

What’s Hot Today:

► Kuaishou (1024 HK, HK\$71.75, HK\$309bn)

2Q15 results beat expectations

**Strong beat on consensus:** In Q2 2025, revenue reached RMB35bn up 13.1% YoY, slightly higher than the consensus expectation of 11.2%. OPM and NPM reached new high of 15.1% and 16%, respectively, due to higher efficiency. Adjusted net profit stood at RMB5.62bn, 20% higher YoY and better than market expectations of 14.7%. The adj NPM was 16.0%, beating the market expectation by 1.3 bps.

**Rapidly expanding AI Business:** Kling AI provides one-stop and efficient creative models for professional individual video creators and corporate users. It covers multiple scenarios such as advertising & marketing and film/short dramas. During the quarter, In Q2 2025, Kling AI 2.1 was launched and released the Kling Lab feature, driving rapid commercial growth. Its quarterly revenue exceeded RMB250mn, with a 67% QoQ gain. Additionally, OneRec boosts short video users’ time spent and retention.

**Drivers of core businesses:** **1) E-commerce** GMV rose by 17.6% YoY to RMB 359bn. The growth was mainly driven by the 134mn average monthly buyers, higher repurchase frequency of active users, and sharp GMV growth in general shelf and short-video e-commerce. **2) online marketing service** revenue hit RMB19.8bn, 12.8% higher YoY with the overall advertising trend recovering. Through expanding clientele in the consumer, local lifestyle and automotive sectors, and using AI models to optimize marketing solutions, the business saw notable growth in marketing revenue. **3) Live-streaming business** achieved a revenue growth of 8.0% YoY to RMB10bn. The number of talent agencies and talent agency-managed streamers rose by over 20% and 30% YoY respectively. The business enhanced the efficiency of group and multi-host live streaming, integrating short videos with live streaming, and empowered traditional industries through the "live streaming +" model, further enriching the content ecosystem.

China & HK Indices	CLOSE	1D	YTD
HSI	25,104	-0.2%	25.1%
HSCBI	8,974	-0.4%	23.1%
HSCCI	4,359	0.3%	15.3%
CSI300	4,288	0.4%	9.0%
Shanghai A	3,953	0.1%	-0.5%
Shanghai B	266	-1.3%	-0.5%
Shenzhen A	2,466	-0.2%	20.5%
Shenzhen B	1,330	-1.0%	9.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,785	-0.3%	5.3%
S&P 500	6,370	-0.4%	8.3%
Nasdaq	21,100	-0.3%	9.3%
Nikkei Index	42,497	-0.3%	6.5%
FTSE Index	9,309	0.2%	13.9%
CAC Index	7,938	-0.4%	7.6%
DAX Index	24,293	0.1%	22.0%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,338	-0.3%	27.2%
STEEL (US\$/oz.)	2,065	-0.9%	15.6%
SILVER (US\$/oz.)	38	0.6%	31.9%
CRUDE OIL (US\$/bbl)	63	0.5%	-11.4%
COPPER (US\$/oz.)	9,724	0.3%	10.9%
ALUMINIUM (US\$/oz.)	2,585	0.8%	1.3%
PLATINUM (US\$/oz)	1,357	1.3%	48.7%
ZINC (US\$/oz.)	2,765	-0.1%	-7.2%
WHEAT (US\$/bu)	507	0.3%	-7.8%
CORN (US\$/bu)	411	1.9%	-7.0%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,056	1.9%	2.9%
PVC (US\$/t.)	N/A	N/A	-10.1%
CRB	298	1.5%	3.0%
BDI			93.3%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.814	0.862	148.370	0.809	7.181
HKD	0.128		0.110	18.989	10.351	0.919
EUR	1.161	9.069		172.200	1.065	8.336
JPY	0.007	5.266	0.581		0.545	0.048
CHF	1.237	9.662	1.065	183.448		8.879
RMB	0.139	1.088	0.120	20.658	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	16	11.9%

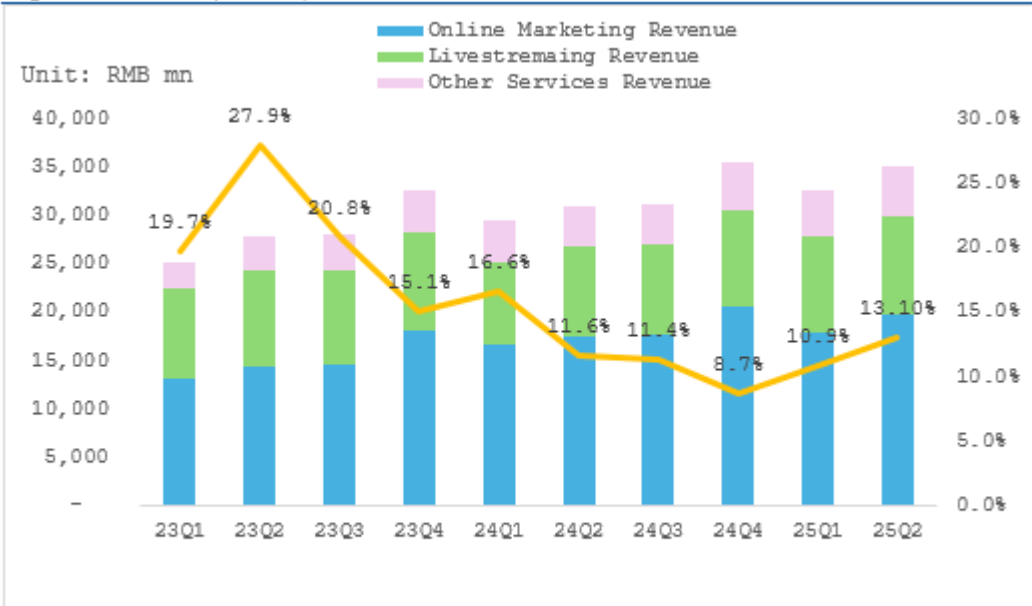
Source: Bloomberg

**Solid User Base Performance:** Key user data stayed strong with the Daily Active Users (DAU) hitting 409mn (+3.5% YoY), and Monthly Active Users (MAU) reached 713mn (+3.0% YoY). The DAU/MAU ratio remained high at 57.4%, while DAU's average daily usage time rose 3.9% YoY to 126.8 minutes. Overall, user scale grew steadily, user stickiness stayed high, and the user base remained solid.

**Management Guidance:** The Mgt expects AI-related revenue to double to RMB1.5bn from the initial target of RMB750mn. The company will continue to increase investment in AI, and the impact of overall AI investment on the full-year profit margin is expected to remain between 1% and 2%. AI will be applied in more professional fields such as gaming and professional film/television production; meanwhile, it will be leveraged in online marketing and e-commerce platforms to enhance algorithm recommendation capabilities, improve the matching efficiency between products and consumers, and thereby further boost consumers repurchase rate and take rate.

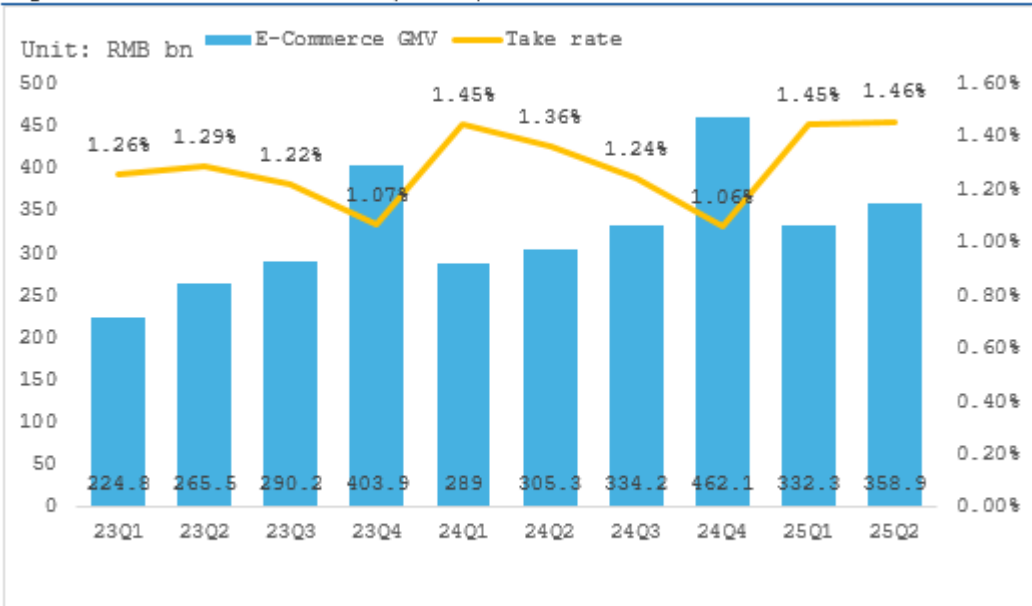
**Our views:** Kuaishou has shown strong momentum with both revenue and profit achieving double-digit growth and higher operational efficiency. In terms of competition, the current short video and live-streaming e-commerce industries are highly competitive, and Kuaishou is competing directly with Douyin and WeChat Channels. However, the company has demonstrated its resilience with core operational indicators remaining relatively stable. Key user metrics such as DAU have been seeing a steady upward trend. Supported by the recovery of the advertising industry, its core business is expected to maintain growth in the near term. Kuaishou's AI business has shown rapid growth, but the scale is yet small at the moment. In terms of shareholder returns, the Mgt declared a special dividend of 46 HK cents per share for the quarter. Meanwhile, a total of HK\$7.5bn will be used for share repurchases and dividends in 2025. The counter is trading at 17x FY25 P/E. (Research Department)

Fig 1: Total Revenue (RMB mn)



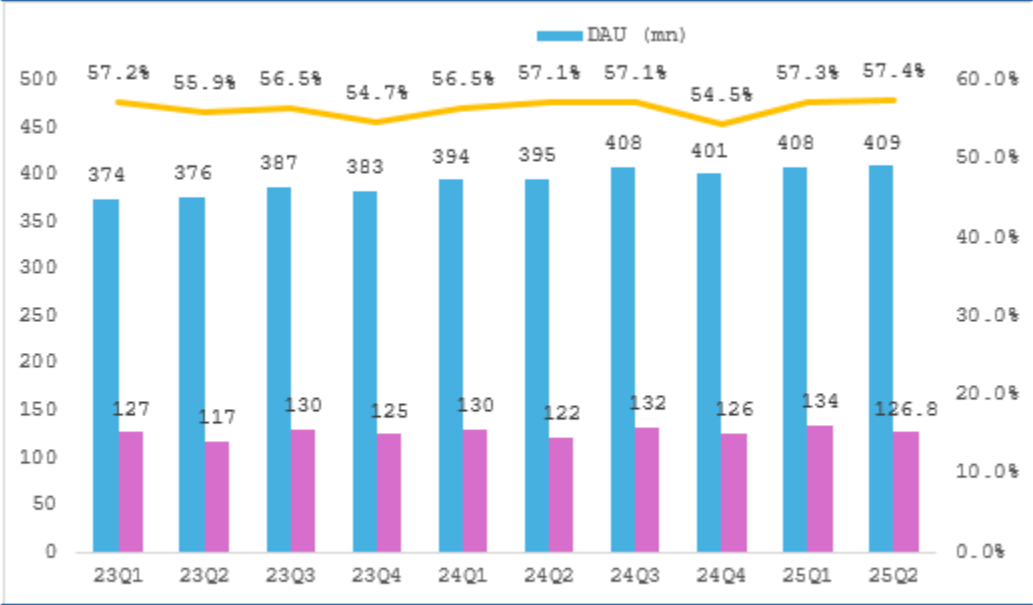
Source: Company Data, Sunwah Kingsway Research

Fig 2 : E-commerce GMV and Take rate (RMB bn)



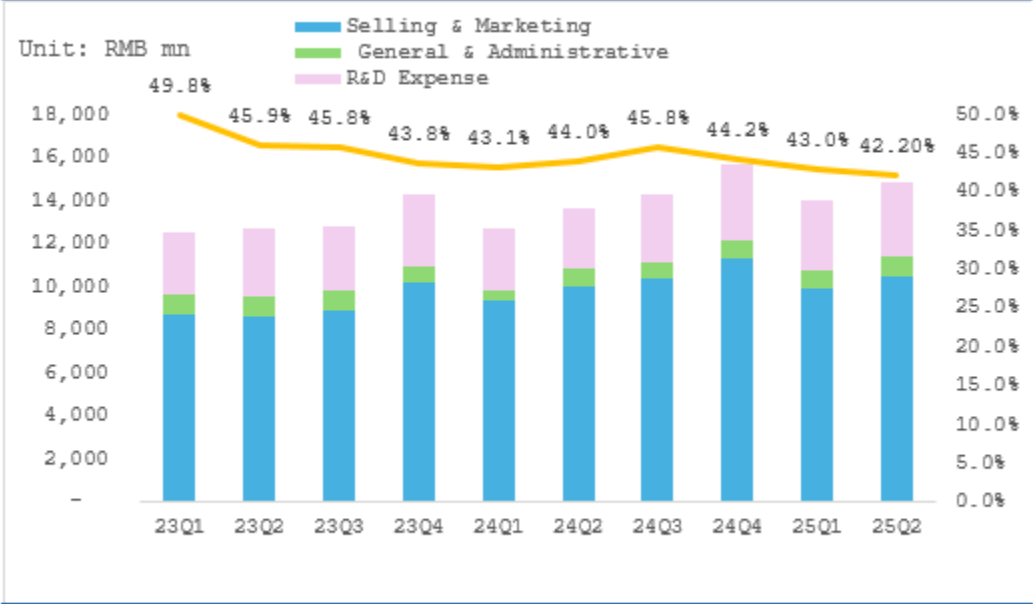
Source: Company Data, Sunwah Kingsway Research

Fig 3 : DAU and spent average mins



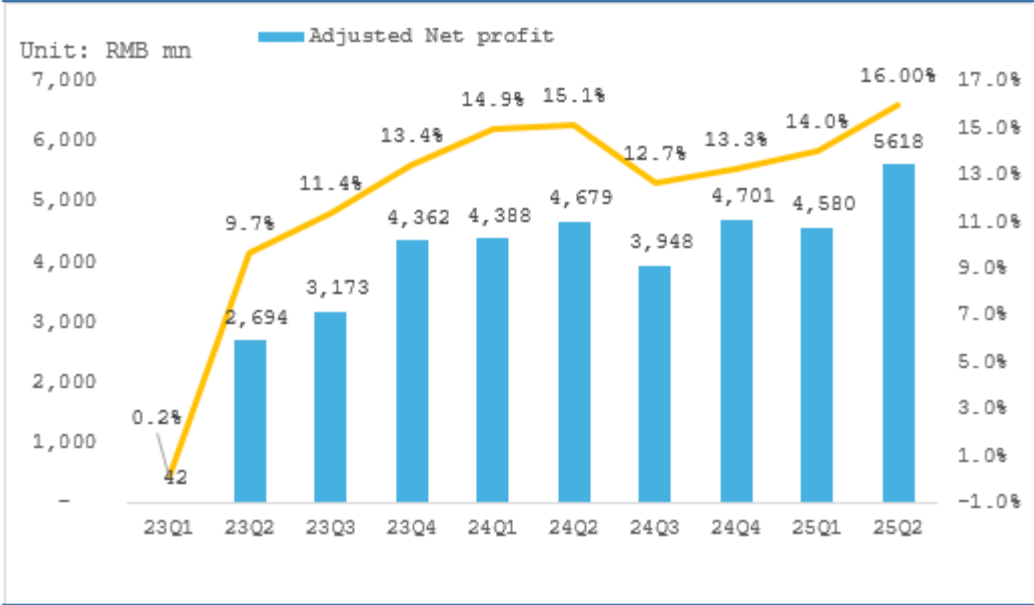
Source: Company Data, Sunwah Kingsway Research

Fig 4 : Breakdown of operating cost (RMB mn)



Source: Company Data, Sunwah Kingsway Research

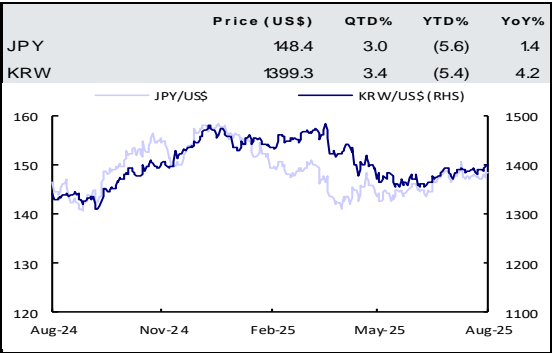
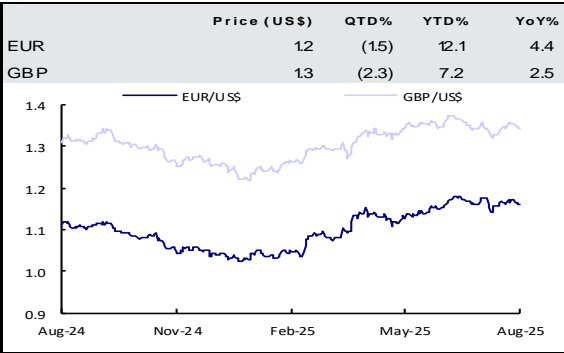
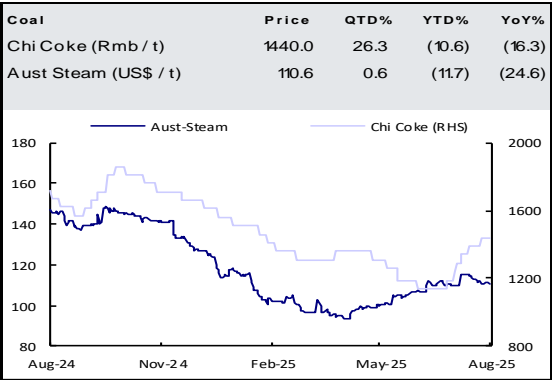
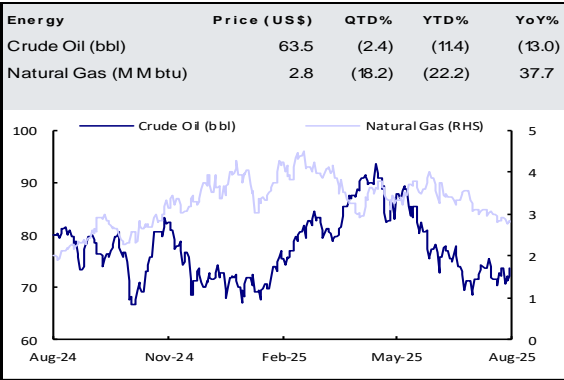
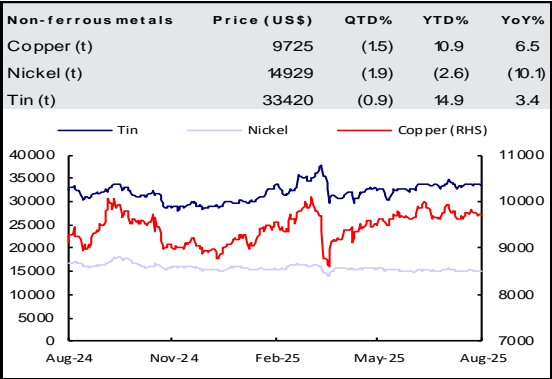
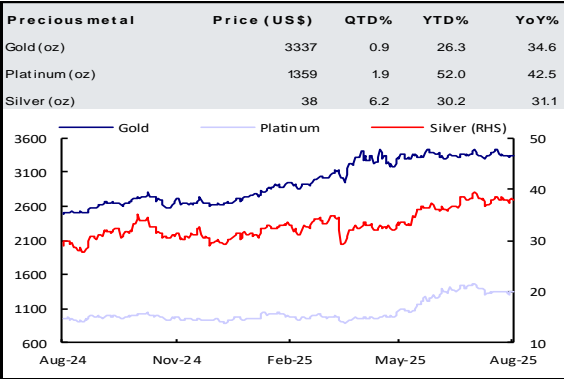
Fig 5 : Net profit (RMB mn)



Source: Company Data, Sunwah Kingsway Research

Unit: RMB m	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2
Total Revenue	23,212	21,744	21,948	22,581	20,488	20,975	21,131	23,384	22,888	25448
Growth (YoY)	19.7%	27.8%	20.8%	15.1%	18.8%	11.8%	11.4%	8.7%	10.9%	13.1%
Gross Profit	11,712	12,934	14,453	12,232	16,139	17,125	16,914	19,123	17,292	19394
Growth (YoY)	33.4%	42.8%	35.8%	34.3%	32.8%	23.8%	12.8%	10.8%	10.4%	13.8%
OPM	48.4%	58.2%	57.3%	53.7%	54.8%	55.3%	54.3%	54.8%	54.8%	55.7%
Selling & Marketing	8,723	8,638	8,939	10,198	9,384	10,040	10,384	11,317	9,897	10,503
% Total Revenue	34.8%	37.1%	37.8%	39.3%	39.3%	37.8%	39.3%	37.8%	36.4%	39.8%
General & Administrative	919	945	898	732	482	702	798	888	828	807
% Total Revenue	3.8%	3.4%	3.3%	2.3%	1.8%	2.8%	2.8%	2.4%	2.3%	2.8%
R&D Expense	2,938	3,155	2,987	3,298	2,843	2,885	3,188	3,451	3,288	3,488
% Total Revenue	11.8%	11.4%	10.8%	10.1%	9.7%	9.7%	10.8%	9.8%	10.1%	9.7%
Operating cost ratio	49.8%	45.9%	45.8%	47.8%	43.1%	44.8%	45.8%	44.2%	43.8%	42.3%
Operating Profit	(898)	1,348	2,211	2,315	3,994	3,548	3,119	2,989	4,259	5,289
OPM	-2.8%	4.8%	7.8%	10.2%	13.8%	11.3%	10.8%	8.4%	13.1%	15.1%
Growth (YoY)					-672.2%	160.2%	40.1%	-10.7%	8.8%	51.1%
Adjusted Net profit	42	2,494	2,173	4,362	4,388	4,629	3,948	4,291	4,589	5,818
Growth (YoY)					10348%	7.8%	24%	8%	4%	20%
OPM	0.2%	9.7%	11.4%	13.4%	16.2%	15.1%	12.7%	13.3%	14.8%	16.0%
Online Marketing Revenue	13,084	14,347	14,898	18,203	18,850	17,515	17,894	20,830	17,977	19,785
Growth (YoY)	15.1%	20.4%	28.8%	20.8%	22.4%	22.1%	20.8%	13.3%	8.8%	12.8%
% Total Revenue	51.8%	51.7%	52.8%	55.3%	58.8%	58.3%	58.8%	58.3%	55.1%	56.4%
Livestreaming Revenue	9,319	9,988	9,719	10,048	8,575	9,382	9,338	9,848	9,814	10,044
Growth (YoY)	18.8%	18.4%	5.8%	0.1%	-8.8%	-8.7%	-3.3%	-2.8%	1.4%	7.88%
% Total Revenue	37.8%	38.9%	39.8%	38.9%	39.2%	38.8%	38.8%	37.8%	38.1%	38.7%
Other Services Revenue	2,834	3,429	3,539	4,310	4,183	4,158	4,159	4,918	4,817	5,237
Growth (YoY)	51.3%	87.3%	28.3%	28.2%	42.8%	21.3%	12.3%	14.1%	15.2%	23.8%
% Total Revenue	11.3%	12.4%	12.7%	13.2%	14.3%	13.4%	13.4%	13.8%	14.8%	14.9%
King AI									150	250
MAU	834	873	885	908	897	892	914	938	912	913
					8.8%	2.8%	4.2%	5.1%	2.2%	3.0%
DAU	374	378	387	383	394	395	408	401	408	409
					5.2%	5.1%	5.4%	4.7%	3.8%	3.5%
DAU/MAU	37.2%	37.8%	38.3%	34.7%	38.3%	37.1%	37.1%	34.3%	37.3%	37.4%
Average daily time spent per DAU	127	117	130	125	130	122	132	128	134	128.8
E-Commerce GMV (RMB in billions)	224.8	285.5	280.2	403.9	289	305.3	334.2	482.1	332.3	338.9
Growth (YoY)	28.4%	28.1%	20.4%	29.3%	28.8%	15.8%	15.1%	14.4%	15.8%	17.8%
Take rate	1.28%	1.28%	1.23%	1.67%	1.43%	1.34%	1.24%	1.68%	1.45%	1.48%
Cash and cash equivalents	23,914	28,194	32,392	38,963	39,830	43,482	39,830	39,980	40,031	50,538
Debt to Equity Ratio	29.28%	27.28%	24.94%	23.91%	21.19%	28.30%	25.11%	24.72%	23.41%	20.83%
ROE	-12.18	-0.71	11	13.38	23.88	28.42	27.43	23.21	23.53	

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Housing Starts / Building Permits	MoM		17-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
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
CPI	MoM		22-Sep-25
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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