

What's Hot Today:

► China New EV – Xpeng and LeapMotor reported strong Q2 sales with steady uptick in GPM

Strong Q2 results: Xpeng (9868 HK, HK\$77.05, HK\$147bn) reported a 15.6% QoQ growth in revenue to RMB18.3bn (+125.3% YoY), with a narrowing loss to RMB390mn at a net loss margin of 2.1%. Meanwhile, LeapMotor (9863 HK, HK\$73.35, HK\$98bn) total revenue jumped 42% QoQ to RMB14.2bn (+165.5% YoY) and a net profit of RMB163mn at a NPM of 1.1%. Both companies delivered outstanding performance in terms of revenue and net profit.

Strong sales volume momentum and GPM recovery:

Xpeng's Q2 sales rose 17.5% QoQ to 104,181 units. Leveraging on a larger share of mid-to-high priced models sold (the portion of G6/G9/X9 increased) and economies of scale, GPM reached 14.3% and beat market expectations of 11.4%. Both ASP and profit per vehicle kept their growing momentum.

LeapMotor's volume surged 42% QoQ to 134,112 units during the same period. Thanks to scale and an 88% parts commonality rate, GPM hit a record high of 14.1%. However, due to continued downward shift in the unit price of its model mix, ASP and profit per vehicle dropped to RMB106k and RMB14k respectively.

Financially Sound: Both EV makers are seeing improving financial positions, fueled by higher cost efficiency. As at the end of June 2025, Xpeng had a net cash position of about RMB36.8bn backed by a healthy operating cash flow of RMB7.6bn during 1H25. LeapMotor is even better with a free cash flow of RMB860mn 1H25 compared an outflow of RMB480mn in the last corresponding period. It had a net cash position of about RMB26.8bn at the end of June 2025.

Robust Outlook Guidance: According to the respective management, LeapMotor plans to open 100 international outlets (Europe-focused) by partnering with Stellantis. They are targeting to sell some 580k–650k units (including 50k–60k overseas) in 2025. For 2026, the target is 1M units (with European sales to double). Overall GPM is expected to reach 15% and 12% for vehicle sales. For Xpeng, their Mgt forecasts a vehicle delivery of 113k–118k units (+142.8%–153.6% YoY) and total revenue to be RMB19.6bn–21bn (+94.0%–107.9% YoY) in 3Q25.

China & HK Indices	CLOSE	1D	YTD
HSI	25,122	-0.2%	25.2%
HSCEI	9,006	-0.3%	23.5%
HSCCI	4,356	-0.2%	15.2%
CSI300	4,223	-0.4%	7.3%
Shanghai A	3,907	-0.0%	0.6%
Shanghai B	268	-0.4%	0.6%
Shenzhen A	2,451	0.1%	19.8%
Shenzhen B	1,335	0.2%	10.1%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,922	0.0%	5.6%
S&P 500	6,411	-0.6%	9.0%
Nasdaq	21,314	-1.5%	10.4%
Nikkei Index	43,165	-0.9%	8.2%
FTSE Index	9,189	0.3%	12.4%
CAC Index	7,979	1.2%	8.1%
DAX Index	24,423	0.4%	22.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,315	-0.5%	26.2%
STEEL (US\$/oz.)	2,083	-0.2%	16.6%
SILVER (US\$/oz.)	37	-1.7%	29.3%
CRUDE OIL (US\$/bbl)	62	-1.7%	-12.7%
COPPER (US\$/oz.)	9,692	-0.8%	10.5%
ALUMINIUM (US\$/oz.)	2,563	-1.7%	0.5%
PLATINUM (US\$/oz.)	1,314	-1.1%	44.7%
ZINC (US\$/oz.)	2,768	-0.9%	-7.1%
WHEAT (US\$/bu)	498	-0.8%	-9.6%
CORN (US\$/bu)	403	-0.8%	-9.1%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,033	-0.7%	0.8%
PVC (US\$/t.)	N/A	N/A	-10.1%
CRB	294	-0.5%	3.0%
BDI			102.8%

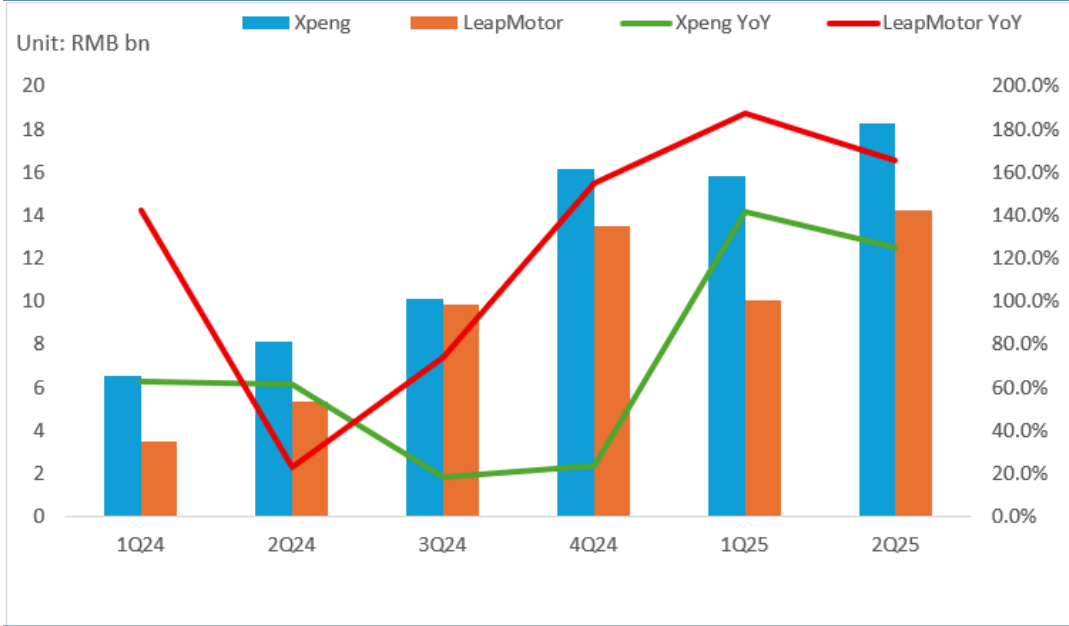
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.799	0.859	147.670	0.808	7.183
HKD	0.128		0.110	18.934	10.356	0.921
EUR	1.165	9.084		171.990	1.063	8.365
JPY	0.007	5.282	0.581		0.547	0.049
CHF	1.238	9.656	1.063	182.801		8.895
RMB	0.139	1.086	0.120	20.538	0.113	

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	15	5.7%

Source: Bloomberg

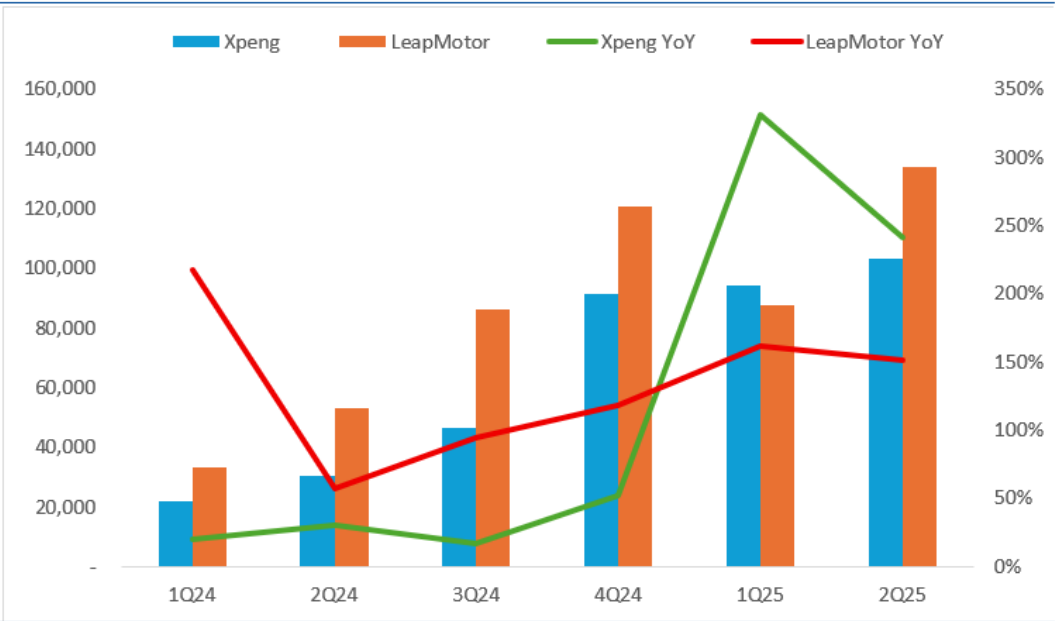
Our Views: The two companies have gained market traction in 2Q25 and their products are proving to be aligning with the broader consumer downgrading trend in the auto market. Both managements are optimistic about market and raising their sales targets. With increasing operating leverage, their GPM and overall profitability are expected to improve further. We believe these two makers will likely sustain their robust growth in the near term. We like LeapMotor for its cost control ability whereas Xpeng stands out with its AI-powered ADAS and attractive design. Currently, Xpeng and LeapMotor are trading at 1.5x and 1.2x FY25 P/S, respectively. (Research Department)

Fig 1: Total Revenue (RMB|bn)



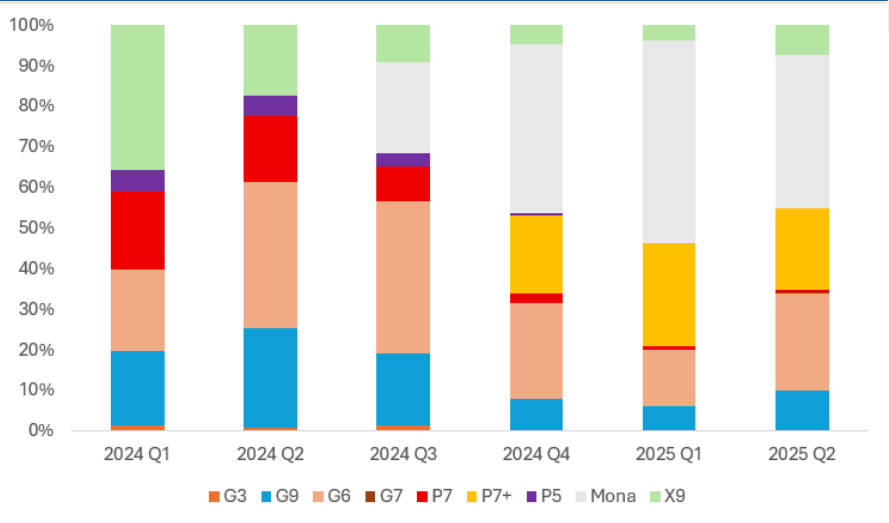
Source: Company Data, Sunwah Kingsway Research

Fig 2: Sales Volume and YoY Growth rate



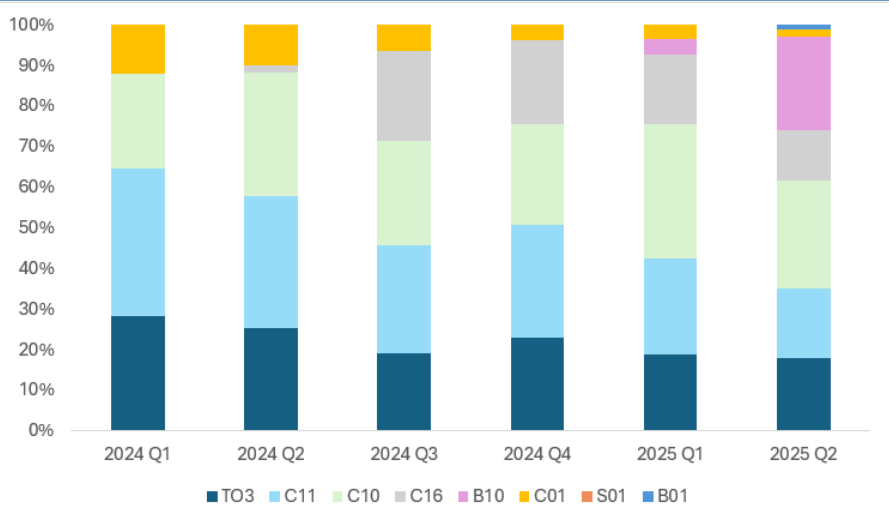
Source: Company Data, Sunwah Kingsway Research

Fig 3: Xpeng Product Structure



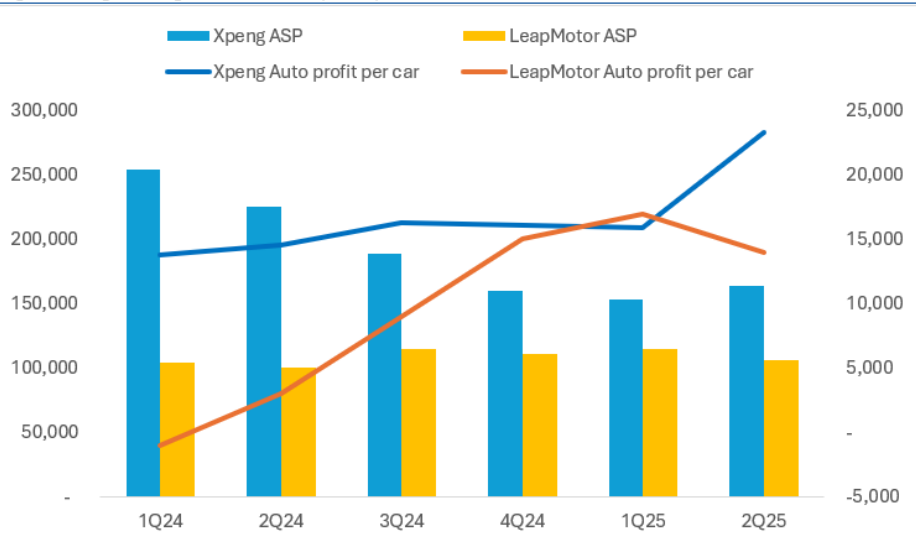
Source: Company Data, Sunwah Kingsway Research

Fig 4: LeapMotor Product Structure



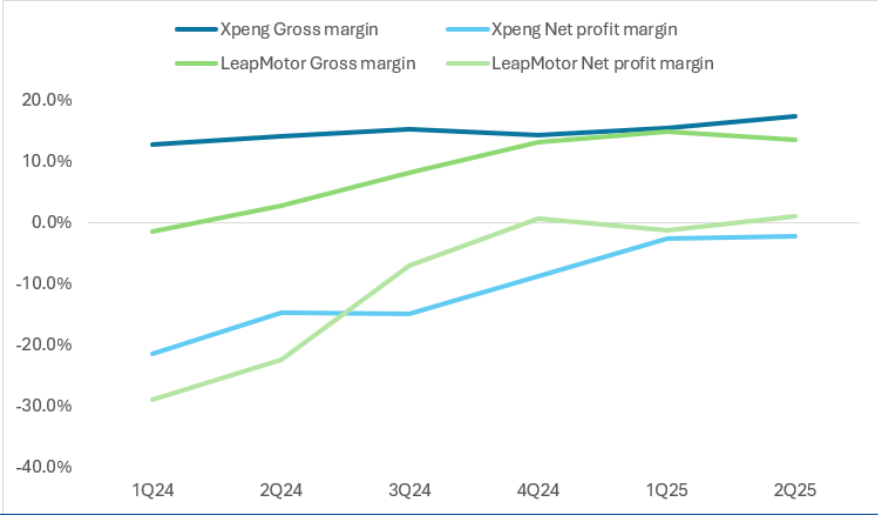
Source: Company Data, Sunwah Kingsway Research

Fig 5: Average Selling Price and Auto profit per car



Source: Company Data, Sunwah Kingsway Research

Fig 6: Gross margin and net profit margin

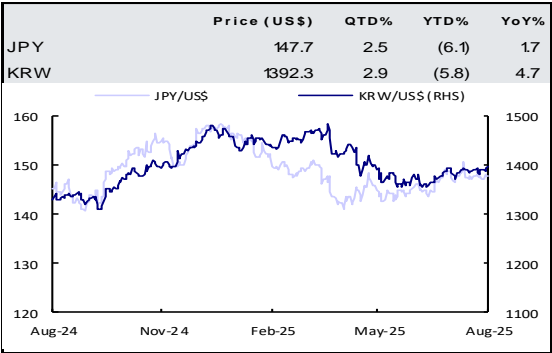
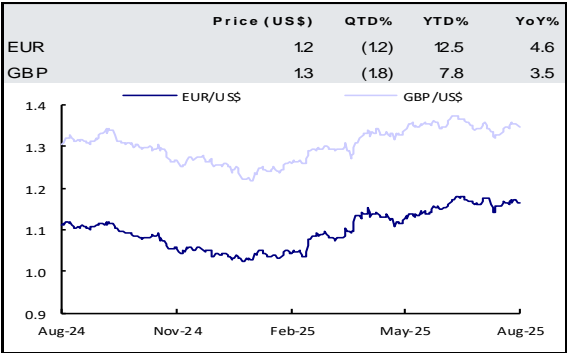
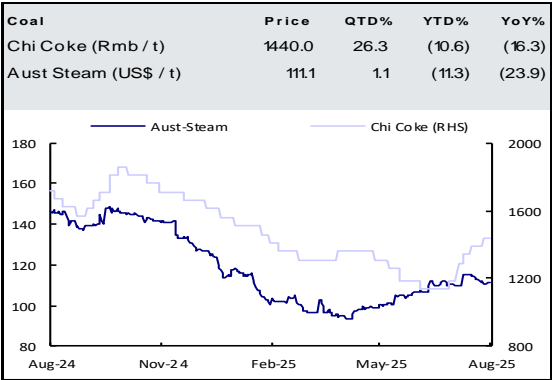
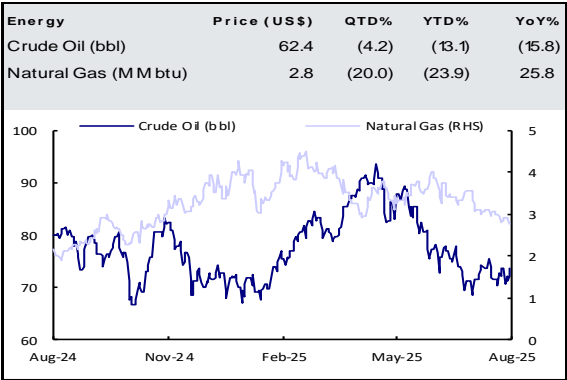
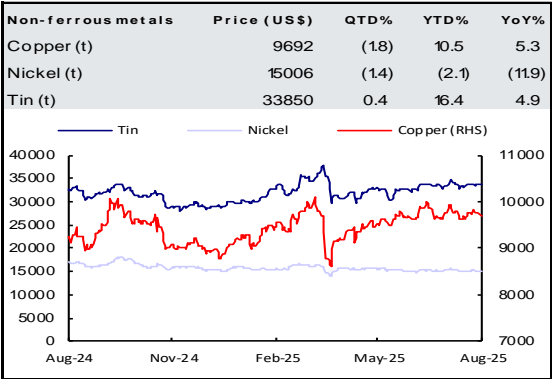
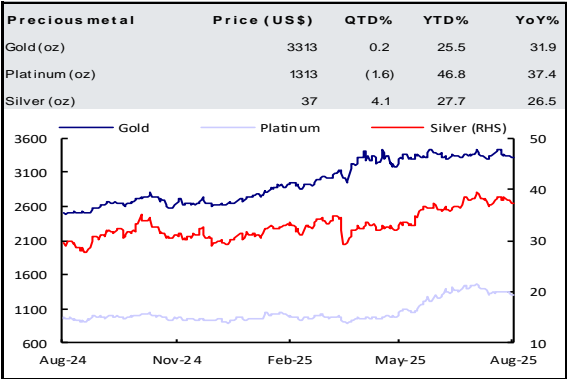


Source: Company Data, Sunwah Kingsway Research

Leap(HK. 9863)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Unit: Billion in RMB										
Total Revenue	1.44	4.37	5.66	5.28	3.49	5.36	9.86	13.46	10.02	14.23
YoY Growth	-28.0%	41.5%	271.0%	136.0%	142.4%	22.7%	74.2%	154.9%	187.1%	165.5%
QoQ Growth	-52.0%	203.5%	29.5%	-6.7%	-33.9%	53.6%	84.0%	36.5%	-25.6%	42.0%
Gross Profit	-0.11	-0.23	0.07	0.35	-0.05	0.15	0.81	1.78	1.49	1.94
Gross Margin	-7.6%	-5.3%	1.2%	6.6%	-1.4%	2.8%	8.2%	13.2%	14.9%	13.6%
R&D Expenses	-0.41	-0.41	-0.47	-0.62	-0.52	-0.7	-0.78	-0.9	-0.8	-1.09
R&D Ratio	-28.5%	-9.4%	-8.3%	-11.7%	-14.9%	-13.1%	-7.9%	-6.7%	-8.0%	-7.7%
Selling & Admin Expenses	-0.57	-0.64	-0.65	-0.78	-0.57	-0.77	-0.89	-1.05	-0.99	-1.21
Selling & Admin Ratio	-39.6%	-14.6%	-11.5%	-14.8%	-16.3%	-14.4%	-9.0%	-7.8%	-9.9%	-8.5%
Operating profit	-1.16	-1.17	-1.03	-1.02	-1.13	-1.27	-0.74	-0.04	-0.15	0.06
OPM	-80.6%	-26.8%	-18.2%	-19.3%	-32.4%	-23.7%	-7.5%	-0.3%	-1.5%	0.4%
Net Income	-1.13	-1.14	-0.99	-0.95	-1.01	-1.2	-0.69	0.08	-0.13	0.163
NPM	-78.5%	-26.1%	-17.5%	-18.0%	-28.9%	-22.4%	-7.0%	0.6%	-1.3%	1.1%
Auto Revenue	1.44	4.37	5.66	5.28	3.49	5.36	9.86	13.46	10.02	14.23
YoY Growth	96.90%	229.70%	271.60%	133.80%	142.4%	22.7%	74.2%	154.9%	187.1%	165.5%
QoQ Growth	6.10%	203.5%	29.5%	-6.7%	-33.9%	53.6%	84.0%	36.5%	-25.6%	42.0%
Auto Cost	-1.55	-4.62	-5.54	-4.93	-3.55	-5.22	-9.06	-11.71	-8.47	-12.33
Sales Volume (units)	10,509	33,993	44,325	55,328	33,410	53,286	86,165	120,863	87,552	134,112
YoY Growth	-51%	12%	24%	135%	218%	57%	94%	118%	162%	152%
QoQ Growth	-55%	223%	30%	25%	-40%	59%	62%	40%	-28%	53%
Auto Gross Profit	-0.11	-0.25	0.12	0.35	-0.06	0.14	0.80	1.75	1.55	1.90
Auto GPM	-7.64%	-5.72%	2.19%	6.63%	-1.58%	2.61%	8.11%	13.00%	15.47%	13.35%
Auto Revenue per car (k in RMB)	137.03	128.56	127.69	95.43	104.46	100.59	114.43	111.37	114.45	106.11
Cost per Vehicle (k in RMB)	147.49	135.91	124.90	89.10	106.11	97.96	105.15	96.89	96.74	91.94
Auto Profit per car (k in RMB)	(10.47)	(7.35)	2.80	6.33	(1.65)	2.63	9.28	14.48	17.70	14.17
YoY Growth					-84.3%	-135.7%	231.9%	128.9%	-1175.4%	439.2%
QoQ Growth		-29.7%	-138.0%	126.1%	-126.0%	-259.6%	253.4%	56.0%	22.3%	-20.0%
Operating Cash flow	2.61	2.76	1.4	0.47	1.18	1.45	1.96	8.47	0.34	2.86
Free Cash Flow	-2.95	2.5	1.02	-0.89	-1.5	1.01	1.32	5.48	-0.36	0.86
Total Store	592	590	590	560	510	474	493	695	756	806
Cover Cities	180	180	180	182	182	187	204	264	279	286

Xpeng (HK 9868)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Unit: Billion in RMB										
Total Revenue	4.03	5.02	8.53	13.05	6.55	8.11	10.1	16.11	15.81	18.27
YoY Growth	-46%	-32%	25%	154%	62.5%	61.6%	18.4%	23.4%	141.4%	125.3%
QoQ Growth		24.6%	69.9%	53.0%	-49.8%	23.8%	24.5%	59.5%	-1.9%	15.6%
Gross Profit	0.07	-0.2	-0.23	0.81	0.84	1.14	1.54	2.32	2.46	3.17
Gross Margin	1.7%	-4.0%	-2.7%	6.2%	12.8%	14.1%	15.2%	14.4%	15.6%	17.4%
R&D Expenses	-1.3	-1.37	-1.31	-1.31	-1.35	-1.47	-1.63	-2.01	-1.98	-2.21
R&D Ratio	-32.3%	-27.3%	-15.4%	-10.0%	-20.6%	-18.1%	-16.1%	-12.5%	-12.5%	-12.1%
Selling & Admin Expenses	-1.39	-1.54	-1.69	-1.94	-1.39	-1.57	-1.63	-2.28	-1.95	-2.17
Selling & Admin Ratio	-34.5%	-30.7%	-19.8%	-14.9%	-21.2%	-19.4%	-16.1%	-14.2%	-12.3%	-11.9%
Adjusted Net profit	-2.2	-2.7	-2.8	-1.8	-1.4	-1.2	-1.5	-1.4	-0.4	-0.39
Net profit margin	-54.6%	-53.8%	-32.8%	-13.8%	-21.4%	-14.8%	-14.9%	-8.7%	-2.5%	-2.1%
Auto Revenue (Bn)	3.51	4.42	7.84	12.23	5.54	6.82	8.8	14.67	14.37	16.88
YoY Growth	-50%	-36%	26%	162%	58%	54%	12%	20%	159%	148%
QoQ Growth		25.9%	77.4%	56.0%	-54.7%	23.1%	29.0%	66.7%	-2.0%	17.5%
Auto Cost	3.6	4.8	8.32	11.73	5.24	6.38	8.04	13.2	12.87	14.47
Sales Volume (units)	18,230	23,205	40,008	60,158	21,821	30,207	46,533	91,507	94,008	103,181
YoY Growth	-47%	-33%	35%	171%	20%	30%	16%	52%	331%	242%
QoQ Growth	-18%	27%	72%	50%	-64%	38%	54%	97%	3%	10%
Auto Gross Profit (Bn)	-0.09	-0.38	-0.48	0.50	0.30	0.44	0.76	1.47	1.50	2.41
Auto GPM	-2.6%	-8.6%	-6.1%	4.1%	5.4%	6.5%	8.6%	10.0%	10.4%	14.3%
Auto Revenue per car (k in RMB)	192.54	190.48	195.96	203.30	253.88	225.78	189.11	160.32	152.86	163.60
Cost per Vehicle (k in RMB)	197.48	206.85	207.96	194.99	240.14	211.21	172.78	144.25	136.90	140.24
Auto Profit per car (k in RMB)	-4.94	-16.38	-12.00	8.31	13.75	14.57	16.33	16.06	15.96	23.36
Other Revenue	0.52	0.64	0.69	0.82	1	1.29	1.31	1.43	1.44	1.39
Gross Profit	0.15	0.18	0.25	0.31	0.54	0.70	0.79	0.85	0.96	0.75
Gross Margin from Other	29%	28%	36%	38%	54%	54%	60%	59%	67%	54%
Total stores	425	411	395	500	574	611	639	690	690	677
Cover cities	145			181	178	185	206	223	223	224
Self-operated Charging Stations	816	824	854	902	1171	1298	1557	1920	2115	2348
XPeng S4 Ultra-Fast Charging Stations					359	442	654	928	1089	1304
Cash and cash equivalents	34.12	33.74	36.48	45.7	41.4	37.33	35.75	41.96	45.28	47.57

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Housing Starts / Building Permits	MoM		19-Aug-25
Initial Jobless Claims	WoW		21-Aug-25
Existing Home Sales	MoM		21-Aug-25
New home Sales	MoM		25-Aug-25
Durable Goods Orders	MoM		26-Aug-25
Consumer Confidence	MoM		26-Aug-25
GDP	QoQ		28-Aug-25
Wholesale Inventories	MoM		29-Aug-25
Personal Income & Spending	MoM		29-Aug-25
ISM Manufacturing PMI	MoM		2-Sep-25
Factory Orders	MoM		3-Sep-25
Trade Balance	MoM		4-Sep-25
Employment Report	MoM		5-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		11-Sep-25
Business Inventories	MoM		16-Sep-25
Retail Sales	MoM		16-Sep-25
Industrial Production	MoM		16-Sep-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Aug-25
Foreign Exchange Reserves	QoQ		7-Sep-25
Trade Balance	MoM		8-Sep-25
Money Supply - M2	MoM		9-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		10-Sep-25
Retail Sales	MoM		15-Sep-25
Industrial Production	MoM		15-Sep-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		21-Aug-25
Trade Balance	MoM		26-Aug-25
Money Supply - M2	MoM		29-Aug-25
Retail Sales	MoM		1-Sep-25
PMI	MoM		3-Sep-25
Foreign Currency Reserve	MoM		5-Sep-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Unemployment Rate	MoM		16-Sep-25
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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