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Kuaishou (1024.HK)

Assessment of Official Launch of Kling 4.0

CITI'S TAKE

Kling 4.0 was officially launched on 15 Oct with an upgraded creation interface, MCP/CLI integration, and upcoming 4K 10-bit HDR output. Additionally, API services for enterprise clients and developers will be available soon to expand creative scenarios. Per the initial user feedback, we see Kling 4.0's visual effects have reached the same level as Seedance 2.5. While it has shown significant improvement in the continuity and consistency of complex movements, it may still be slightly behind Seedance 2.5. In terms of pricing, Kling's 1080P video roughly costs ~Rmb1.5/s, below Seedance 2.5's Rmb2-3/s after discount. With pricing below Seedance 2.5 and video effects close to Seedance 2.5, we see possibilities for Kling 4.0 to gain market share from Seedance and to have some improvements on its grossing trajectories ahead. We will closely monitor further progress and user feedback ahead. Maintain Neutral.

Neutral	
Price (15 Oct 26 16:10)	HK$28.58
Target price	HK$41.00
Expected share price return	43.5%
Expected dividend yield	1.6%
Expected total return	45.1%
Market Cap	HK$123,013M
	US$15,676M

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More details on Kling 4.0 - Kling 4.0 was officially launched on 15 Oct with an upgraded creation interface, MCP/CLI integration, and upcoming 4K 10-bit HDR output. API services for enterprise clients and developers will be available soon to expand creative scenarios. Per Kling's previous announcement, Kling 4.0's main upgrades center on pro-level video creation. It produces up to 4k/1080P 10-bit HDR, improving motion stability for fast action, tracking and complex camera moves. Audio gains dual-channel stereo and more natural lip-sync. Its control features include omnidirectional references (10 images + 5 videos + 7 subjects), precise video editing via text/image, and creative replication of reference films. It natively generates 30-second clips, supports up to 10 key frames, and will extend to 2 minutes through continuation. Prompt handling expands to 8k tokens with multi-language and accent support. 4.0 supports multi-round video continuation, letting users extend video clips to a maximum total runtime of ~2 minutes.

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Figure 1. Kling 4.0 comparison with other video models

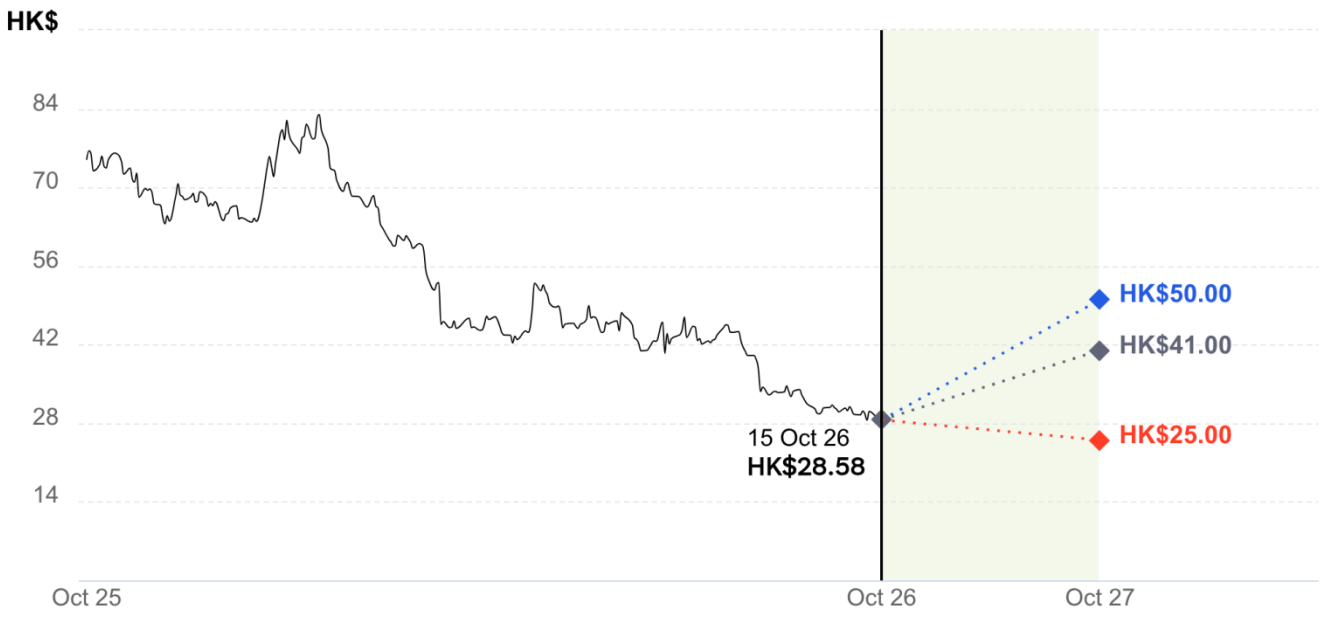
Model	Release Date	Video Resolution	Video Output Length	Multimodal Inputs	API Pricing
Kuaishou					
Kling 4.0	Oct-26	720p / 1080p / 4K	3-30 seconds	**Video:** 5 clips **Subjects:** 7 subjects **Graphics:** 10 references	**Kling 4.0 1080P:** Rmb1.5/s **Kling 4.0 720p**: Rmb1/s
Kling 4.0 Flash	Sep-26	720p	3-20 seconds	**Video:** 5 clips **Subjects:** 7 subjects **Graphics:** 10 references	**Kling 4.0 Flash:** Rmb0.6/s
Kling 2.0 - 3.0	Feb-26 (Kling 3.0)	Native 2K / 4K (Kling 3.0)	3-15 seconds	**Video:** 3-8 seconds **Audio:** 3+ seconds **Graphics:** 10 references	**Kling 3.0 Turbo (with native audio):** US$0.112/s (720P), US$0.14/s (1080P) **Kling 3.0 (with native audio x no voice control):** US$0.126/s (720P), US$0.168/s (1080P), US$0.42/s (4K) **Kling 3.0 Omni (with video input x no native audio)**: US$0.126/s (720P), US$0.168/s (1080P), US$0.42/s (4K)
ByteDance					
Seedance 2.5	Jul-26	480p / 720p / 1080p	30 seconds with multi-round extensions	**Video:** 10 clips **Audio:** 10 recordings **Graphics:** 30 references	**Seedance 2.5 (video exclusive at 480P):** Rmb0.67/s **Seedance 2.5 (video exclusive at 720P):** Rmb1.51/s **Seedance 2.5 (video exclusive at 1080P):** Rmb3.74/s
Seedance 2.0	Feb-26	Native 4K	4-15 seconds	**Video:** 3 clips **Audio:** 3 recordings **Graphics:** 9 references	**Seedance 2.0 (video exclusive at 480P):** Rmb0.46/s **Seedance 2.0 (video exclusive at 720P):** Rmb0.99/s **Seedance 2.0 (video exclusive at 1080P):** Rmb2.48/s **Seedance 2.0 (video exclusive at 4K):** Rmb5.05/s
Alibaba					
Wan 3.0	Aug-26	480p / 720p / 1080p	30 seconds	**Video:** 5 clips **Audio:** 5 recordings **Graphics:** 10 references	**Wan 3.0 (480P):** Rmb0.3/s **Wan 3.0 (720P):** Rmb0.6/s **Wan 3.0 (1080P):** Rmb1.2/s
HappyHorse 1.1	Jun-26	480p / 720p / 1080p	15 seconds	**Graphics:** 9 references in R2V	**HappyHorse 1.1 (480P):** Rmb0.45/s **HappyHorse 1.1 (720P):** Rmb0.9/s **HappyHorse 1.1 (1080P):** Rmb1.2/s
MiniMax					
Hailuo 3	Jul-26	768p / 2K	4-15 seconds	**Video:** 3 clips **Audio:** 3 recordings **Graphics:** 9 references	**MiniMax-H3 (768P output):** US$0.08/s **MiniMax-H3 (2K output):** US$0.13/s **MiniMax-H3 (audio input):** free **MiniMax-H3 (image input):** first 5 images free; US$0.04 per additional image **MiniMax-H3 (video input):** 768P US$0.08/s, 2K US$0.13/s

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Source: Company Reports, Citi Research

Bull/Bear: Kuaishou

HK$ 50.00 ▲75% Upside | HK$ 41.00 ▲43% Upside | HK$ 25.00 ▼13% Downside



Spread 87pp
Current Price and expected returns (upside/downside) as of 15 Oct 2026

BULL Assumptions

- Faster-than-expected ecommerce GMV
- Better-than-expected Kling revs performance
- 8x 2027E PE for Kuaishou's core business

BASE Assumptions

- -1% CAGR on ecommerce GMV during 2025-2027E
- Inline Kling revs performance
- 6x 2027E PE for Kuaishou's core business

BEAR Assumptions

- Slower-than-expected ecommerce GMV
- Worse-than-expected Kling revs performance
- 5x 2027E PE for Kuaishou's core business

Kuaishou

Valuation

Our target price of HK$41 is based on: 1) HK$21 for the ecommerce sector with a 6x 2027E PE assigned for the core business, which is at discount to ecommerce peers given its muted GMV trajectory; and 2) HK$20 based on Kuaishou's stake in Kling post latest financing and Kling's valuation during private financing with 20% holding discount.

Risks

Upside risks to our target price being exceeded include: 1) better-than-expected GMV performance with macro recovery; 2) strong Kling revs growth with successful updates; and 3) better-than-expected cost optimization.

Downside risks include: 1) worsen-than-expected GMV performance on macro and policy impacts; 2) slower-than-expected Kling revs growth; 3) more-than-expected AI-related investments; and 4) any stake disposal by major shareholders.

