

THE OIC GROUP

HKG GROUP 3

Monthly Report

February 2026



OIC Research Group | Analyst Group Report

Director: Scott Chan Analysts: Marcus Chan, Cheri Cheng, Yvonne Do, Kurt Hui

Feb 2026

Kuaishou Technology to Issue \$900 Million in Senior Notes at 4.750% Interest, Maturing in 2036

Issuance Summary

Announcement Date	January 15, 2026
Issuance Size	4.750%, US\$900M
Credit Rating	"A-" by S&P, "A3" by Moody's, and "A-" by Fitch
Capital Rank	Senior Unsecured

Issuance Regulations

The bond offering is under the combined [Rule 144A/Regulation S](#). In a Rule 144A debt offering, the initial purchasers of securities from an issuer may resell the securities without the resale constituting a "distribution" subject to the registration requirements of the Securities Act of 1933. The notes will be listed on the Hong Kong Stock Exchange.

Bond Info/Structure

Data as of 15/01/2026	
4.750% 01/22/2036 Corp	
Yield-to-Maturity	4.86%
OID	84.7 bps
Z-Spread	122.00 bps
Modified Duration	7.85
Convexity	0.72

Bond Comparable Analysis

Data as of 10/02/2026	
Peer Group	Tencent 2035 / Alibaba 2036 (Avg Rating: A+/A1)
Yield	4.86% [Kuaishou] / 4.65% (Avg.)
Z-Spread	115 bps [Kuaishou] / 95 bps (Avg.)

Issuance Purposes

In a regulatory filing, Kuaishou stated its plan to use the proceeds for [general corporate purposes](#), including refinancing existing debt, funding growth initiatives in AI and overseas expansion, and optimizing capital structure. While onshore Chinese government bond yields are significantly lower, issuing USD bonds offshore at 4.75% provides Kuaishou with [access to international capital for dollar-denominated needs](#) where onshore RMB financing faces capital controls and conversion challenges like global R&D, share buybacks and overseas operations, [diversifying funding sources beyond domestic options](#).

Issuer

Kuaishou Technology (HKG: 01024)



[Kuaishou Technology](#) is a Chinese [short-video social platform](#), offering live streaming, online marketing, e-commerce, and AI-generated content services. The firm is a key competitor to Douyin (TikTok in China). Founded in 2011, it provides [content community features with a focus on user engagement](#) through AI-driven recommendations.

Founded Year	2015
HQ	Beijing, China
Sector	Media & Entertainment
Market Cap	RMB\$302.925B
FY24 Revenue	RMB\$126,898 millions
FY24 adj EBITDA	RMB\$24,770 millions

Company Financials

Data as of nine months ended Sept 2025 in RMB millions	
Total Debt	13,088
Net Debt	169
Enterprise Value	343,100
EV to adj EBITDA	15.7x
Long-Term Borrowing	11,098
Short-Term Borrowing	1,990
EBITDA	21,802
Net Income	13,390
Cash from Operations	19,450
Total Debt to adj EBITDA	0.60x
Net Debt to adj EBITDA	0.01x
Total Assets	163,731
Total Capital	87,724
Debt to Assets	12.3%
Total Debt to Total Capital	14.9%
Total Debt to Common Equity	17.5%

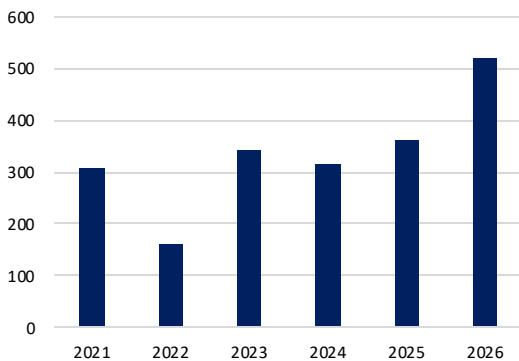
OIC Research Group | Analyst Group Report

Director: Scott Chan Analysts: Marcus Chan, Cheri Cheng, Yvonne Do, Kurt Hui

Feb 2026

Macro Overview: Dim sum bond for reduced financing costs

CGB issuance amount in January 1 -15



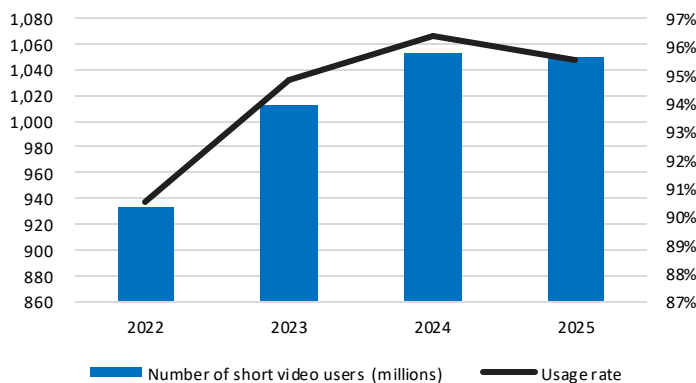
ICE BofA US Corporate Index Effective Yield



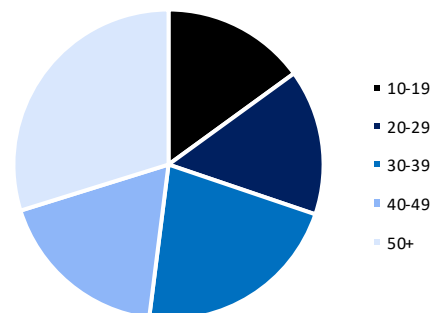
- **Government issuance weighs on corporate bonds:** China kicked off the year with record government bond supply which has **pushed yields higher and dampened overall demand**. With yields climbing and investors favoring equities over bonds, heavy sovereign and local issuance is crowding out appetite, creating upward pressure on yields and a **tougher financing climate for corporate bond issuance**.
- **USD corporate funding costs is still at highs despite rate cuts:** Although US investment-grade corporate yields have eased following the Fed's shift toward **gradual rate cuts**, effective yields remain structurally higher than pre-pandemic levels, keeping dollar-denominated financing relatively expensive for issuers.

Industry Overview: AI expansion in a mature market

Short video-users growth and usage rate



Demographic of short video users in 2025 (age)



- **Growth peaked already and user shifted:** China's short video user base has reached saturation after rapid growth, with **user numbers peaking in 2023 and declining slightly** in 1H24. User growth has slowed sharply, reflecting a **mature market**. New users are increasingly from teenagers and older age groups, while the **core 20-49 segment is flat or shrinking**.
- **E-commerce drives platform growth:** Short video platforms are boosting user activity through **traffic incentives and marketing**, accelerating short video e-commerce expansion. In 1H24, Kuaishou's e-commerce **GMV reached RMB 593bn**, up 21% YoY. Over the past six months, **71% of users made purchases** influenced by short videos or livestreams.
- **AI as a key growth and monetisation driver:** AI video tools were a major contributor to short video market growth. Platforms are accelerating **AI-led monetisation**, with Kuaishou launching a paid subscription for its AI video generator Kling, while ByteDance rolled out Jimeng, a Sora-style text-to-video app.

OIC Research Group | Analyst Group Report

Director: Scott Chan Analysts: Marcus Chan, Cheri Cheng, Yvonne Do, Kurt Hui

Feb 2026

Bond Comparable Analysis

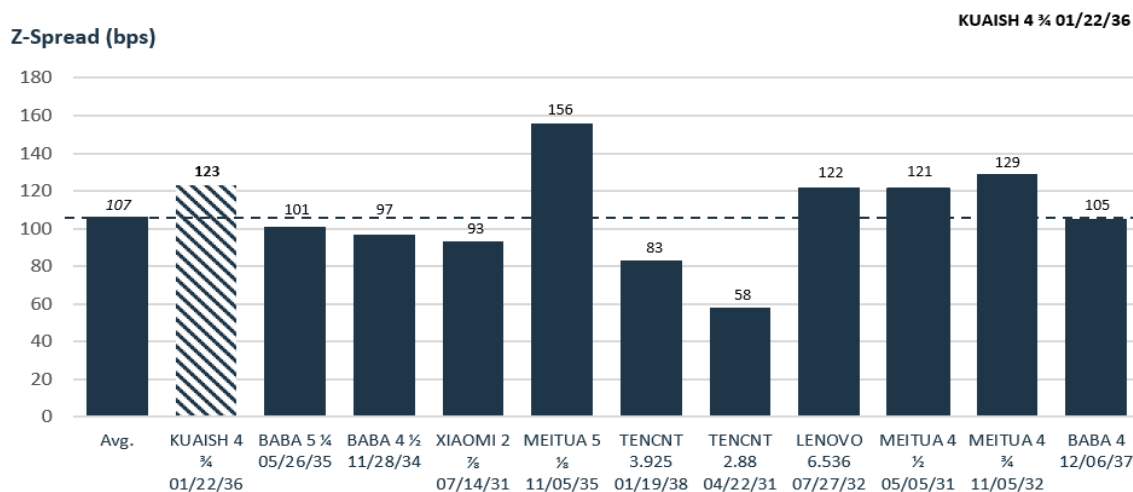
- **Z-spread:** Also known as **Zero-volatility Spread**, is defined as the constant spread that, when added onto the yield curve of **risk-free sovereign debt** (i.e. US Treasuries), makes the **Present Value** of a bond's cash flows **equal to its current market price**.
- **How is it useful?** The Zero-volatility Spread provides a holistic perspective, taking into consideration the shape of the yield curve, **applying a spread across all maturities on top of the yield curve** rather than a singular maturity, providing a measure of credit risk that adjusts for the term structure.

KUAISH 4 ¾ 22/01/36 benchmarked against industry group credits with IG ratings (AAA/Aaa to BBB-/Baa)

Security	Price	Yield (%)	Z-Spread (bps)	Diff (bps)	Low (bps)	High (bps)	Avg. (bps)
Avg. of Comparables		4.59	107	16.5	7.7	18.1	12.6
KUAISH 4 ¾ 01/22/36	99.07	4.87	123	-	-	-	-
BABA 5 ¼ 05/26/35	104.76	4.6	101	22	18	22	19
BABA 4 ¼ 11/28/34	99.61	4.55	97	26	17	26	21
XIAOMI 2 ¾ 07/14/31	93.2	4.3	93	-30	17	30	22
MEITUA 5 ¼ 11/05/35	99.54	5.18	156	-33	-33	-29	-31
TENCNT 3.925 01/19/38	93.96	4.59	83	40	32	41	35
TENCNT 2.88 04/22/31	95.09	3.94	58	65	52	65	58
LENOVO 6.536 07/27/32	110.16	4.63	122	1	-14	5	-4
MEITUA 4 ½ 05/05/31	99.69	4.57	121	2	-8	2	-3
MEITUA 4 ¾ 11/05/32	100.05	4.74	129	-6	-17	-1	-7
BABA 4 12/06/37	92.82	4.8	105	18	13	20	16

Initial Observations:

- **Yield and Spread measures for Kuaishou's issuance wide vs peers:** Kuaishou's yield is 28 bps wider than the peer group average of 4.59%, indicating it screens "cheaper"/higher credit risk premium versus comparables.



- **Where it sits on the peer curve:** Versus large-cap internet comparables shown (e.g., Alibaba, Meituan), Kuaishou is not at the **tight end of the range**, positioning it as a mid-to-wider spread China internet credit. This suggests the market prices it with **less FCF resilience** than the very strongest peers.
- **Business / revenue concentration implication:** The bond's clear concession vs the peer mean is consistent with Kuaishou being priced as a **more cyclical credit** given its more **concentrated revenue mix** (heavily tied to online advertising and live-streaming/e-commerce monetization). With fewer diversified, recurring revenue lines than some larger peers, earnings and cash generation are more exposed to ad-budget swings, consumer demand, and platform monetization efficiency, warranting a **higher spread premium**.
- **Trading read-through:** The dispersion around comps appears relatively contained, and Kuaishou's premium is incremental, consistent with a bond that is clearing with a **steady concession** rather than gapping on stress.

OIC Research Group | Analyst Group Report

Director: Scott Chan Analysts: Marcus Chan, Cheri Cheng, Yvonne Do, Kurt Hui

Feb 2026

Catalysts

Catalysts

AI-Driven Monetization and Product Innovation:

- Kuaishou is strengthening its AI ecosystem by developing generative video tools such as *Kling*, which allow creators to generate AI-assisted content more efficiently. The launch of paid subscriptions and AI-powered creator tools can create new revenue streams while improving user engagement on the platform. As AI becomes increasingly integrated into content production and recommendation algorithms, Kuaishou may benefit from higher advertising demand and improved monetization efficiency.

Expansion of Livestream E-commerce Ecosystem:

- Social commerce remains a key growth driver for Kuaishou. In 1H24, the platform's e-commerce GMV reached **RMB 593bn, representing a 21% year-over-year increase**, demonstrating strong momentum in livestream shopping and short-video commerce. With approximately **71% of users making purchases influenced by short videos or livestreams**, continued investment in merchant tools, traffic incentives, and advertising integration could further expand transaction volume and platform revenues.

Potential Downside & Risks

Potential Downside & Risks

Slowing User Growth in a Mature Market:

- China's short-video industry has entered a mature phase, with user growth peaking around **2023** and showing signs of slowing or slight decline in early 2024. As the market approaches saturation, platforms like Kuaishou may find it increasingly difficult to expand their user base significantly. Slower user growth could limit future increases in advertising inventory and overall platform engagement.

Intense Competition and Revenue Cyclicalities:

- Kuaishou operates in a highly competitive digital media environment, facing strong competition from **Douyin (ByteDance)** and other social-commerce platforms. Competitive pressure may require higher marketing spending and traffic incentives to maintain user engagement and merchant activity. Additionally, a large portion of Kuaishou's revenue comes from **online advertising and livestream e-commerce**, which are sensitive to macroeconomic conditions and fluctuations in consumer spending, potentially increasing earnings volatility.

Conclusion

Strong Balance Sheet and Credit Fundamentals:

- Kuaishou maintains a relatively solid financial position with **low leverage levels**, including total debt to adjusted EBITDA of around **0.6x** and near-neutral net debt levels. Combined with strong operating cash flow generation, this supports the company's investment-grade credit ratings and provides flexibility to fund AI development, overseas expansion, and other strategic initiatives.

Moderate Credit Profile with Attractive Yield Premium:

- Compared with large Chinese technology peers such as Tencent and Alibaba, Kuaishou's bond trades at a **slightly wider yield and Z-spread**, reflecting its more concentrated revenue mix and higher exposure to advertising cycles. However, this spread premium may provide relative value for investors seeking exposure to China's internet sector, particularly given the company's stable financial profile and continued monetization opportunities in AI and e-commerce.

OIC Research Group | Analyst Group Report

Disclaimer

This material is provided for informational and educational purposes only by a student organization and does not constitute investment advice or a recommendation.

This document has been prepared by Oriental Investment Banking Club ("OIC") based upon information provided to it and/or publicly available information, and portions of the information herein may be based upon certain statements, estimates and forecasts with respect to anticipated future performance. The information contained herein should be considered as preliminary and indicative and does not purport to contain all the information that the recipient may desire. OIC has relied upon the accuracy and completeness of the foregoing information, and has not assumed any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of any entity, or concerning solvency or fair value of any entity. To the fullest extent permitted by law, OIC disclaims any responsibility for the information herein and for any omissions from such information or for any reliance that the recipient or any third party may seek to place upon such information. No representation, warranty or guarantee, express or implied, is made as to the accuracy, completeness, currency or reliability of the information herein, or any associated written or oral statement.

In particular, with respect to financial forecasts, OIC has assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management as to future financial performance. OIC assumes no responsibility for and express no view as to such forecasts or the assumptions on which they are based. The information set forth herein is based upon economic, monetary, market and other conditions as in effect on, and the information made available to OIC as of, the date hereof, unless indicated otherwise. While any subsequent changes in the circumstances may affect the information herein, OIC assumes no responsibility to update or supplement the information set forth herein. Nothing herein shall constitute a commitment or undertaking on the part of OIC or any related party to provide any service. Nothing herein constitutes an offer to sell or the solicitation of an offer to buy any securities or to participate in any transaction.

These materials do not constitute tax, accounting, actuarial, legal or other specialist advice, and OIC shall have no duties or obligations to any person in respect of these materials or any other advice, except to the extent specifically set forth in a written agreement, if any. OIC does not act for, and does not owe duties to, any clients in connection with these materials. Members of OIC may from time to time hold positions in securities referenced herein. OIC undertakes no obligation to update this material. All trademarks and logos are the property of their respective owners and are used for identification purposes only.
