

What’s Hot Today:

► Li Auto (2015 HK, HK\$88.15, HK\$189 bn) Consistent earnings results

Total revenues stood at RMB30.2bn in 2Q25, down 4.5% YoY but 16.7% higher QoQ. Adjusted net income was RMB1.47bn, down 2.3% YoY but up 44.7% QoQ. Notably, both total revenues and adjusted net income were in line with market expectations.

Resilient revenue and GPM: Auto revenue reached RMB 28.9bn, down 4.7% YoY and up 17.0% QoQ. Sales reached 111K units, 2% more YoY and 20% higher QoQ. The vehicle margin dropped 40bps QoQ to 19.4%, while ASP continued to fall to RMB260k during the quarter. Specifically, even as the product mix improved slightly QoQ (the proportion of L6 and L7 decreased, while that of MEGA rose a bit), the cost per vehicle was further down another 3% QoQ to RMB209k. The lower ASP was partly due to inventory clearance of old L-series models, offering some <5% discount in promotional sales. As a result, profit per vehicle fell to RMB48.7k, down 7% on both YoY and QoQ.

Significant Expense Control and Short-Term Operating Cash Flow Pressure: Li Auto achieved notable expense optimization with R&D/SG&A expense to revenue at 9.3% and 8.9%, respectively, both improving slightly on YoY and QoQ basis. A more substantial cost reduction took place in the workforce which drove up efficiency. Operating profit reached RMB827, +77% YoY and +204% QoQ. OPM improved significantly to 2.7%, up by 1.7ppts QoQ fueled by higher sales volume and cost control. However, rising inventory weakened operating cash flow, leading to a negative free cash flow of RMB3.8 bn. As at the end of Jun 2025, the company’s cash position remained at RMB107bn, still ample financial resources to support business growth.

Business Outlook: Li Auto expects Q3 2025 vehicle deliveries to range from 90K to 95K units and total revenues are projected to be around RMB25.2bn, down by 37.8% to 41.1% YoY, mainly due to the falling deliveries of old L-series models. Currently, sales performance of the i8 meets expectations, with production capacity continuing to get ramped up and potential monthly sales of 5K units in Q3. Learning from the i8’s experience, the company will optimize the launch of the new i6 in September, targeting steady monthly sales of 15K units. Furthermore, sustained investment in AI intelligence and the expanding application of the VLA large model will drive rapid improvement in technical capabilities, which is expected to bring tangible benefits to users.

China & HK Indices	CLOSE	1D	YTD
HSI	24,998	-0.8%	24.6%
HSCEI	8,916	-1.1%	22.3%
HSCCI	4,288	0.4%	13.4%
CSI300	4,463	1.8%	13.4%
Shanghai A	4,029	1.1%	-1.1%
Shanghai B	264	1.4%	-1.1%
Shenzhen A	2,543	1.5%	24.2%
Shenzhen B	1,323	0.6%	9.1%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	45,636	0.2%	7.3%
S&P 500	6,501	0.3%	10.5%
Nasdaq	21,705	0.5%	12.4%
NIKKEI Index	42,660	-0.4%	6.9%
FTSE Index	9,216	-0.4%	12.8%
CAC Index	7,762	0.2%	5.2%
DAX Index	24,039	-0.0%	20.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,417	0.6%	30.1%
STEEL (US\$/oz.)	2,146	0.6%	20.1%
SILVER (US\$/oz.)	39	1.2%	35.0%
CRUDE OIL (US\$/bbl)	64	0.7%	-10.4%
COPPER (US\$/oz.)	9,818	-0.2%	12.0%
ALUMINIUM (US\$/oz.)	2,605	-1.3%	2.1%
PLATINUM (US\$/oz.)	1,363	1.1%	50.0%
ZINC (US\$/oz.)	2,781	-1.2%	-6.6%
WHEAT (US\$/bu)	510	1.6%	-7.5%
CORN (US\$/bu)	410	1.0%	-7.3%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,048	0.0%	2.6%
P/C (US\$/t.)	N/A	N/A	-10.1%
CRB	301	1.1%	3.0%
BDI			105.2%

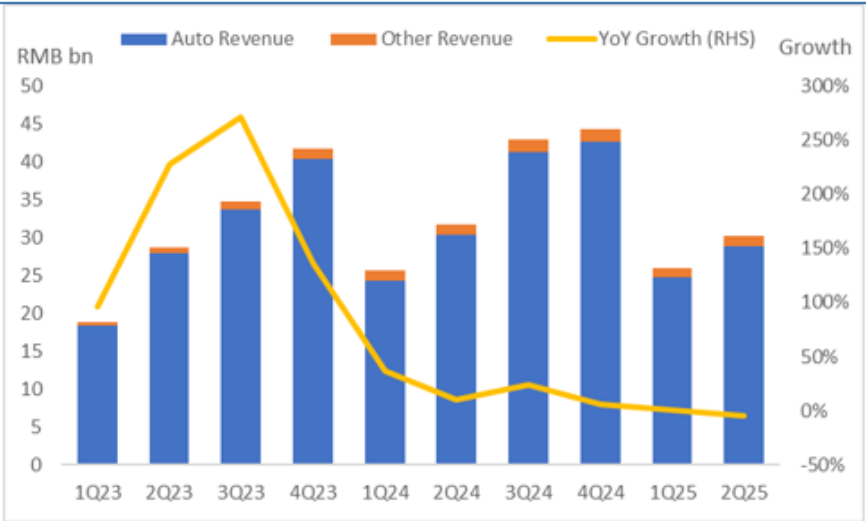
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.794	0.856	146.930	0.801	7.131
HKD	0.128		0.110	18.852	10.282	0.915
EUR	1.168	9.106		171.670	1.068	8.335
JPY	0.007	5.304	0.583		0.545	0.049
CHF	1.248	9.725	1.068	183.349		8.897
RMB	0.140	1.093	0.120	20.589	0.112	

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	14	-13.1%

Source: Bloomberg

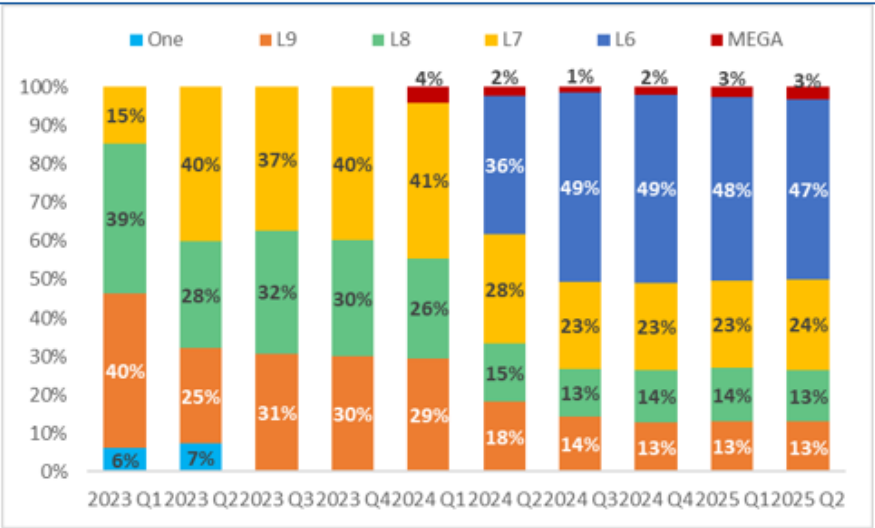
Our views: Li Auto has demonstrated steady operational strength despite sales slowed down. Effective cost control is keeping its vehicle margin stable at ~20%. The company has impressed their customers with quick market response. For instance, when it launched the i8 six-seater BEV in August, the initial sales was slow. It quickly adjusted sales strategies based on market comments and sales started to recover. It plans to launch the i6 BEV model in September and it will likely compete directly with AITO M7. However, it is expected that Li Auto will again be flexible on the prices owing to its rich financial resources. In terms of investment, it is anticipated to further invest in VLA large models and build out the 5C ultra-fast charging network to enhance product competitiveness. We remain positive on Li Auto given its product competitiveness and commitment to the AI investment. The counter is trading at 17X FY25 P/E and 0.5X FY25 P/S. (Research Department)

Fig 1: Total Revenue (RMB\$ bn)



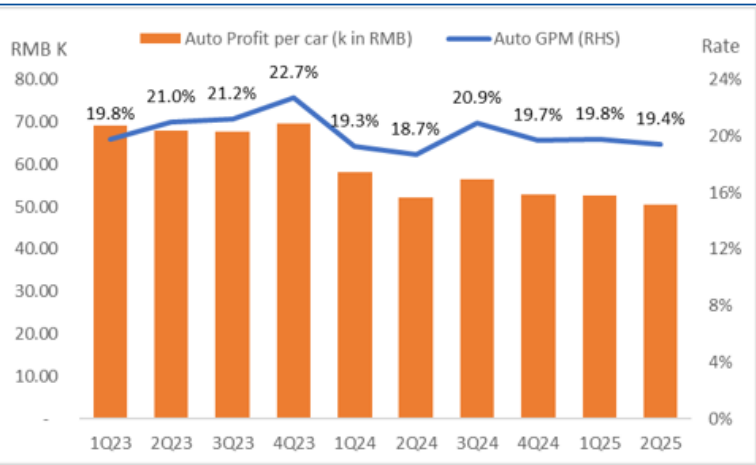
Source: Company Data, Sunwah Kingsway Research

Fig 2: Li Auto Product Structure



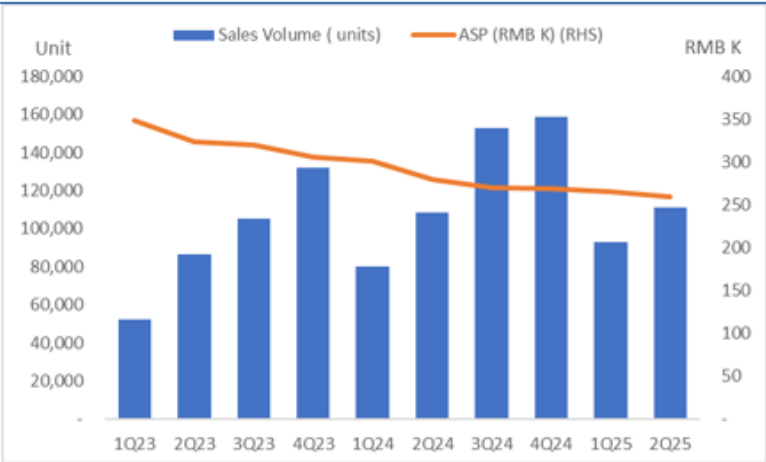
Source: Company Data, Sunwah Kingsway Research

Fig 3: Li Auto Auto Profit Per Car (K in RMB)



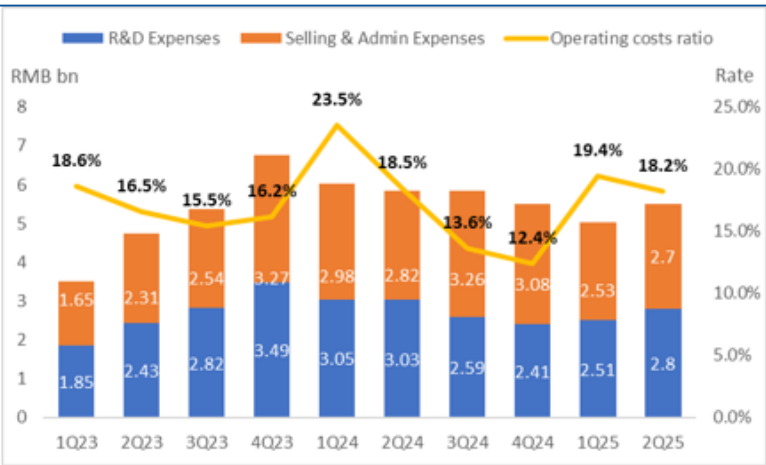
Source: Company Data, Sunwah Kingsway Research

Fig 4: Li Auto Sales Volume Units



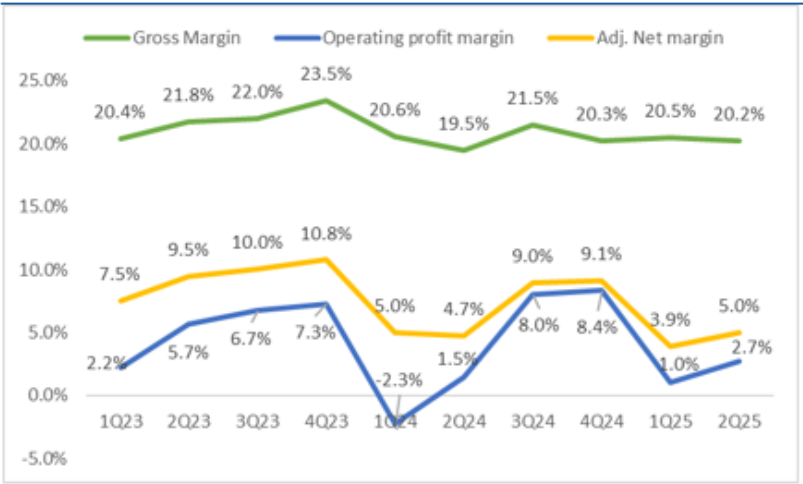
Source: Company Data, Sunwah Kingsway Research

Fig 5: Li Auto OPEX Breakdown



Source: Company Data, Sunwah Kingsway Research

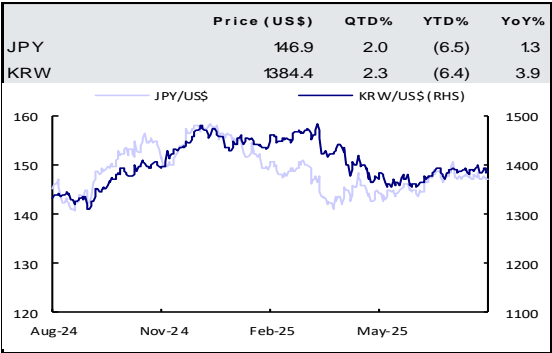
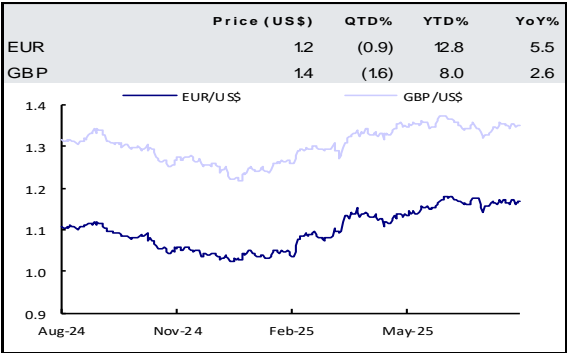
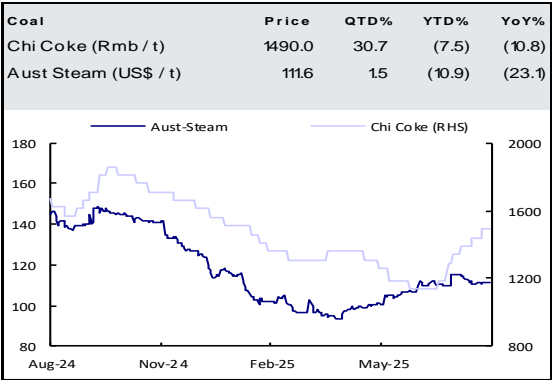
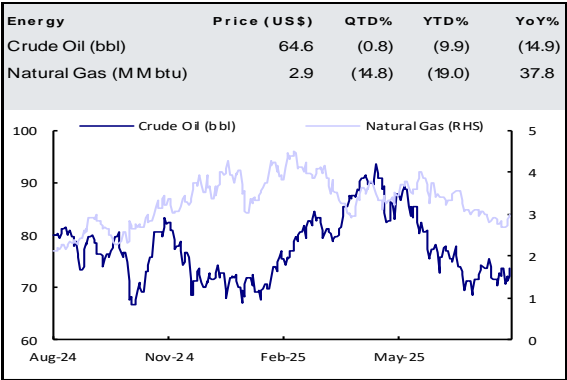
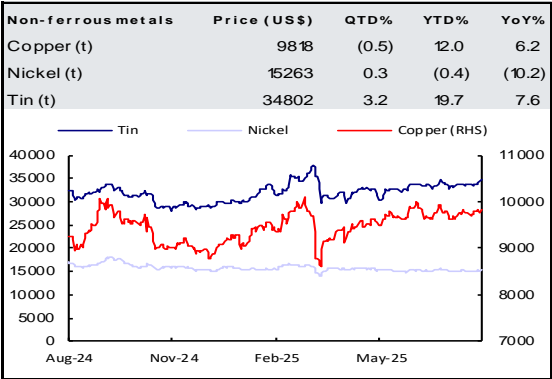
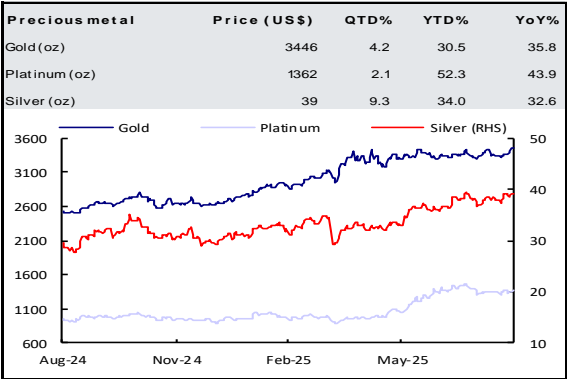
Fig 6: Li Auto Profit Breakdown



Source: Company Data, Sunwah Kingsway Research

LI Auto (HK, 2015)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Unit: Billion in RMB										
Total Revenue	18.8	28.65	34.68	41.73	25.63	31.68	42.87	44.27	25.93	30.2
YoY Growth	96.5%	228.0%	271.0%	136.0%	36.3%	10.6%	23.6%	6.1%	1.2%	-4.7%
QoQ Growth	6.4%	52.4%	21.0%	20.3%	-38.6%	23.6%	35.3%	3.3%	-41.4%	16.5%
Gross Profit	3.83	6.24	7.64	9.79	5.28	6.18	9.22	8.97	5.32	6.10
Gross Margin	20.4%	21.8%	22.0%	23.5%	20.6%	19.5%	21.5%	20.3%	20.5%	20.2%
R&D Expenses	1.85	2.43	2.82	3.49	3.05	3.03	2.59	2.41	2.51	2.8
R&D Ratio	9.8%	8.5%	8.1%	8.4%	11.9%	9.6%	6.0%	5.4%	9.7%	9.3%
Selling & Admin Expenses	1.65	2.31	2.54	3.27	2.98	2.82	3.26	3.08	2.53	2.7
Selling & Admin Ratio	8.8%	8.1%	7.3%	7.8%	11.6%	8.9%	7.6%	7.0%	9.8%	8.9%
Operating costs	3.50	4.74	5.36	6.76	6.03	5.85	5.85	5.49	5.04	5.50
Operating costs ratio	18.6%	16.5%	15.5%	16.2%	23.5%	18.5%	13.6%	12.4%	19.4%	18.2%
Operating profit	0.41	1.63	2.34	3.04	-0.58	0.47	3.43	3.7	0.27	0.83
OPM	2.2%	5.7%	6.7%	7.3%	-2.3%	1.5%	8.0%	8.4%	1.0%	2.7%
Net Income	0.93	2.293	2.28	5.66	0.59	1.103	2.81	3.52	0.65	1.1
NPM	4.9%	8.0%	6.6%	13.6%	2.3%	3.5%	6.6%	8.0%	2.5%	3.6%
Adj. Net Income	1.41	2.71	3.48	4.49	1.28	1.50	3.84	4.03	1.02	1.50
Adj. Net margin	7.5%	9.5%	10.0%	10.8%	5.0%	4.7%	9.0%	9.1%	3.9%	5.0%
Auto Revenue	18.33	27.97	33.62	40.38	24.25	30.32	41.32	42.64	24.68	28.9
YoY Growth	96.90%	229.70%	271.60%	133.80%	32.3%	8.4%	22.9%	5.6%	1.8%	-4.7%
QoQ Growth	6.10%	52.6%	20.2%	20.1%	-39.9%	25.0%	36.3%	3.2%	-42.1%	17.1%
Auto Cost	-14.70	-22.10	-26.49	-31.21	-19.57	-24.65	-32.68	-34.24	-19.79	-23.29
Sales Volume (units)	52,584	86,533	105,108	131,805	80,400	108,581	152,831	158,696	92,865	111,074
YoY Growth	66%	202%	296%	185%	53%	25%	45%	20%	16%	2%
QoQ Growth	14%	65%	21%	25%	-39%	35%	41%	4%	-41%	20%
Auto Gross Profit	3.63	5.87	7.13	9.17	4.68	5.67	8.64	8.40	4.89	5.61
Auto GPM	19.80%	21.00%	21.20%	22.70%	19.30%	18.70%	20.90%	19.70%	19.80%	19.40%
Auto Revenue per car (k in RMB)	348.59	323.23	319.86	306.36	301.62	279.24	270.36	268.69	265.76	260.19
Cost per Vehicle (k in RMB)	279.57	255.35	252.05	236.82	243.40	227.02	213.86	215.76	213.14	209.71
Auto Profit per car (k in RMB)	69.02	67.88	67.81	69.54	58.21	52.22	56.51	52.93	52.62	50.48
YoY Growth					-15.7%	-23.1%	-16.7%	-23.9%	-9.6%	-3.3%
QoQ Growth		-1.7%	-0.1%	2.6%	-16.3%	-10.3%	8.2%	-6.3%	-0.6%	-4.1%
Others Revenue (Bn in RMB)	0.46	0.68	1.06	1.35	1.38	1.36	1.55	1.63	1.25	1.36
Others Gross Profit (Bn in RMB)	0.21	0.35	0.52	0.61	0.59	0.49	0.57	0.58	0.44	0.46
Others GPM	45.7%	51.5%	49.1%	45.2%	42.8%	36.0%	36.8%	35.6%	35.2%	33.5%
Operating Cash flow	7.78	11.11	14.51	17.29	-3.34	-0.43	11.02	8.68	-1.7	-3.04
Capex	1.08	1.49	1.28	2.66	1.71	1.42	1.97	2.62	0.83	0.81
Free Cash Flow	6.7	9.62	13.22	14.64	-50.6	-18.5	9.05	6.06	-2.53	-3.84
Total Store	296	331	372	467	474	497	479	502	500	535
Cover Cities	123	127	133	140	142	148	145	150	150	153

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		28-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
Durable Goods Orders	MoM		3-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
Housing Starts / Building Permits	MoM		17-Sep-25
Existing Home Sales	MoM		23-Sep-25
New home Sales	MoM		24-Sep-25
Consumer Confidence	MoM		30-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
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
CPI	MoM		22-Sep-25
Trade Balance	MoM		25-Sep-25
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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