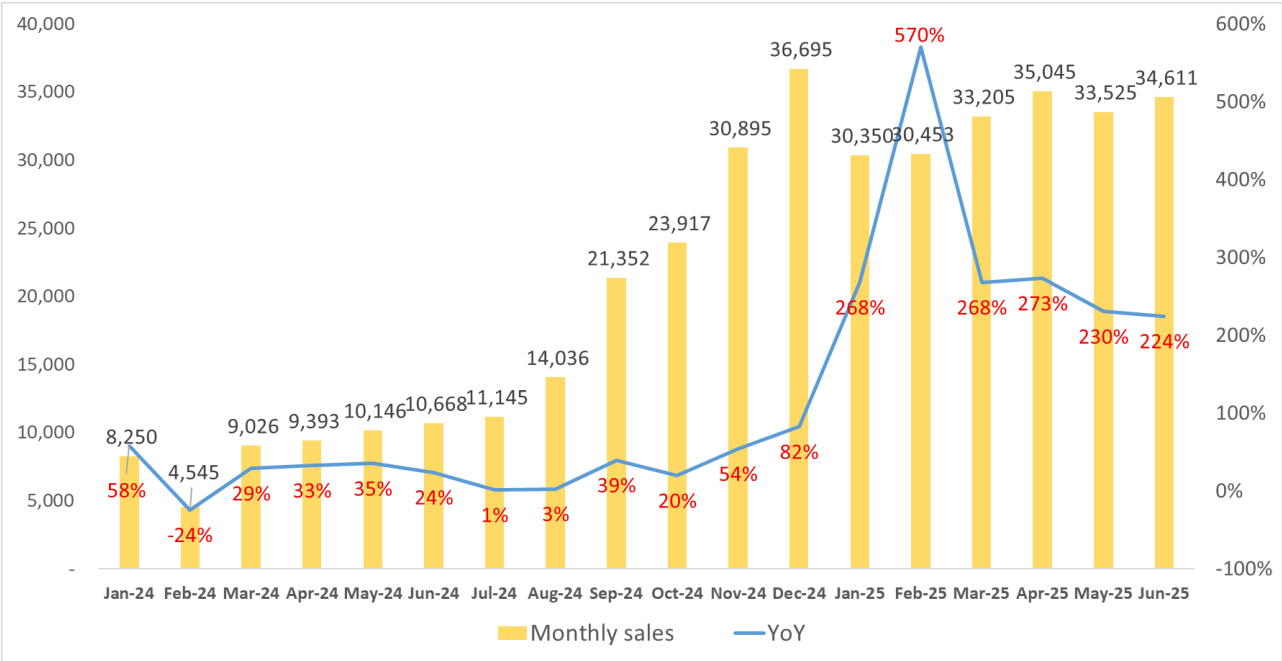
We believe that such structural changes would benefit for example, 1) Globalization leaders: **BYD (1211 HK, HK\$ 123.00, HK\$ 1,117bn)** and **Leap Motor (9863 HK, HK\$ 57.75, HK\$ 77bn)** are expanding rapidly abroad, capitalizing on premium pricing in overseas markets. 2) Product-driven innovators: **Li Auto (2015 HK, HK\$ 103.10, HK\$ 221bn)** is preparing to release a new flagship pure-electric model; **XPeng (9868 HK, HK\$ 73.95, HK\$ 141bn)** is entering its next intelligent product cycle. These companies have reconstructed the industry's competitive landscape through integration of the latest technologies and user needs. (Research Department)

Figure 2. BYD Overseas Sales



Source: Company report, Sunwah Kingsway Research

Figure 3. XPeng Sales Volume



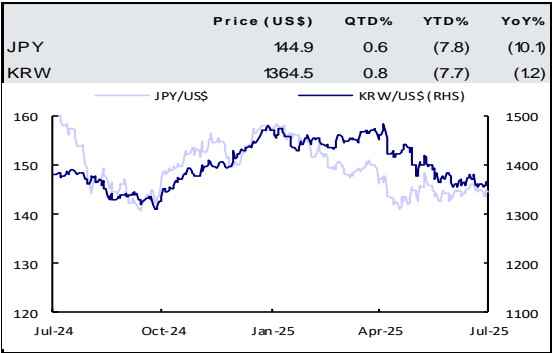
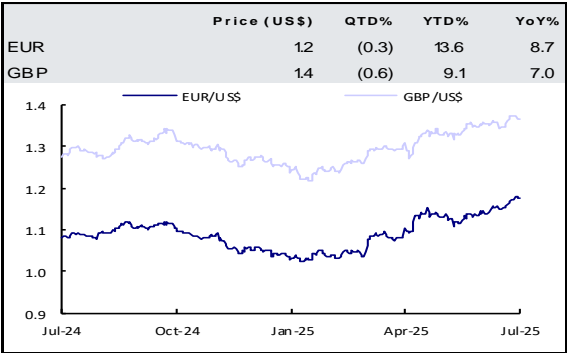
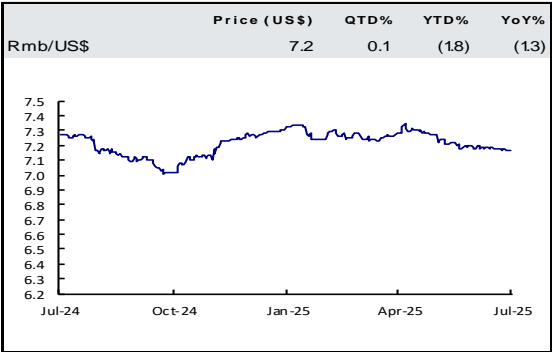
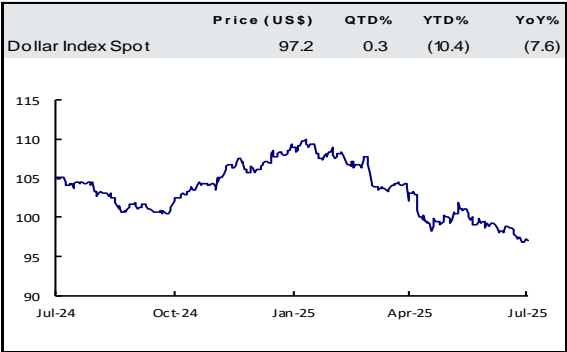
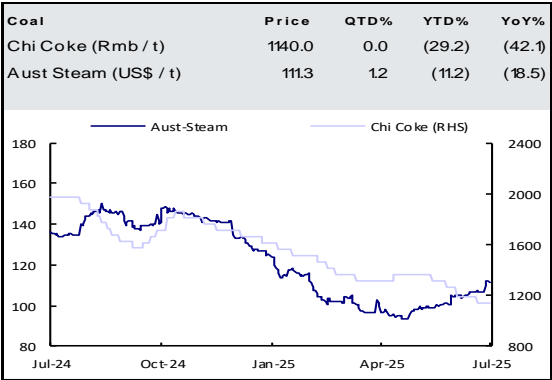
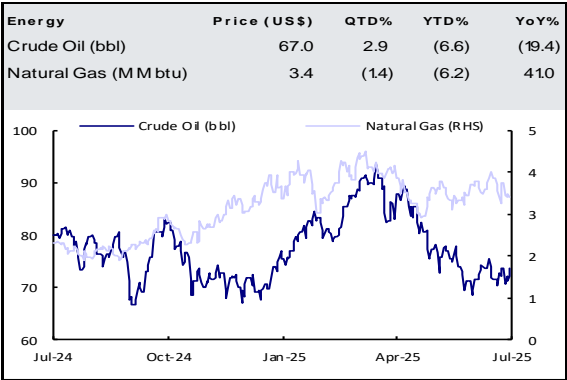
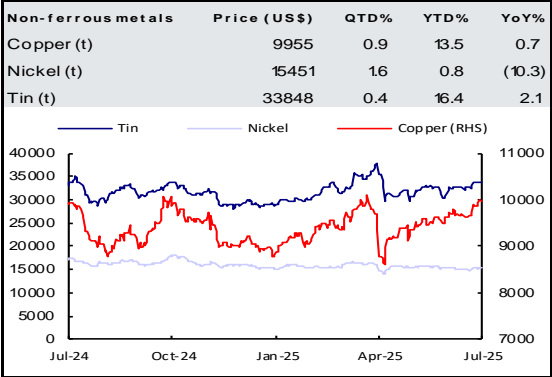
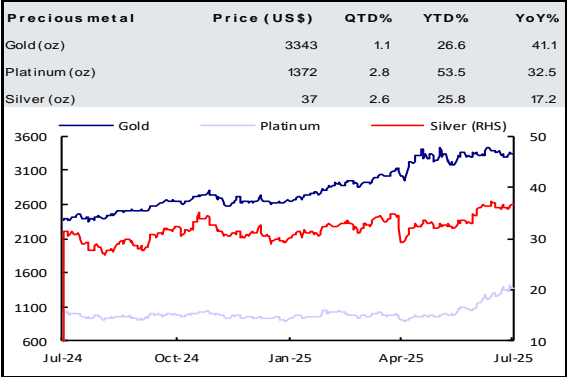
Source: Company report, Sunwah Kingsway Research

Figure 4. Peer comparison

					Forward			
Ticker		Company Name	Price (HK\$)	Mkt Cap (HK\$'bn)	P/E (x)	EV/EBITDA (x)	Yield (%)	P/S (x)
1211	1211 HK EQUITY	BYD COMPANY	123.00	1,117	19.27	7.2	2.3	1.0
2015	2015 HK EQUITY	LI AUTO INC-A	103.10	221	20.95	8.8	0.0	0.7
9868	9868 HK EQUITY	XPENG INC-A SHRS	73.95	141	-	-	-	1.4
9863	9863 HK EQUITY	ZHEJIANG LEAPMOT	57.75	77	177.37	46.6	-	0.9

Source: Company report, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		3-Jul-25
Initial Jobless Claims	WoW		3-Jul-25
Durable Goods Orders	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
Wholesale Inventories	MoM		9-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Housing Starts / Building Permits	MoM		18-Jul-25
Existing Home Sales	MoM		23-Jul-25
New home Sales	MoM		24-Jul-25
Consumer Confidence	MoM		29-Jul-25
GDP	QoQ		30-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Auto Sales	MoM		

China Economic Calendar

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

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
Unemployment Rate	MoM		17-Jul-25
CPI	MoM		21-Jul-25
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Money Supply - M2	MoM		31-Jul-25
Retail Sales	MoM		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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