

## A fast-follower dolphin in the first-mover social commerce ocean

- A “fast-follower” strategy in the first-mover China’s social commerce supercycle
- Stellar net profit growth at 18.8% CAGR in 2024-27E
- Initiated with a BUY and a TP of THB5.44

### Full of catalysts ahead; Initiated with a BUY and a TP of THB5.44

Kuaishou Technology (1024.HK) ได้เข้าจดทะเบียนในตลาดหลักทรัพย์ฮ่องกง (HKSE) ในปี 2021 ถือเป็นบริษัทที่ตามติดอย่างรวดเร็ว ของ TikTok/ ByteDance โดยดำเนินธุรกิจวิดีโอและความบันเทิง ที่แข่งขันในตลาดที่มีการเปลี่ยนแปลงอย่างรวดเร็ว มีมูลค่าสูง แต่เป็นธุรกิจที่ยากในการ ดึงดูดและรักษาความสนใจของผู้บริโภคชาวจีนบนสมาร์ตโฟน กลยุทธ์ของบริษัทคือการเป็นผู้ตามติด ByteDance อย่างรวดเร็วเป็นหลัก เพื่อเข้าถึงกระแสความนิยมสูงสุดในด้านวิดีโอและกระแสความสนใจในประเทศจีน (ไลฟ์สตรีมมิ่ง, วิดีโอสั้น) โดยวางตำแหน่ง Kuaishou เป็น บริการวิดีโอรอง สำหรับการไลฟ์สตรีมมิ่ง พร้อมกับธุรกิจ อีคอมเมิร์ซ ที่เติบโตอย่างรวดเร็ว เราได้ทำบทวิเคราะห์หลักทรัพย์ KUAISH80 ด้วยคำแนะนำ “ซื้อ” และ ราคาเป้าหมาย (TP) ที่ 5.44 บาท โดยอิงจาก อัตราส่วน P/E ปี 2026 ที่ 21.9 เท่า ของราคาเป้าหมาย Kuaishou ที่ 120 ดอลลาร์ฮ่องกง เทียบกับราคาหุ้นที่วิเคราะห์ส่วนใหญ่คาดการณ์ที่ 97 ดอลลาร์ฮ่องกง ซึ่งหมายถึง PEG ที่ 1 เท่า (21.9x P/E ปี 2026 ที่ TP 120 ดอลลาร์ฮ่องกง / การเติบโตของกำไรสุทธิ 21.6%)

### Stellar growth is looming large

Kuaishou ประสบความสำเร็จอย่างสูง ทั้งในด้านวิดีโอสั้นและไลฟ์สตรีมมิ่ง ซึ่งผลักดันให้ Kuaishou ก้าวขึ้นมาอยู่แถวหน้าของธุรกิจการดึงดูดความสนใจในประเทศจีน ธุรกิจอีคอมเมิร์ซ ถือเป็นโอกาสในการสร้างรายได้ใหม่ที่ใหญ่ที่สุดของ Kuaishou และมี มูลค่าสินค้ารวม ที่เติบโตอย่างรวดเร็ว ด้วยการเปิดตัว Kling 2.0 ซึ่งเป็นโมเดล Generative AI ที่ได้รับการอัปเดตล่าสุดสำหรับสร้างวิดีโอและรูปภาพ คาดว่าจะช่วยขับเคลื่อนให้กำไรสุทธิ ของ Kuaishou เติบโตด้วย อัตราการเติบโตเฉลี่ยสะสมต่อปี (CAGR) ที่ 18.8% ในช่วงปี 2024-2027 โดยคาดการณ์ว่าจะเพิ่มขึ้นจาก 15.3 พันล้านหยวน ในปี 2024 เป็น 17.7 พันล้านหยวน (เพิ่มขึ้น 15.4% เมื่อเทียบกับปีต่อไป) ในปี 2025, 21.6 พันล้านหยวน (เพิ่มขึ้น 21.8% เมื่อเทียบกับปีต่อไป) ในปี 2026, และ 25.7 พันล้านหยวน ในปี 2027 (เพิ่มขึ้น 19.1% เมื่อเทียบกับปีต่อไป)

### Three growth pillars: AI, Operational excellence, and first-mover advantages

แม้ว่าการคาดการณ์กำไรต่อหุ้น ในปี 2025 และ 2026 จะถูกปรับลดลง เนื่องจากบริษัทมีการ ลงทุนใน AI สูงกว่าที่คาดไว้ แต่การคาดการณ์ EPS ปี 2027 ถูกปรับเพิ่มขึ้นอย่างมีนัยสำคัญจาก 4.25 หยวน เป็น 6.10 หยวน เนื่องจากตลาดคาดว่าประโยชน์จาก AI จะเริ่มปรากฏชัด เรามีมุมมอง bullish ต่อ Kuaishou โดยมีเหตุผลหลักมาจาก 3 ประการ ได้แก่ ประการที่ 1: การสร้างรายได้จาก AI เพิ่งเริ่มต้น และ Kuaishou เป็น ผู้สร้างความแตกต่างในตลาดโซเชียลที่อึดตัวของประเทศจีน ประการที่ 2: การเพิ่มประสิทธิภาพการดำเนินงาน ประการที่ 3: ความได้เปรียบของการเป็นผู้นำบุกในตลาด Social Commerce

### What is the difference between Kuaishou and TikTok (Douyin)?

ในขณะที่แพลตฟอร์มทั้งสองมีฟีเจอร์ของแอปที่ เกือบจะคล้ายคลึงกัน แต่ก็อินเทอร์เน็ตผู้ใช้ และ การกระจายเนื้อหาที่แตกต่างกัน ชาวจีนเริ่มต้นดาวน์โหลดแอป TikTok (Douyin) ในช่วงแรกเพื่อที่เฟิร์มสำหรับที่เฟิร์มเพลง ซึ่งผู้ใช้สามารถนำไปใส่ในวิดีโอได้ แต่ Kuaishou มุ่งเน้นไปที่ “เรื่องราวของผู้คน” มากกว่าเนื้อหาที่กำลังเป็นกระแส เพื่อสนับสนุนให้ผู้ใช้แบ่งปันเรื่องราวเกี่ยวกับชีวิตประจำวันของพวกเขา

### Could “Kling” be Kuaishou’s future cash machine?

เราเชื่อว่าความพิจารณาความคล้ายคลึงกับช่วงแรกของ Amazon ซึ่งเคยให้ความสำคัญกับ ส่วนแบ่งตลาด มากกว่า ผลกำไร เช่นเดียวกับ AWS ที่ Kling อาจกลายเป็น แหล่งสร้างเงินสด ที่สามารถชดเชยการขาดทุนในวันนี้ได้ การที่ราคาหุ้นเพิ่มขึ้นเป็นสองเท่าตั้งแต่ต้นปี สะท้อนถึงการมองในแง่ดีนี้ แต่ผู้ที่มีมุมมองในแง่ลบยังคงตั้งคำถามว่าตั้งคำถามว่า Kuaishou จะสามารถรักษารัตราการเติบโตนี้ได้หรือไม่ ในช่วงสองสามไตรมาสที่ผ่านมา การคาดการณ์ กำไรต่อหุ้น ของ Kuaishou ถูกปรับลดลง สำหรับปี 2025 และ 2026 เนื่องจากบริษัทมีการ ลงทุนใน AI สูงกว่าที่คาดไว้ แต่การคาดการณ์ EPS ปี 2027 กลับถูก ปรับเพิ่มขึ้นอย่างมีนัยสำคัญ จาก 4.25 หยวน เป็น 6.10 หยวน เนื่องจากตลาดคาดว่าประโยชน์จาก AI จะเริ่มส่งผลเต็มที่

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## A fast-follower in the first-mover ocean

### Stellar growth is looming large

You might not have heard of Kuaishou yet, but chances are you will soon. The video sharing app is rising fast in China – where it claims over 300m daily active users and has already been touted as a rival to Douyin, the local version of TikTok.

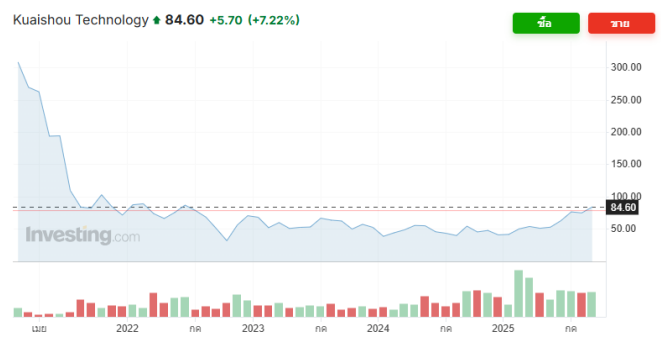
At its IPO debut and IPO price of HKD115 on 5 February 2021 in the Hong Kong Stock Exchange (HKSE), Kuaishou's shares soared 194% to propel its market cap to HK\$1.23tr (USD159b) thanks to 1,200 times bookings. However, Kuaishou's share price has since declined to HKD31.75 on 10 January 2022 as HKSE index plunged and China's tech party faded. Kuaishou's share price has started to run again since January 2025, doubling from HKD40 to current HKD85 as Chinese stock market's turning bullish on tech sector amid the global AI boom and China's market resurgence.

**Exhibit 1: China's Su Hua, CEO of Kuaishou, a short video-sharing platform.**



Sources: Kuaishou

**Exhibit 2: Kuaishou's share price**



Sources: Investing.com

**Who is Kuaishou's founder?** Kuaishou's co-founder and CEO and a former Google and Baidu employee, Su Hua was responsible for transforming the unassuming app, initially designed to create GIFs, into one of the most downloaded video-sharing and live-stream platforms in the world. A graduate from Tsinghua University and an estimated age at 39, Su made Kuaishou as one of the top video-sharing app to rival China's biggest rival Douyin, the local version of TikTok.

Born in Hunan province, Su learned to code on a children's learning computer at the age of 12. His passion for programming led him to enroll in Beijing's Tsinghua University, ranked as Asia's best, and regarded among the foremost research institutions in the world. There he studied software for nearly a decade. During his doctorate studies, he noticed the surging home prices in Beijing and decided he should drop out of school and start earning some money.

With his prestigious academic credentials, Hua was able to get a job as a software engineer with Google in the U.S. After two and a half years there, he pursued his first entrepreneurial venture, exploring online video advertising. However, Hua discontinued the project when he ran into funding problems amid the 2008 financial crisis.

**32 failures before one success.** Following this first start-up effort, Hua would go on to pursue 32 other business ideas, which yielded no successes. He eventually shifted his gaze away from entrepreneurship and went back to being a software developer.

Joining Baidu, he honed his leadership skills for two years, before leaving the company and developing search function technology which was later acquired by Alibaba. Hua declined a job offer from Alibaba though in favor of pursuing his start-up ambitions once again.

**Right time, right team, and right product.** In the summer of 2013, Hua was introduced to Cheng Yixiao, who had created a GIF-making app called Kuaishou which he had transformed into a short video community in late 2012. The pair hit it off instantly and Su was hired as CEO, working swiftly to streamline the app's functions and interface design. These product improvements initially resulted in the app losing 90 per cent of its users.

In line with the company's core mission to "embrace all lifestyles", Su focused on improving the app's algorithm and content functions over the next few years. This marked a departure from engaging celebrities and influencers to gain new users, aiming instead to appeal to a wider audience from the start.

The strategy worked, catapulting the app to most downloaded lists on both Google Play and Apple App Store in various countries in 2020. Kuaishou now claims 300m daily active users who spend an average of more than 85 minutes on the app

**Exhibit 3: Kuaishou's headquarter in Beijing**



Sources: South China Morning Post

**Exhibit 4: A mascot in the courtyard at the Kuaishou Technology headquarters in Beijing, China**



Sources: Bloomberg



## Strategies for success

Kuaishou's revenue comes from three major segment and in 2Q25, its revenue breakdown was

- 1) Online marketing RMB19.8b (+12.8% y-y) is primarily attributable to the increased consumption from marketing clients driven by its optimized intelligent marketing product solutions with AI technology.
- 2) Live streaming RMB10.0b (+8% y-y), driven by its efforts in building a healthy live streaming ecosystem and diversified high-quality content.
- 3) Other services RMB5.2b (+25.9% y-y), primarily due to the growth of e-commerce business and Kling AI business. The growth of e-commerce business was mainly contributed to the growth in the e-commerce GMV. The revenue growth of Kling AI business was primarily attributable to Kuaishou's advanced AI technology and product performance.

Even Kuaishou delivered superb 2Q25 financial performance, investors may still face a stark dilemma whether to pour resources into transformative innovation or prioritize short-term profitability?

For Kuaishou, the answer is clear. The Chinese social commerce giant has doubled down on AI investments, accepting near-term margin pressures in pursuit of long-term dominance in content creation and e-commerce. The question for investors is whether the temporary dip in profitability signals a risky overextension—or a shrewd bet on the future.

### The margin trade-off: Growth at a cost

Kuaishou's 1Q25 earnings underscore the tension. Net profit dipped 3.4% y-y to RMB3.98b, but adjusted net profit—excluding volatile items like share-based compensation—rose 4.3% y-y to RMB4.06b. The adjusted margin expansion reflects cost optimizations and the early payoff of its AI tools, notably Kling, which generated over RMB150m in revenue in 1Q25 alone. But Kuaishou's management warned that AI investments could shave 1-2% off its adjusted margins in 2025.

This margin squeeze is no accident. Kuaishou is funneling resources into AI-driven products like Kling AI 2.0, an advanced video generation tool that promises to outperform rivals like Adobe, Firefly and Canva AI. The upgraded platform, launched in April 2025, boasts 95% accuracy in video synthesis—a metric that could cement its position as the go-to tool for creators.

### Exhibit 5: Kling AI 2.0: The Engine of Future Growth



Sources: Alinvest

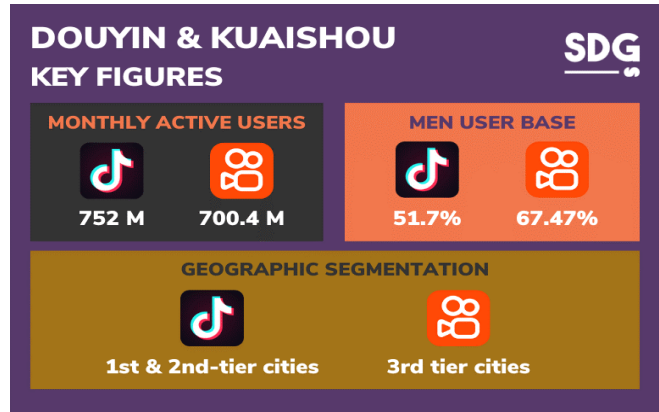
Kling's potential is undeniable and some analysts estimate its revenue could hit RMB400-500m in 2025, with a clear path to becoming a standalone profit center. For context, Kuaishou's online marketing revenue—a core business—grew 8% y-y to RMB17.6b in 1Q25. Meanwhile, e-commerce GMV rose 15% y-y, a testament to how AI-powered recommendations and dynamic pricing are revitalizing its marketplace.

**Exhibit 6: Kuaishou's symbol**



Sources: TechAsia

**Exhibit 7: Key comparisons (Douyin vs Kuaishou)**



Sources: SekkeiDigitalGroup.com

The company's AI strategy also extends to its core platforms. On Kuaishou's app, AI-driven content curation has increased user engagement by 20% y-y, while live-streaming revenue remains robust, underpinned by AI-enabled personalized shopping experiences.

In 2Q25, for Kling AI (可靈AI), Kuaishou elaborated its steadfast dedication to delivering state-of-the-art large visual generation model technology and exceptional product performance. It launched the Kling AI 2.1 model series in May 2025, which boasts comprehensive quality improvements, including better motion performance, more realistic physical simulation and more accurate semantic responsiveness.

At the end of July 2025, Kling AI released a new feature, Kling Lab, which integrates unlimited visualization space, intelligent creation assistance and real-time multi-user collaboration. This feature offers creators a seamless and efficient one-stop creation experience.

Kling AI is committed to becoming a one-stop creative engine for creators, empowering everyone to craft compelling stories with AI. Kling AI has assisted prosumers and corporate clients in exploring more application scenarios, including advertising and marketing, film and short plays, gaming interactions and smart hardware, among other areas.

In the short play industry, Kling AI and Kuaishou Astral Short Plays collaboratively produced the world's first AI-generated anthology series - New World Is Loading (新世界加载中). So far, it has racked up nearly 200m cumulative views globally, setting a new benchmark for AI-generated film and television content. These in-depth explorations of Kling AI's application scenarios also led to rapid commercialization growth to generate revenue from Kling AI over RMB250m.

Through its differentiated vertical operation strategy, Kuaishou successfully delivered standout content with distinctive Kuaishou characteristics, further strengthening our connection with users. In the Three Rural (三農) vertical, Kuaishou launched the "Happy Village Spring Farming Season (幸福鄉村春耕季)" series of activities, featuring short videos on agricultural technology and knowledge, e-commerce live streaming to promote agricultural materials, tools and products, as well as the "Spring Farming Grand Stage (春耕大舞台)" pan-entertainment events.

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### Kling 2.0 with multimodal AI video editor

Kuaishou has launched Kling 2.0, an upgraded version of its generative AI model for video and image creation. The new release, dubbed the “Master Edition,” brings improvements in semantic understanding, visual quality, and user control. A key feature is its multimodal video editing tool, which allows users to add, remove, or modify elements in AI-generated clips.

Kling AI is the tool designed to better interpret user intent and offer greater flexibility for content refinement. The rollout reflects Kuaishou’s continued push into generative AI as part of its broader creative ecosystem. We think Kling 2.0 is likely to achieve a high success rate again given

#### 1) Kuaishou’s AI strategy targets its unique user demographics

Kuaishou’s development of Kling 2.0 aligns with its distinctive user base, which is predominantly from lower-tier cities and rural areas (73% of users) rather than China’s major metropolitan centers. The platform’s emphasis on everyday, authentic content from ordinary people rather than celebrities has been central to its growth strategy since its early days, differentiating it from competitors focused on polished, celebrity-driven content.

By enhancing controllability in Kling 2.0, Kuaishou is making sophisticated video creation tools more accessible for its less tech-savvy user base, following the same philosophy that guided its intentionally simple three-tab interface design. The multimodal editing capabilities address a specific pain point for Kuaishou’s core users, who may lack professional editing skills but still want to create and modify engaging video content.

#### 2) AI video tools are reshaping content creation economics

Kling 2.0’s enhanced editing capabilities represent the broader trend of AI automating traditionally complex production tasks like editing, color correction, and sound mixing. The technology changes the economics of video production by allowing users without extensive expertise to produce high-quality content, potentially disrupting traditional creation hierarchies. These advancements reflect changes across the content creation landscape, where AI tools are increasingly handling technical aspects of production while human creators focus on creative direction and conceptual development.

The multimodal approach in Kling 2.0 aligns with the industry’s progression toward more sophisticated AI systems that can work across different types of media simultaneously, a key prediction for future AI development. However, these developments also raise significant ethical considerations around intellectual property issues and the potential for deepfakes, challenges that platforms like Kuaishou will need to address as they advance their AI capabilities.

### Why the margin hit is a strategic win for Kuaishou?

Despite the 3.4% net profit decline, but the adjusted metrics tell a different story. By excluding one-time costs and focusing on recurring AI revenue streams, Kuaishou is signaling that its investments are not speculative but foundational. The 1-2% margin drag is a calculated trade-off: paying now to own the future of content creation and social commerce.

**Could “Kling” be Kuaishou’s future cash machine?** We believe so. Consider the parallels to Amazon’s early years, when it prioritized market share over profits. Like AWS, Kling could become a cash engine that justifies today’s sacrifices. The stock’s doubling YTD reflects this optimism, but skeptics still question whether Kuaishou can sustain the pace.



## 2Q25 financials highlight Kuaishou's growth story

- Average DAUs 408.9m (+3.4% y-y)
- Average MAUs 714.8m (+3.3% y-y)
- Average daily time spent per DAU 126.8 minutes
- Total user time spent rose by 7.5% y-y
- Total e-commerce GMV was RMB358.9b (+17.6% y-y)
- Total revenue jumped by 13.1% y-y to RMB35.0b with revenues from online marketing services and live streaming contributing 56.4% and 28.7%, respectively
- Gross profit rose by 13.8% y-y to RMB19.5b while gross profit margin hit 55.7%, up slightly from 55.3% in 2Q24
- Net profit was RMB4.9b, up 23% y-y but adjusted net profit surged 19.1% to RMB5.6b
- Operating profit from the domestic segment increased 20% y-y to RMB5.4b and operating profit from the overseas segment was RMB19m, a turnaround from operating loss of RMB277m in 2Q24

### Exhibit 8: Kuaishou's financial statement

	Unaudited			Unaudited	
	Three Months Ended			Six Months Ended	
	June 30, 2025	March 31, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Revenues	35,046	32,608	30,975	67,654	60,383
Cost of revenues	(15,542)	(14,816)	(13,840)	(30,358)	(27,128)
Gross profit	19,504	17,792	17,135	37,296	33,255
Selling and marketing expenses	(10,503)	(9,897)	(10,040)	(20,400)	(19,424)
Administrative expenses	(897)	(828)	(792)	(1,725)	(1,254)
Research and development expenses	(3,400)	(3,298)	(2,805)	(6,698)	(5,648)
Other income	16	53	34	69	152
Other gains, net	569	437	374	1,006	819
Operating profit	5,289	4,259	3,906	9,548	7,900
Finance (expense)/income, net	(54)	(24)	66	(78)	180
Share of (losses)/profits of investments accounted for using the equity method	(12)	2	(19)	(10)	(22)
Profit before income tax	5,223	4,237	3,953	9,460	8,058
Income tax (expenses)/benefits	(301)	(258)	27	(559)	42
Profit for the period	4,922	3,979	3,980	8,901	8,100
Attributable to:					
— Equity holders of the Company	4,922	3,978	3,979	8,900	8,098
— Non-controlling interests	-	1	1	1	2
	4,922	3,979	3,980	8,901	8,100

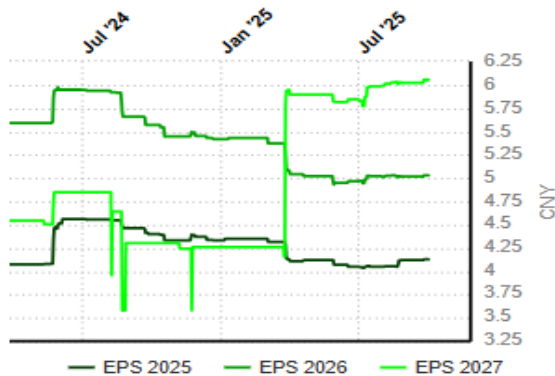
Sources: Kuaishou



## Why's Kuaishou the case for Buying now, not later

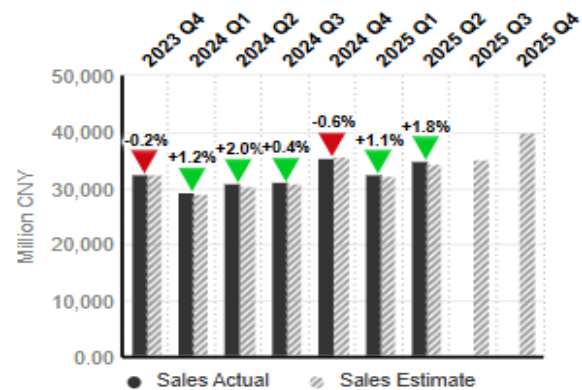
In the past few quarters, Kuaishou's EPS forecasts have been revised down for 2025E and 2026E due to its higher-than-expected investments in AI but its 2027 EPS forecast is significantly revised up from RMB4.25 to RMB6.10 as market expects the benefits from AI to kick in. According to Bloomberg, Kuaishou's net profit is projected to grow at 18.8% CAGR in 2024-27E, rising from RMB15.3b in 2024 to RMB17.7b (15.4% y-y) in 2025, RMB21.6b (+21.8% y-y) in 2026, and RMB25.7b in 2027 (+19.1% y-y).

**Exhibit 9: Changes in 2025E-27E EPS forecasts**



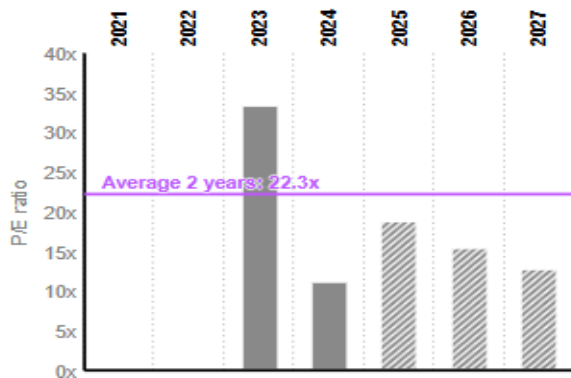
Sources: MarketScreener

**Exhibit 10: Quarterly revenue**



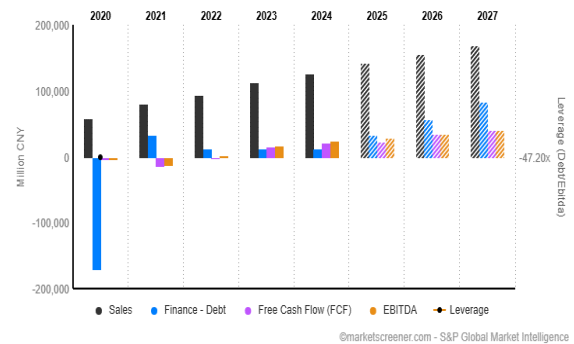
Sources: MarketScreener

**Exhibit 11: Change y-y in P/E**



Sources: MarketScreener

**Exhibit 12: Forecast balance sheet**



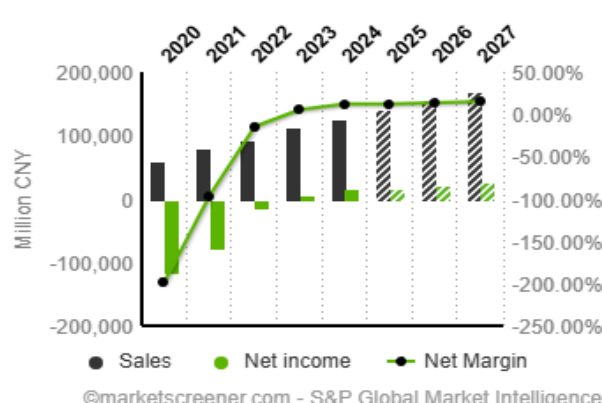
Sources: MarketScreener

**Exhibit 13: Kuaishou's financial performance**



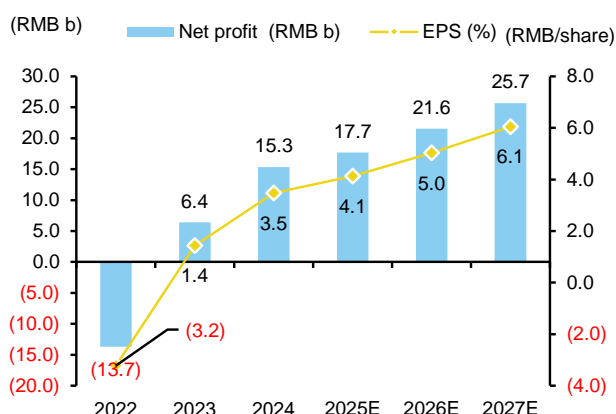
Sources: Bloomberg

**Exhibit 14: Kuaishou's financial forecasts**



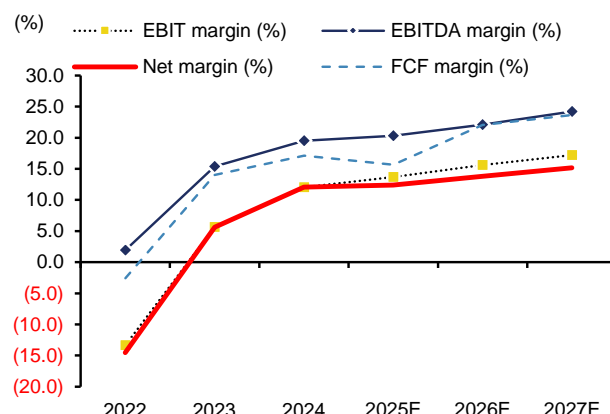
Sources: S&P Global Market Intelligence

**Exhibit 15: Kuaishou's net profit and EPS**



Sources: Bloomberg

**Exhibit 16: Profitability margins**



Sources: Bloomberg

We think the bullish case for the investment in Kuaishou hinges on three pillars:

**Pillar#1: AI monetization is just beginning and is a differentiator in China's saturated social market**

Kling's revenue shot up to RMB250m in 2Q25, up 67% q-q from RMB150m in 1Q25, surpassing an annualized revenue run rate of USD100m mark within only 10 months of its launch, and is still a fraction of its potential. As it expands beyond China—where overseas revenue rose 52.9% in Q4 2024—global adoption could amplify its value.

Kuaishou's investment in Kling AI represents a strategic evolution in a market where user growth is becoming increasingly difficult to achieve. With 408m daily active users already on its platform, Kuaishou faces the challenge of extracting more value from its existing user base in a maturing market.

The company's subscription model for Kling AI, priced at RMB19 for the first month and RMB58 thereafter, signals a shift toward recurring revenue streams beyond advertising and e-commerce. This aligns with Kuaishou's historical strategy of differentiation, where it succeeded by targeting rural and lower-tier city users often overlooked by competitors like ByteDance's Douyin.

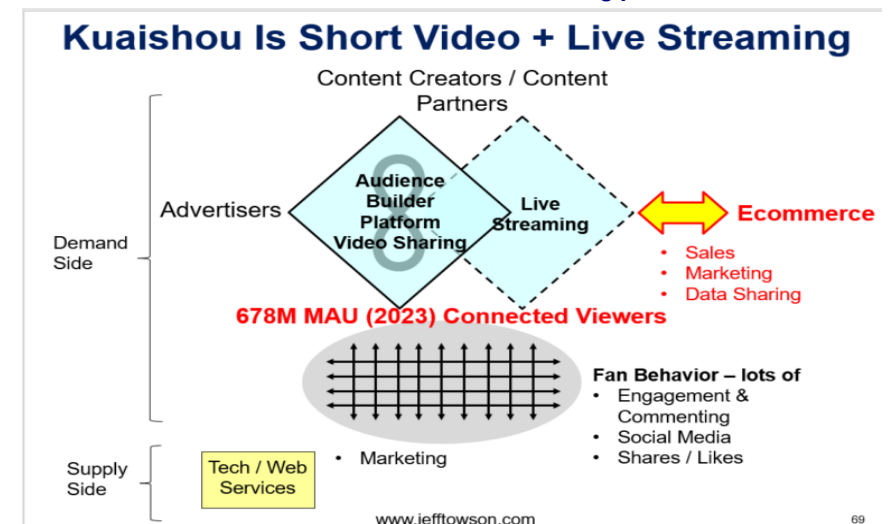
Kling AI has already generated over 10m videos from its million-plus users, demonstrating meaningful early adoption that supports the company's confidence in continued investment despite short-term margin impact.

**Pillar#2: Operational efficiency gains:** E-commerce integration drives Kuaishou's AI development roadmap

Cost optimizations in core businesses (e.g., reducing ad spend waste via AI) are already boosting margins, offsetting R&D expenses. Kuaishou's AI investments should be viewed in the context of its successful e-commerce strategy, where the platform has achieved conversion rates reportedly 5-10 times higher than TikTok in China. The company's 2Q25 results show e-commerce gross merchandise value increased by 25% y-y to RMB5.2b, accelerating from a 15% y-y growth in 1Q25, reinforcing how content and commerce are increasingly intertwined in its business model.

Kuaishou's unique user demographics—67.47% male with strong presence in lower-tier cities—create a distinct audience for AI-enhanced commerce that differs significantly from competitors' urban-centric approach. This focus on practical monetization aligns with the company's broader pattern of prioritizing concrete revenue opportunities, as demonstrated by Kling AI generating RMB150m (USD20.8m) in revenue during its early stages.

**Exhibit 17: Kuaishou's short video + Live streaming platform**



Sources: Jefftowson.com

**Pillar#3: First-mover advantage in social commerce: The evolving economics of AI investment in China's tech landscape**

Kuaishou's 700m monthly active users make it a prime testing ground for AI-driven innovations like virtual try-ons and automated inventory management. Even if margins remain pressured in 2025, the long-term payoff is compelling. By 2026, Kling's revenue could surpass RMB1b, while AI's role in boosting e-commerce GMV could drive double-digit growth across all segments.

Kuaishou's approach to AI reflects a more pragmatic stance compared to earlier Chinese tech investment cycles, with clear expectations about narrowing losses and concrete revenue targets. The company's CFO explicitly highlighted how fixed costs like training and labor will be spread out as the AI platform scales, showing how Chinese tech firms are becoming more sophisticated in managing AI economics.

This controlled investment, impacting overall profit margins by just 1-2%, stands in contrast to the massive funding rounds that characterized earlier Chinese tech growth, such as Kuaishou's own USD1b Tencent-led round in 2018. Despite market's concerns about profit drag through 2025, Kuaishou's measured approach to AI investment suggests the company has learned from previous cycles where Chinese tech firms prioritized growth over profitability.



## TikTok (Douyin) vs Kuaishou

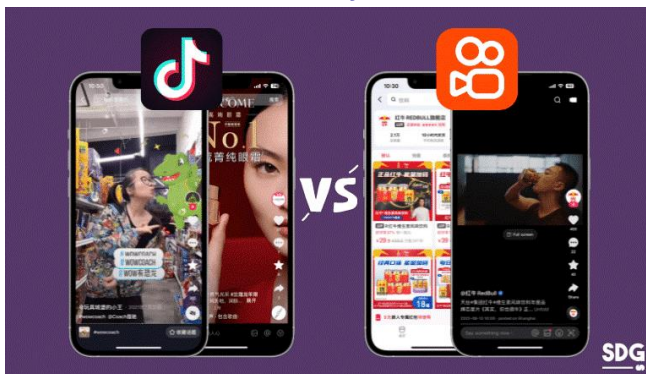
To better understand the strengths and weakness of Kuaishou vs Douyin, we elaborated the similarities, discrepancies, and how to deploy each platform for the users as follows.

### What Is TikTok (Douyin) & Kuaishou used for in China?

TikTok, aka Douyin, is backed by the tech giant ByteDance. With more than 752m monthly active users, it has the potential to become the leader in the Chinese social e-commerce market. The prevalence of Douyin in the Chinese digital ecosystem cannot be underestimated, especially given that the average local user spends 100 minutes daily on the platform.

Meanwhile, Kuaishou remains China's second hottest short-video app, with over 700m monthly active users in 2Q25. The platform is also widely known for having the world's most extensive short video library, with over 20b videos. Besides the growing user base of this social media platform, it is quickly becoming the main rival of TikTok's Chinese version because of its increasing livestream business revenue in Mainland China. Its 18.8% annual income growth attracted the attention of many Chinese companies and overseas brands, making it an alternative app for those who find Douyin (TikTok) saturated.

Exhibit 18: Snapshots of Douyin vs Kuaishou



Sources: SekkeiDigitalgroup

Exhibit 19: Douyin vs Kuaishou



Sources: SekkeiDigitalgroup

### What is the difference between Kuaishou and TikTok (Douyin)?

Initially, Chinese people downloaded the TikTok (Douyin) app because of its music-like features that users can integrate into short videos. These functions are why Chinese and international versions of the Douyin app gained popularity. The trendy content scattered all over the app, such as dancing, singing, and lip-syncing challenges, became particularly attractive to young audiences like Gen Z and Millennials.

Meanwhile, Kuaishou encourages users to share stories about their daily lives. **While the two platforms offer almost the same app features, they have different user interfaces and content distribution.**

It is also important to note that Douyin and TikTok are two apps with separate channels. While international users can download the app from the Apple store or an Android marketplace, the Chinese TikTok version (Douyin) is inaccessible outside China.

Like Douyin and TikTok, companies and users from other countries can create an account and access Kuaishou's video content through its international app, Snack Video or Kwai. Its availability in a regular app store provides it with a broad range of audiences. However, like the Chinese TikTok, 87% of Kuaishou's app reach still comes from the China market.

With the rapid rise of the She Economy in China, people who download Douyin and Kuaishou are primarily women who interact with and entertain themselves with short videos.

However, according to recent statistics, 51.7% of the Douyin account user base are males. Similarly, 67.47% of people watching short videos on Kuaishou are men. The typical Douyin account holder is younger, while Kuaishou mainly deals with the Chinese market from rural areas. Ultimately, the user preference for which social media app to use comes down to user location.

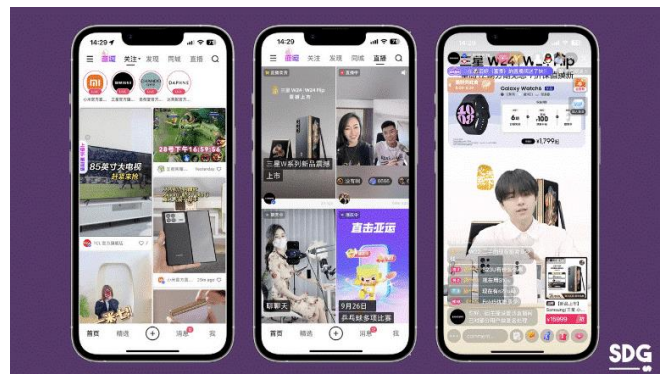
People in 1st and 2nd-tier Chinese cities (such as Beijing, Shanghai, and Shenzhen) find TikTok more accessible and relatable. In contrast, users in lower-tier cities (such as Urumqi and Zhuhai) prefer Kuaishou for its real-time video content.

**Exhibit 20: Sticker challenges on Douyin for Burberry and Sprite**



Sources: Douyin

**Exhibit 21: Example of Kuaishou Live-streaming Section**



Sources: Kuaishou

### Douyin focuses more on quality content?

More users in tier 1 and tier 2 cities prefer downloading Douyin because of its high-quality, helpful content. It also offers easy access to the most viral content challenges to entertain the younger user base, encouraging them to participate and upload their personalized content. TikTok also strongly focuses on premium content distribution techniques that your company can utilize through strategic KOL marketing plans.

But local influencers are likelier to get the most traffic from any user age group. Advertisers who intend to implement targeted ads in the app can collaborate with KOLs by asking them to participate in hashtag challenges and other promotional campaigns. As previously stated, Kuaishou has more followers living in rural areas. Although it is still behind the Chinese version of TikTok, this app forms a more substantial and targeted social circle.

This domestic app understands its audience demographic well, so it distributes content to users from about 50% of the accounts they already follow. The focus on social engagement is why Chinese users and smaller-niche KOLs keep uploading content on Kuaishou. This user account base in the platform is more likely to go viral through the community-centric content style, allowing Kuaishou to generate a higher user engagement rate than TikTok or Douyin.



### Kuaishou has more live-streaming features than Douyin

Realizing its increased competition in the short-video market, Kuaishou expanded its services and gave its user base more access to live-streaming features. Upon tapping this niche, 50% of their local content section includes real-time content. Their live-streaming section has niche-specific features, such as local Karaoke singing with personalized chatrooms, talk shows, or real-time online gaming competitions.

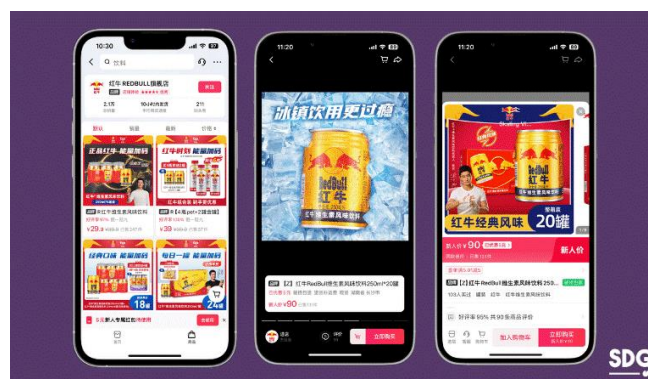
Due to the platform's social-driven nature, this type of customized engagement can occur. When you download Douyin, you'll notice that it only has about half of the live-streaming content available compared to Kuaishou. The mainstream app's lack of feature variety makes users less likely to watch live streaming on the TikTok platform.

**Exhibit 22: Clarins' flagship store on Douyin**



Sources: Douyin

**Exhibit 23: Redbull's store on Kuaishou**



Sources: Kuaishou

### How does e-commerce on TikTok & Kuaishou work?

It is not a secret that TikTok (Douyin) has been steadily increasing its reach into e-commerce by allowing users to create their own virtual stores. It will enable brands to promote their products via KOLs for a commission fee.

Despite this push, **it is hard to ignore that companies advertising in Kuaishou still have a higher e-commerce conversion rate than those from TikTok** as Kuaishou has a more tight-knit community and substantial user relationships.

### The e-commerce conversion on Kuaishou is 5 to 10 times higher than TikTok

However, it is worth noting that not all types of products sell well in Kuaishou. Some of the top categories that will work well in the platform are low-cost clothing and cosmetics. While the latter may have a weaker e-commerce conversion rate, Douyin advertising can offer a more extensive audience reach and continually increase growth. Because of Douyin's stable popularity, international brands around the world are keener on advertising within the app instead of choosing Kuaishou as an alternative e-commerce channel.

### How to do Marketing on TikTok and Kuaishou?

TikTok (Douyin) and Kuaishou can be promising avenues for marketing the products. Each uses artificial intelligence to fuel the platform's algorithm and keep users watching. TikTok videos are usually high-quality and require more planning to make the right impression and connect with users genuinely. Regardless of which apps are used for marketing products and services, videos featuring the top influencers or popular dances will get the most views.

To give its user base fresh and new content, Kuaishou's algorithm pushes popular videos away from users once the video has a certain number of views.



This approach makes it much easier for users who are less popular or may be new to the platform to get a chance to rise in the rankings.

**Hence, If a new company wants to enter China, marketing in Kuaishou can give more opportunities to get viral than TikTok.**

**Exhibit 24: How marketing on Kuaishou work**



Sources: SekkeiDigitalgroup

**Exhibit 25: Douyin vs Kuaishou**



Sources: SekkeiDigitalgroup

### **How Does the Chinese Government Regulate Douyin & Kuaishou in Mainland China?**

The social media industry undoubtedly affects the continuous growth of China's digital ecosystem. So, companies wanting to utilize Douyin and Kuaishou to promote their brand must abide by specific regulations protecting the Chinese government's and its citizens' legal rights.

**Content censorship:** The Chinese government strongly influences and controls the content circulating in the country's virtual market. Brands posting in Douyin (TikTok) and Kuaishou must comply with each platform's content moderation systems and advertising guidelines to ensure compliance with Chinese laws and regulations.

**User data and privacy:** Douyin and Kuaishou must provide stored user data and media when requested by the country's authorities.

**Real-name registration:** Users and brands must record their real names and company information when signing up for an account. The government requires this to ensure individuals are accountable for their online activities.

**Self-censorship:** Douyin and Kuaishou employ content moderators who review and filter content before publishing it on the platform. This practice ensures compliance with government regulations.

### **TikTok vs. Kuaishou: Which one to choose in the China Market?**

The social media platform you choose when entering the Chinese market depends on your specific business needs.

**Douyin is good if your focus is advertising to a large number of users.** It could be an excellent avenue to connect with consumers in first—and second-tier cities where users are more willing to spend money on higher-cost products.

**Kuaishou has more robust user engagement and a more substantial e-commerce conversion rate.** Thus, it would be better for brands that want to serve a niche market with relatively low-cost products.

## Initiated with a BUY and a THB5.44 TP

We initiated coverage on KUAISH80 with a BUY and a TP of THB5.44, based on 21.9x 2026E P/E on Kuaishou (1024.HK)'s TP of HKD120, higher than market's consensus at HKD97. We think our TP of THB5.44 for KUAISH80 is fair, justified by Kuaishou's PEG at 1x (21.6% net profit growth in 2026E vs 21.9x P/E at TP price of HKD120).

### Exhibit 26: KUAISH80 target price

KUAISH80 to 1024.HK	Target price	Unit
1024.HK	120	HKD
<b>KUAISH80</b>	<b>5.44</b>	<b>THB/DR</b>
Market price	3.94	THB/DR
Upside	38.1	%
Conversion	100	100DR to 1 Alibaba share
Currency	4.16	THB/HKD as of 1 Oct-25
Currency	1.09	HKD/RMB as of 1 Oct-25
P/E	21.9	x
FY2026 EPS forecast	5.5	HKD

Sources: Bloomberg; Globlex Research

### Exhibit 27: Key financial metrics

RMB b	2022	2023	2024	2025E	2026E	2027E
Domestic (RMB b)	93.6	111.0	122.0			
Overseas (RMB b)	0.6	2.3	4.7			
<b>Key financial highlights</b>						
EBITDA margin (%)	1.9	15.4	19.5	20.3	22.1	24.2
EBIT margin (%)	(13.3)	5.7	12.1	13.7	15.6	17.2
<b>Net margin (%)</b>	<b>(14.5)</b>	<b>5.6</b>	<b>12.1</b>	<b>12.4</b>	<b>13.8</b>	<b>15.2</b>
FCF margin (%)	(2.6)	14.0	17.1	15.6	22.1	23.6
ROA (%)	(15.1)	6.5	12.5	12.0	12.8	12.8
ROE (%)	(32.2)	14.4	27.6	25.6	24.2	22.6
<b>EPS (RMB/share)</b>	<b>(3.2)</b>	<b>1.4</b>	<b>3.5</b>	<b>4.1</b>	<b>5.0</b>	<b>6.1</b>
<b>Net profit (RMB b)</b>	<b>(13.7)</b>	<b>6.4</b>	<b>15.3</b>	<b>17.7</b>	<b>21.6</b>	<b>25.7</b>
No of stocks (m shares)	4.30	4.34	4.28	4.32	4.32	4.32
Capex (RMB b)	4.62	4.90	8.06	9.35	9.64	10.69
Net profit growth (%)		(146.7)	139.8	15.4	21.8	19.1

Sources: Bloomberg; Globlex Research

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### Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

- BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral:** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight:** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.