This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Mission

We aim to be the most customer-obsessed company in the world. Our mission is to help people discover their needs and use their talents in order to find their unique brand of happiness.

We are relentlessly focused on serving our customers and creating value for them through the continual innovation and optimization of our products and services. We seek to create a platform that is an authentic lens into the diverse and vibrant world we live in, enriching people's lives with interesting, useful, relevant and meaningful content. We believe everyone is unique and want to empower them to express themselves, be appreciated, and discover what makes them happy.

Who We Are

We are a leading content community and social platform. We believe each person is unique with his or her own needs and strengths. We believe engagement and interactions among people create value. As a result, we continuously improve and enhance our content creation tools and services that empower people to chronicle and share their life experiences, and showcase their talents. Additionally, we enable people to discover other creators and high quality content easily through our effective content discovery mechanism. Working closely with creators and businesses, together we provide more product and service offerings to our users, further enriching people's choices. Globally, we are the largest live streaming platform by gross billings from virtual gifting and average live streaming MPUs, the second largest short video platform by average DAUs, and the second largest live streaming e-commerce platform by GMV, all for the nine months ended September 30, 2020, according to iResearch.

Our Platform and Ecosystem

Our motto is to "embrace all lifestyles." It is the foundation of our philosophy and guides our aspirations. We wish to help our users discover a vast world of content that expands their interests and horizons and resonates well with them. Short videos and live streams have enhanced user experience and social interactions on our platform. Given the nature of our content, social connections and engagement based on common interests occur naturally. As a result, our platform fosters a vibrant ecosystem for users and businesses to interact on the basis of our deep and diverse content base.

We aim to deliver on four core values through the user experience on our platform:

- ***Authentic:*** experience genuine emotions; allow for sincere expression; record spontaneous moments; share real-life stories;

- ***Diverse:*** be inclusive and respect differences; cherish diversity and culture; live in harmony;

- ***Beautiful:*** be happy and positive; have enjoyable experiences; and

- ***Beneficial:*** cultivate knowledge, perspectives, information and skills; foster comradery and trust; improve oneself and live one's best life.

Underlying our vibrant ecosystem is our deep and diverse content base as well as supporting technology, data and business layers. As the various parts of our platform work together, they enable numerous interactions among our ecosystem participants and generate significant network effects:

- ***Content.*** Our users have contributed to our vast and organically growing repository of short video and live streaming content as well as our community and the myriad social interactions and connections within it. We promote content on our platform that embraces all lifestyles and reflects the lives of our users. We believe this helps attract and keep users engaged on our platform. Leveraging technology and data, we are able to understand and identify needs that arise from different users and interest groups on our platform, and provide access to content and services that serve those interests and needs, thereby enhancing user engagement and retention.

- ***Business.*** We work with our business partners to provide products and services that address various needs that arise naturally on our platform. These products and services include entertainment, online marketing services, e-commerce, online games, online knowledge-sharing, and more. These products and services increase user engagement on our platform and strengthen the virtuous cycle among our users, content and business partners over time.

- ***Technology & Data.*** Our advanced technologies and massive data repository support our ecosystem. Our technologies enable us to serve the interests and needs of our users and cover various aspects of content creation, compression, transmission, analysis, recommendation, search and other fields. As users create and consume content and interact with each other, they generate valuable data that allows us to improve efficiency and develop new features that enhance the overall user experience.

The diagram below illustrates our ecosystem and the interactions that occur within it. Users on our platform can access the rich content we have, create content through short videos or live streams, sell and purchase products, and more. Businesses on the other hand, can advertise and sell their products and services on our platform. As our users and businesses interact and engage with one another, they become more reliant on our platform.

Value Proposition for Users and Businesses

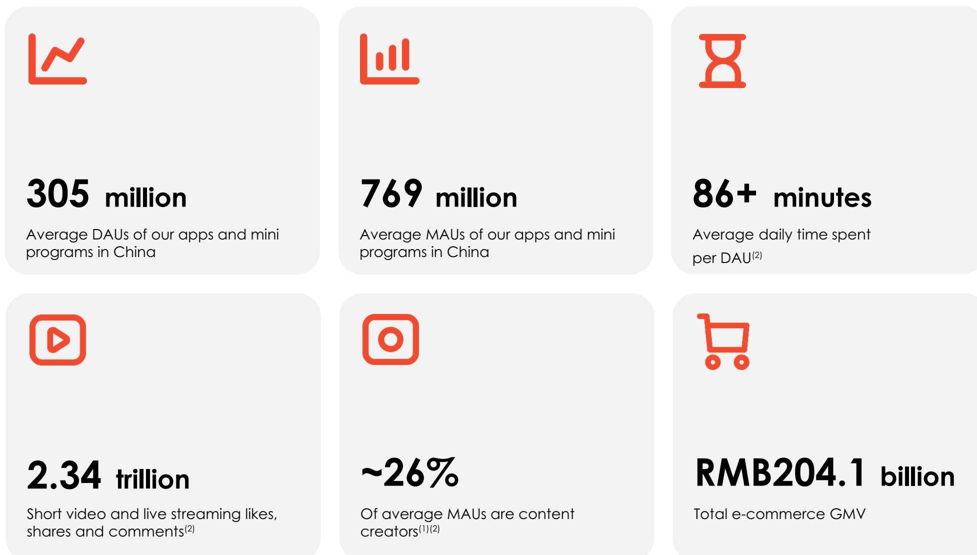
- ***Value Proposition for Users.*** We provide our users with a safe and trusted platform for entertainment, learning, content creation and social interaction. We also provide them with the opportunities and tools to build and grow a following and monetize through their content.

- ***Value Proposition for Businesses.*** We provide businesses with online marketing solutions and an e-commerce marketplace that help them reach and engage their target customers. Our online marketing solutions are highly valuable and effective due to our vast and highly engaged user base, our ability to target users with precision, as well as our users' trust in our platform. Businesses can create short video or live streaming content that captures the attention of users and helps with their purchase decisions. Businesses can also use our platform as a distribution channel for various products and services.

OUR ACHIEVEMENTS

We are a pioneer in the global short video industry. Since our inception, we have been focusing on empowering users to record and share their lives through videos. Our original mobile app, *GIF Kuaishou*, was initially launched in 2011 as a tool for users to create and share animated images known as GIFs, which are in essence, the earliest form of short videos. In 2012, through the application of a series of technologies, we became the first mover in China's short video industry to enable users to create, upload and view short videos on mobile devices, according to iResearch. In 2013, we launched our short video social platform and in 2016, we launched live streaming as a natural extension to our platform to allow users to interact and engage in real time. According to iResearch, we were the first in China to apply deep reinforcement learning algorithms to the recommendations of videos on a large scale in the short video industry in 2018. In 2018, we also launched e-commerce to facilitate transactions within our ecosystem as user engagement continued to increase.

The following diagram shows our scale and user engagement metrics for the nine months ended September 30, 2020:



Notes:

(1) Content creators calculated as the average number of unique user accounts per month that uploaded short videos plus the average number of unique user accounts per month that streamed content.

(2) On Kuaishou App.

Today, Kuaishou is a household brand and is among the most widely used social platforms in China, according to iResearch. In the nine months ended September 30, 2020, there were 305 million average DAUs and 769 million average MAUs of our apps and mini programs in China. In the same period, our DAUs on average spent over 86 minutes per day on Kuaishou App and accessed Kuaishou App more than 10 times a day. We are the trusted destination for users to create and share content. According to iResearch, we ranked No. 1 in terms of activeness of our content community among the top video-based social platforms in China, with content creators constituting approximately 26% of our average MAUs on Kuaishou App in the nine months ended September 30, 2020. We also had approximately 1.1 billion average monthly short video uploads on Kuaishou App in the nine months ended September 30, 2020.

Access to our platform is free for all users. We monetize primarily through the sale of virtual items, provision of various forms of online marketing services, and commissions from e-commerce sales on our platform. We are actively developing additional monetization opportunities to diversify our revenue streams through online games, online knowledge-sharing and other products and services.

Our revenues grew rapidly during the Track Record Period from RMB8.3 billion in 2017 to RMB20.3 billion in 2018, and further to RMB39.1 billion in 2019, and up from RMB27.3 billion in the nine months ended September 30, 2019 to RMB40.7 billion in the nine months ended September 30, 2020.

OUR INDUSTRY

Increasing Mobile Time Spent on Video

Video is an increasingly popular content format for online experiences as it captures the richness of moments and makes real-time engagement more natural and close to in person. The proliferation of the mobile internet and development of smart devices, bandwidth and mobile infrastructure, particularly the expansion of 4G and introduction of 5G, will continue to spur this development.

China is leading the development of video-based mobile experiences globally. According to iResearch, China had the world's largest mobile internet population of 873 million users in 2019, representing 23.0% of mobile internet users globally. According to iResearch, China's mobile internet user population is expected to reach 1.1 billion by 2025, with penetration rate increasing from 62.4% to 78.5%.

Mobile internet users in China on average spent 4.35 hours online each day in 2019, compared to 2.90 hours in 2015, and are expected to spend 5.73 hours online each day by 2025. Approximately 29.7% of that time was spent on video-based social and entertainment platforms in 2019, which is expected to reach 36.3% by 2025.

Emergence of Video-Based Social Platforms

The earliest social platforms focused around connecting people through text, pictures and audio. Over time, the content formats used on social platforms and user behavior on those platforms have evolved along with the continuous advancement of hardware, bandwidth, storage and computing power. The continued proliferation of better on-device cameras and faster connectivity in 4G and 5G mobile broadband have made on-demand video capturing and sharing a reality for many internet users. As video is able to capture moments in a real, rich and succinct manner, it has encouraged entirely new social behaviors. This has also enabled innovation in form and function of video such as videos of varying lengths that cater to different social and entertainment needs during fragmented time. As a result, for social platforms, interactions have become more vibrant and natural, with video content augmenting the authenticity of the connections. This is especially true with live streaming as social interaction becomes even more natural.

Competitive Landscape

Globally, we are one of two video-based social platforms at scale primarily focused on both short video and live streaming content formats. In China, there are several social platforms that are built on short video or live streaming content. Some are focused on specific content genres such as online games or entertainment while others cater to diversified social and entertainment use cases. While there is some degree of user overlap among them, platforms differentiate themselves by providing differentiated user experiences and engagement. For a comparison of key metrics of short video and live streaming platforms in China, see "Industry Overview — Emergence of Video-Based Social Platforms — Landscape of Video-Based Social Platforms."

According to iResearch, the world's largest short video platform had 426.2 million average DAUs for the nine months ended September 30, 2020, while we were the world's second largest short video platform, with 275.9 million average DAUs for the same period. The world's largest live streaming e-commerce platform was a subsidiary of a publicly listed company with live streaming e-commerce GMV of approximately RMB250 billion to RMB300 billion in the nine months ended September 30, 2020, according to iResearch. We were the world's second largest live streaming e-commerce platform, according to iResearch, with live streaming e-commerce GMV of approximately RMB204 billion for the same period.

Platforms with more diverse content and more vibrant content creation ecosystems are better equipped to address the evolving needs of users with different backgrounds and interests. According to iResearch, we have the most active content community among the top video-based social platforms in China in terms of percentage of average MAUs who create content, a measure of the activeness of a content community in terms of the proportion of users who create content. The more active a content community is, the more likely users are to contribute content to and actively participate in that community as opposed to merely being a consumer of content.

Monetization Opportunities for Video-Based Social Platforms

Social platforms that have incorporated short video and live streaming have vibrant ecosystems where users engage on a diverse range of topics and user needs arise naturally. Traditionally, short video and live streaming platforms have monetized primarily through virtual gifting and online marketing services, which remain the most immediate market opportunities. In China, live streaming virtual gifting market in terms of revenues reached RMB140.0 billion in 2019, and is expected to reach RMB416.6 billion in 2025, growing at a CAGR of 19.9%, according to iResearch. The mobile advertising market through short video and live streaming platforms reached RMB81.4 billion in 2019 and is expected to reach RMB465.3 billion in 2025, growing at a CAGR of 33.7%, according to iResearch.

As these platforms evolve, new market opportunities will arise across a multitude of industries, such as e-commerce, online games, online education, local services, among others. Platforms with stronger social attributes and interactions will give rise to stronger network effects and have the ability to foster a trusted ecosystem, a key factor in capturing monetization opportunities.

OUR STRENGTHS

We believe the following strengths contribute to our success:

- Dedication to an authentic user experience;
- Pioneer and global leader in short video and live streaming;
- Highly engaged user base and trusted social experience;
- Innovative and industry-leading AI and big data technologies;
- Multifaceted network effects and multiple monetization levers; and
- Management's dedication to long-term vision.

OUR STRATEGIES

To achieve our mission and further strengthen our market leadership, we intend to pursue the following strategies:

- Continue to exceed user expectations;
- Continue to strengthen our technology;
- Further expand our ecosystem and monetization capabilities; and
- Selectively pursue strategic alliances, investments and acquisitions.

MONETIZATION

We have developed a monetization model with a mix of products and services to address the myriad user needs that arise naturally in our ecosystem. We began to monetize in 2016, and we continue to strengthen and diversify our monetization models. The network effects that arise from the interactions among our ecosystem participants further strengthen our monetization capabilities.

Live Streaming

During the Track Record Period, we generated a majority of our revenues from our live streaming business, which involves the sale of virtual items to viewers who purchase such virtual items and present them as gifts to streamers during live streams. In 2017, 2018, 2019 and the nine months ended September 30, 2019 and 2020, our live streaming revenue as a percentage of our total revenues was 95.3%, 91.7%, 80.4%, 84.1% and 62.2%, respectively. The growth of our live streaming revenue was primarily driven by our abundant and diverse live streaming content as well as increasing user engagement in live streams through our interactive features.

Online Marketing Services

We derived an increasing portion of our revenues from online marketing services over the Track Record Period. In 2017, 2018, 2019 and the nine months ended September 30, 2019 and 2020, revenue attributable to online marketing services as a percentage of our revenues was 4.7%, 8.2%, 19.0%, 15.6% and 32.8%, respectively. Online marketing opportunities arise naturally through our massive user base and diverse set of communities with varied interests. Our online marketing services are customizable based on user interests and carefully designed in content and style so that they are not disruptive to our users' experience. Our AI capabilities allow us to help our advertising customers to reach targeted audience more precisely to improve their return on investment. We offer a full suite of online marketing solutions, including advertising services, Kuaishou fans headline services and other marketing services to customers. Our advertising services include performance-based advertising services which allow advertising customers to place links on our platform or third-party internet properties, and various formats of display-based advertising services.

Other Services

We also generated revenue from our other services including e-commerce, online games and other value-added services. In 2017, 2018, 2019 and the nine months ended September 30, 2019 and 2020, revenue attributable to other services as a percentage of our revenues was nil, 0.1%, 0.6%, 0.3% and 5.0%, respectively. To address the natural demand from users to buy and sell goods via short videos or live streams on our platform, we launched our e-commerce business in August 2018. Our e-commerce revenue grew rapidly during the Track Record Period as it is naturally embedded to the live streaming content and further enhances our user interaction as well as trust. The total GMV of e-commerce transactions facilitated on our platform increased from RMB96.6 million in 2018 to RMB59.6 billion in 2019, and from RMB16.8 billion in the nine months ended September 30, 2019 to RMB204.1 billion in the nine months ended September 30, 2020. Our ability to increase our e-commerce revenue depends on the content through which merchants can effectively raise awareness of their products, businesses or brands, user interactions and the level of trust in our user community. At the same time, we have been growing other revenues from online games and other value-added services by leveraging both our in-house game development capability as well as collaborations with other third parties.

WEIGHTED VOTING RIGHTS STRUCTURE AND OUR CONTROLLING SHAREHOLDERS

We are proposing to adopt a weighted voting rights structure effective immediately upon the completion of the Global Offering. Under this structure our share capital will comprise Class A Shares and Class B Shares. Each Class A Share will entitle the holder to exercise 10 votes, and each Class B Share will entitle the holder to exercise one vote, respectively, on any resolution tabled at our general meetings, except for resolutions with respect to a limited number of Reserved Matters, in relation to which each Share is entitled to one vote.

Immediately upon the completion of the Global Offering, the WVR Beneficiaries will be Mr. Su Hua and Mr. Cheng Yixiao. Assuming (i) the Over-allotment Option is not exercised, (ii) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon Listing; and (iii) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, the Post-IPO Share Option Scheme and Post-IPO RSU Scheme:

- Mr. Su Hua will be interested in and will control, through Reach Best, 427,469,521 Class A Shares and 56,961,183 Class B Shares, representing approximately 11.79% of our total issued share capital, approximately 11.79% of the voting rights in our Company with respect to shareholder resolutions relating to Reserved Matters, and approximately 39.36% with respect to matters other than the Reserved Matters.

- Mr. Cheng Yixiao will be interested in and will control, through Ke Yong, 338,767,480 Class A Shares and 45,568,873 Class B Shares, representing approximately 9.36% of our total issued share capital, approximately 9.36% of the voting rights in our Company with respect to shareholder resolutions relating to Reserved Matters, and approximately 31.20% with respect to matters other than the Reserved Matters.

Assuming (i) the Over-allotment Option is fully exercised, pursuant to which the Option Grantors may be required to sell up to an aggregate of 4,045,400 Class B Shares (among which Reach Best may be required to sell up to 2,247,400 Class B Shares, Ke Yong may be required to sell up to 1,798,000 Class B Shares) and we may be required to issue up to 50,737,300 new Class B Shares, (ii) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon the Listing; and (iii) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, the Post-IPO Share Option Scheme and Post-IPO RSU Scheme:

- Mr. Su Hua will be interested in and will control, through Reach Best, 427,469,521 Class A Shares and 54,713,783 Class B Shares, representing approximately 11.59% of our total issued share capital, approximately 11.59% of the voting rights in our Company with respect to shareholder resolutions relating to Reserved Matters, and approximately 39.16% with respect to matters other than the Reserved Matters.

- Mr. Cheng Yixiao will be interested in and will control, through Ke Yong, 338,767,480 Class A Shares and 43,770,873 Class B Shares, representing approximately 9.20% of our total issued share capital, approximately 9.20% of the voting rights in our Company with respect to shareholder resolutions relating to Reserved Matters, and approximately 31.04% with respect to matters other than the Reserved Matters.

Therefore, immediately after the completion of the Global Offering, Mr. Su Hua, Mr. Cheng Yixiao, Reach Best and Ke Yong will be our Controlling Shareholders after the Listing.

For further details, see "Share Capital — Weighted Voting Rights Structure" and "Relationship with our Controlling Shareholders."

Our WVR Structure will enable the WVR Beneficiaries to exercise voting control over us notwithstanding the WVR Beneficiaries do not hold a majority economic interest in the share capital of our Company. This will enable us to benefit from the continuing vision and leadership of the WVR Beneficiaries who will control us with a view to its long-term prospects and strategy.

Mr. Su Hua and Mr. Cheng Yixiao have been integral to, and have been materially responsible for, the founding, development and success of our Company. Mr. Su Hua and Mr. Cheng Yixiao, sharing the philosophy that everyone's lives are worth chronicling, have been steering us to pursue the mission to increase every individual's unique happiness through AI and big data technology, assisting them in seeking attention from or being understood by others, or in learning useful things or discovering people who they resonate with. They believe that we should strive to be the most customer-obsessed company in the world and to empower everyone to unleash their talents and discover their needs so as to elevate their unique happiness. Their embrace of these values drove them to build a technology platform designed to elevate the often overlooked, yet diverse, vibrant and energetic communities of people in China.

Over the years, Mr. Su Hua and Mr. Cheng Yixiao have led us to evolve from a tool-based business into a full-spectrum content-based social platform generating revenues from multiple sources including live streaming, online marketing services, e-commerce, online games, online knowledge-sharing and other value-added services, which has contributed to our rapid growth and success.

Mr. Su Hua graduated from the School of Software of Tsinghua University (清華大學軟件學院). After graduation, he worked as an engineer at Google China and Baidu, Inc. and went on to start his own businesses. During our early stages, envisaging the potential market of short videos and value of creating a social video network to enable users to better connect and understand each another, Mr. Su Hua and Mr. Cheng Yixiao decided to transform our Company from a tool-based business into a short video platform dedicated to "recording and sharing."

Since then, Mr. Su Hua has been the Chief Executive Officer of our Company and has been responsible for making a series of strategic and pivotal decisions, including strategic direction, business management, innovation, technology, research and development, corporate culture, publicity, governmental affairs, finance, legal, commercialization, talent acquisition and overseas development. Mr. Su Hua has also been actively involved in our products and services, maintenance and development of our ecosystem and new business incubation. To differentiate ourselves from other video platforms, Mr. Su Hua led our team to significantly improve the algorithms deployed for content recommendation and introduced AI technologies to achieve highly efficient and personalized content recommendation. Mr. Su Hua has also been responsible for strategic investments and acquisitions and actively involved in our investment strategy, allowing us to forge close relationships with investee companies to create synergies across our ecosystem.

Prior to founding our Group, Mr. Cheng Yixiao was a software engineer and developer at Hewlett-Packard from August 2007 to July 2009, and worked at Renren Inc. from September 2009 to February 2011. "*GIF Kuaishou*" was initially launched by Mr. Cheng Yixiao in 2011 as a tool for users to create and share animated images known as GIFs. Since transformation of our platform from a tool to a short video social platform in 2013, Mr. Cheng Yixiao has served as the Chief Product Officer. Mr. Cheng Yixiao has been responsible for all product-related matters, including developing new apps, product iteration, creating new app features and optimizing user interface. Mr. Cheng Yixiao has been leading our new business incubation (such as e-commerce and online games), maintenance and development of our ecosystem. He has also been responsible for strategic investments and acquisitions. Mr. Cheng Yixiao has also participated in formulating our strategic direction and business innovation, and introducing principles of sociology and economics to the design of content recommendation algorithms. Mr. Cheng Yixiao believes that we should be an inclusive and diverse content community that embraces all walks of life and champions ordinary people and their unique stories.

Mr. Cheng Yixiao is a proponent of original content. Since "*GIF Kuaishou*" was launched in 2011, he has formulated and adhered to the policy that there should be no forwarding or reposting function embedded in our products with the goal of encouraging users to produce original content. Under the influence of Mr. Cheng Yixiao, we have been providing users with a diverse range of content that matches their interests and allocating exposure to a broader set of content creators, which differentiates us from other platforms that focus more on recommending content created by key opinion leaders or other popular content creators, and enables us to develop a thriving user generated content-based community.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighed voting rights structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in our Company only after due and careful consideration. For further information about the risks associated with the WVR Structure adopted by our Company, see "Risk Factors — Risks Related to the WVR Structure — Our proposed dual-class structure with voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Shares may view as beneficial."

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in "Risk Factors" in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face are relating to:

- our ability to retain our existing users, keep them engaged or acquire new users in a cost-efficient manner;
- our ability to attract, cultivate and retain content creators and whether our content creators continue to contribute content that is valuable to our users;
- our ability to maintain our unique community culture and our vibrant ecosystem, and to retain our existing business partners or attract new business partners;
- the fact that the industry in which we operate is characterized by constant change, and our ability to keep up with changes in user preferences or behaviors, or to continuously innovate our technologies or to design features that meet the expectations of our users;
- our ability to effectively manage our growth as a result of the increased complexity of our business;
- the fact that we incurred net losses during the Track Record Period and may not be able to achieve or maintain profitability in the future;
- our ability to continue to grow or maintain our paying user base and to increase ARPPU for live streaming;
- our ability to attract new advertisers, retain existing advertisers, and maintain advertisers' demand for our online marketing services;
- the fact that our other monetization strategies, including e-commerce, may not remain effective or continue to grow and that we cannot guarantee that we will be able to successfully develop new monetization channels and generate sustainable growth;
- the fact that user misconduct and inappropriate content may adversely impact our brand image, business and results of operations, and that we may be held liable for information or content displayed on, retrieved from or linked to our platform or website or distributed to our users;

- the fact that the internet business is highly regulated in China;

- the fact that we may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to, our platform, or distributed to our users, or for proprietary information appropriated by former employees;

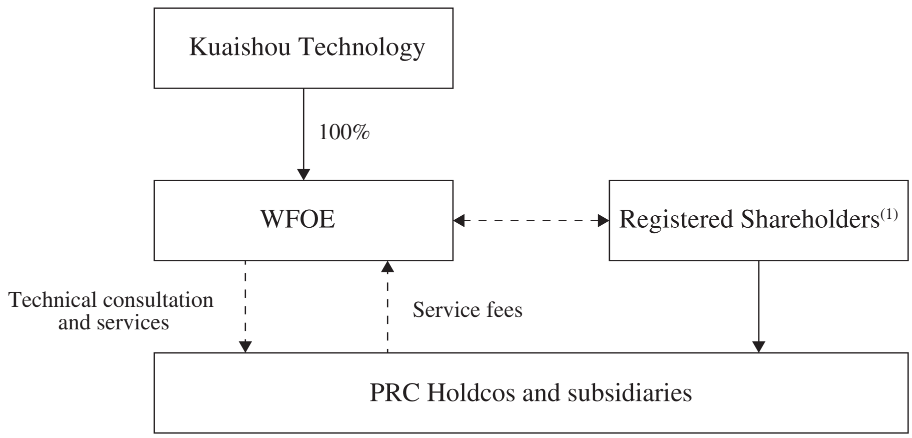
- the fact that concerns about collection and use of users' personal data and other privacy-related and data security matters could damage our reputation and deter current and potential users from using our products and services; and

- the fact that the we face significant competition from internet companies that operate content-based social platforms, online marketing businesses and e-commerce platforms in China, and our ability to compete effectively.

CONTRACTUAL ARRANGEMENTS

Our Company operates or may operate in certain industries that are subject to foreign restrictions under current PRC laws and regulations. In order to comply with such laws, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations. For further details, see "Contractual Arrangements" in this prospectus.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to WFOE and our Company as stipulated under the Contractual Arrangements:



Notes:

(1) Registered Shareholders refer to the registered shareholders of the PRC Holdcos. See "Contractual Arrangements" for details.

(2) "——▶" denotes direct legal and beneficial ownership in the equity interest. WFOE is an indirect wholly-owned subsidiary of Kuaishou Technology.

(3) "– – ▶" denotes contractual relationship.

(4) "– – –" denotes the control by WFOE over the Registered Shareholders and the PRC Holdcos through (i) powers of attorney to exercise all shareholders' rights in the PRC Holdcos, (ii) exclusive options to acquire all or part of the equity interests and assets in the PRC Holdcos and (iii) equity pledges over the equity interests in the PRC Holdcos.

OUR COST STRUCTURE

Our costs and expenses are primarily associated with revenue sharing to streamers and related taxes, bandwidth expenses and server custody costs, depreciation of property and equipment and right-of-use assets, and amortization of intangible assets, payment processing costs and other costs including employee benefit expenses, as well as our selling and marketing expenses, research and development expenses and administrative expenses.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Selected Consolidated Income Statement Items

The following table sets forth our consolidated income statements, both in absolute amounts and as percentages of our total revenues, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2017		2018		2019		2019		2020	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Revenues	**8,339,578**	**100.0**	**20,300,645**	**100.0**	**39,120,348**	**100.0**	**27,267,968**	**100.0**	**40,677,441**	**100.0**
Cost of revenues	(5,728,748)	(68.7)	(14,498,423)	(71.4)	(25,016,774)	(63.9)	(17,798,136)	(65.3)	(25,366,636)	(62.4)
Gross profit	**2,610,830**	**31.3**	**5,802,222**	**28.6**	**14,103,574**	**36.1**	**9,469,832**	**34.7**	**15,310,805**	**37.6**
Selling and marketing expenses	(1,359,624)	(16.4)	(4,262,046)	(21.0)	(9,865,026)	(25.2)	(5,578,609)	(20.5)	(19,833,271)	(48.8)
Administrative expenses	(227,968)	(2.7)	(542,417)	(2.7)	(865,375)	(2.2)	(572,674)	(2.1)	(1,081,347)	(2.7)
Research and development expenses	(476,618)	(5.6)	(1,755,324)	(8.6)	(2,944,277)	(7.5)	(2,049,564)	(7.5)	(4,117,907)	(10.1)
Other income	19,290	0.2	107,575	0.5	292,631	0.7	183,139	0.7	396,151	1.0
Other gains/(losses), net	42,041	0.5	129,277	0.6	(32,843)	(0.1)	211,180	0.8	383,141	1.0
Operating profit/(loss)	**607,951**	**7.3**	**(520,713)**	**(2.6)**	**688,684**	**1.8**	**1,663,304**	**6.1**	**(8,942,428)**	**(22.0)**
Finance (expense)/income, net	(26,076)	(0.3)	52,164	0.3	(11,037)	(0.0)	6,284	0.0	(26,571)	(0.1)
Fair value changes of convertible redeemable preferred shares	(20,522,376)	(246.1)	(11,932,515)	(58.8)	(19,943,114)	(51.0)	(2,890,090)	(10.6)	(89,150,056)	(219.1)

	Year ended December 31,						Nine months ended September 30,			
	2017		2018		2019		2019		2020	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except for percentages)									
							(unaudited)			
Loss before income tax	**(19,940,501)**	**(239.1)**	**(12,401,064)**	**(61.1)**	**(19,265,467)**	**(49.2)**	**(1,220,502)**	**(4.5)**	**(98,119,055)**	**(241.2)**
Income tax (expenses)/benefits	(104,449)	(1.3)	(28,221)	(0.1)	(386,067)	(1.0)	(396,943)	(1.4)	747,593	1.8
Loss for the year/period attributable to the equity holders of the Company	**(20,044,950)**	**(240.4)**	**(12,429,285)**	**(61.2)**	**(19,651,534)**	**(50.2)**	**(1,617,445)**	**(5.9)**	**(97,371,462)**	**(239.4)**
Non-IFRS Measures:										
Adjusted net profit/(loss) (unaudited)[1]	**773,961**	**9.3**	**204,831**	**1.0**	**1,033,883**	**2.6**	**1,836,684**	**6.7**	**(7,244,319)**	**(17.8)**
Adjusted EBITDA (unaudited)[2]	**1,019,986**	**12.2**	**1,360,473**	**6.7**	**3,591,370**	**9.2**	**3,594,790**	**13.2**	**(4,543,362)**	**(11.2)**

Notes:

(1) Adjusted net profit/(loss) is a non-IFRS measure. We define "adjusted net profit/(loss)" as loss for the year or period adjusted by adding back share-based compensation expenses and fair value changes of convertible redeemable preferred shares. Adjusted net profit/(loss) is not a measure required by, or presented in accordance with, IFRS. The use of adjusted net profit/(loss) has limitations as an analytical tool, and you should not consider it in isolation from, as a substitute for analysis of, or superior to, our results of operations or financial condition as reported under IFRS. For more details, see "Financial Information — Non-IFRS Measures".

(2) Adjusted earnings before interest, taxes, depreciation and amortization ("**adjusted EBITDA**") is a non-IFRS measure. We define adjusted EBITDA as adjusted net profit/(loss) for the year or period adjusted by adding back income tax expenses/(benefits), depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance expense/(income), net. Adjusted EBITDA is not a measure required by, or presented in accordance with IFRS. The use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, or superior to, our results of operations or financial condition as reported under IFRS. For more details, see "Financial Information — Non-IFRS Measures".

During the Track Record Period, our revenues grew from RMB8.3 billion in 2017 to RMB20.3 billion in 2018 and RMB39.1 billion in 2019, and from RMB27.3 billion in the nine months ended September 30, 2019 to RMB40.7 billion in the nine months ended September 30, 2020. Although we recorded operating profit of RMB608.0 million, RMB688.7 million and RMB1.7 billion in 2017, 2019 and the nine months ended September 30, 2019, respectively, we recorded operating losses of RMB520.7 million and RMB8.9 billion in 2018 and the nine months ended September 30, 2020, respectively. Our operating losses of RMB520.7 million and RMB8.9 billion in 2018 and the nine months ended September 30, 2020, respectively, were primarily attributable to the increased selling and marketing expenses as a percentage of our total revenues as a result of our efforts to grow our user base and user engagement, enhance our brand recognition and develop our overall ecosystem. We had net loss of RMB20.0 billion, RMB12.4 billion, RMB19.7 billion, RMB1.6 billion and RMB97.4 billion in 2017, 2018, 2019 and the nine months ended September 30, 2019 and September 30, 2020, respectively. Although we recorded adjusted net profit of RMB774.0 million, RMB204.8 million, RMB1.0 billion and RMB1.8 billion in 2017, 2018 and 2019 and the nine months ended September 30, 2019, respectively, we recorded adjusted net loss of RMB7.2 billion in the nine months ended September 30, 2020. Adjusted net profit/(loss) is a non-IFRS measure. By excluding primarily the fair value changes of convertible redeemable preferred shares of RMB89.2 billion from our net loss of RMB97.4 billion in the nine months ended September 30, 2020, our adjusted net loss of RMB7.2 billion in the same period was mainly due to our strategic decision to invest more in selling and marketing efforts, among others, to continue to grow our user base and user engagement, enhance our brand recognition and develop our overall ecosystem.

Reconciliation for Non-IFRS Measures

We believe that the presentation of non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items. The following table sets forth a reconciliation of our non-IFRS financial measures for the periods indicated to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,			Nine months ended September 30,	
	2017	**2018**	**2019**	**2019**	**2020**
			(in RMB thousands)		
				(unaudited)	
Loss for the year/period attributable to the equity holders of the Company	**(20,044,950)**	**(12,429,285)**	**(19,651,534)**	**(1,617,445)**	**(97,371,462)**
Add:					
Share-based compensation expenses[1]	296,535	701,601	742,303	564,039	977,087
Fair value changes of convertible redeemable preferred shares[2]	20,522,376	11,932,515	19,943,114	2,890,090	89,150,056
Adjusted net profit/(loss) (unaudited)[3]	**773,961**	**204,831**	**1,033,883**	**1,836,684**	**(7,244,319)**

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
			(in RMB thousands)		
				(unaudited)	
Adjusted net profit/(loss) (unaudited)[3]	**773,961**	**204,831**	**1,033,883**	**1,836,684**	**(7,244,319)**
Add:					
Income tax expenses/(benefits)	104,449	28,221	386,067	396,943	(747,593)
Depreciation of property and equipment	84,186	828,980	1,405,313	906,771	2,174,192
Depreciation of right-of-use assets	24,085	325,831	692,228	418,679	1,157,218
Amortization of intangible assets	7,229	24,774	62,842	41,997	90,569
Finance expense/(income), net	26,076	(52,164)	11,037	(6,284)	26,571
Adjusted EBITDA (unaudited)[3]	**1,019,986**	**1,360,473**	**3,591,370**	**3,594,790**	**(4,543,362)**

Notes:

(1) Share-based compensation expenses mainly represent share-based compensation expenses incurred in connection with our Pre-IPO Share Option Scheme. Share-based compensation expenses are not expected to result in future cash payments and are not indicative of our core operating results.

(2) Fair value changes of convertible redeemable preferred shares represent changes in the fair value of the convertible redeemable preferred shares issued by our Company and relate to changes in the valuation of our Company. Fair value changes of the convertible redeemable preferred shares are not directly related to our ability to generate revenue from our daily operations, and we do not expect to record any further fair value changes of the convertible redeemable preferred shares as such convertible redeemable preferred shares will be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the Listing.

(3) A non-IFRS measure.

Selected Consolidated Balance Sheet Items

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	(in RMB thousands)			
Assets				
Non-current assets:				
Property and equipment	1,057,278	2,420,770	6,232,305	7,021,382
Right-of-use assets	865,623	1,272,218	4,352,638	5,394,482
Financial assets at fair value through profit or loss	49,200	677,919	2,258,272	3,998,760
Total non-current assets	2,052,253	5,696,381	15,103,302	20,638,967
Current assets:				
Trade receivables	136,641	129,045	1,107,440	1,812,648
Financial assets at fair value through profit or loss	2,472,037	4,273,517	8,902,270	8,546,045
Cash and cash equivalents	2,688,512	5,370,332	3,996,236	7,703,012
Total current assets	5,641,640	10,783,118	17,311,080	30,880,155
Total assets	**7,693,893**	**16,479,499**	**32,414,382**	**51,519,122**
Liabilities				
Non-current liabilities:				
Lease liabilities	695,784	892,257	3,287,984	3,945,201
Convertible redeemable preferred shares	26,652,555	47,211,431	69,444,163	52,389,987
Total non-current liabilities	27,348,339	48,141,573	72,769,647	56,368,777
Current liabilities:				
Accounts payables	1,802,517	2,025,563	9,055,133	10,913,350
Advances from customers	190,074	475,553	1,529,608	3,031,158
Convertible redeemable preferred shares	—	—	—	122,847,844
Total current liabilities	2,531,039	4,042,408	15,373,771	143,491,717
Total liabilities	**29,879,378**	**52,183,981**	**88,143,418**	**199,860,494**
Equity attributable to the equity holders of the Company:				
Share Capital	30	30	30	30
Other reserves	1,016,820	(28,397)	(321,281)	4,437,845
Accumulated losses	(23,202,335)	(35,676,115)	(55,407,785)	(152,779,247)
Total equity	**(22,185,485)**	**(35,704,482)**	**(55,729,036)**	**(148,341,372)**
Total equity and liabilities	**7,693,893**	**16,479,499**	**32,414,382**	**51,519,122**
Net current assets/(liabilities)	**3,110,601**	**6,740,710**	**1,937,309**	**(112,611,562)**
Net liabilities	**(22,185,485)**	**(35,704,482)**	**(55,729,036)**	**(148,341,372)**

Although we recorded net current assets of RMB3.1 billion, RMB6.7 billion and RMB1.9 billion as of December 31, 2017, 2018 and 2019, respectively, we had net current liabilities of RMB112.6 billion as of September 30, 2020, primarily due to (i) accounting treatment for the increases in the fair values of our convertible redeemable preferred shares driven by the increases in the valuation of our Company (see paragraph below for more details) and (ii) the redemption rights of our convertible redeemable preferred shares. Our convertible redeemable preferred shares are to be classified as current liabilities if the holders of the convertible redeemable preferred shares can demand us to redeem the convertible redeemable preferred shares within 12 months after the end of the reporting period. In October 2020, all the holders of our preferred shares agreed to modify the redemption commencement date to April 30, 2022. We are no longer in net current liability position after the modification. All the redemption rights of our convertible redeemable preferred shares will be terminated upon the Listing. See "Financial Information — Analysis of Selected Balance Sheet Items — Working Capital — Net current assets/(liabilities)."

As of December 31, 2017, 2018 and 2019 and September 30, 2020, we had net liabilities of RMB22.2 billion, RMB35.7 billion, RMB55.7 billion and RMB148.3 billion, respectively, primarily due to accounting treatment for the increases in the fair values of our convertible redeemable preferred shares driven by the increases in the valuation of our Company. This also led to the increases in our losses during the Track Record Period. Our convertible redeemable preferred shares will be re-designated and reclassified from liabilities to equity as a result of the automatic conversion into ordinary shares upon the Listing, after which we do not expect to recognize any further loss or gain on fair value changes from convertible redeemable preferred shares and will return to a net assets position. See "Financial Information — Analysis of Selected Balance Sheet Items — Net Liabilities."

With respect to the underlying reasons for material fluctuations of other consolidated balance sheet items during the Track Record Period, see "Financial Information — Analysis of Selected Balance Sheet Items."

Selected Consolidated Cash Flow Items

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	(in RMB thousands)				
				(unaudited)	
Net cash generated from/(used in) operating activities[1]	2,055,418	1,819,254	8,020,090	6,111,970	(768,417)
Net cash used in investing activities	(2,896,802)	(5,623,084)	(10,148,560)	(8,358,373)	(15,570,288)
Net cash generated from/(used in) financing activities	2,358,236	6,033,532	698,051	(152,374)	20,067,064
Net increase/(decrease) in cash and cash equivalents	1,516,852	2,229,702	(1,430,419)	(2,398,777)	3,728,359
Cash and cash equivalents at the beginning of the year/period	1,301,005	2,688,512	5,370,332	5,370,332	3,996,236
Effects of exchange rate changes on cash and cash equivalents	(129,345)	452,118	56,323	126,676	(21,583)
Cash and cash equivalents at the end of the year/period	2,688,512	5,370,332	3,996,236	3,098,231	7,703,012

Note:

(1) Line items for net cash generated from/(used in) operating activities:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	(in RMB thousands)				
				(Unaudited)	
Cash flows from operating activities					
Operating profit/(loss) before changes in working capital	993,131	1,332,981	3,714,442	3,453,001	(4,941,985)
Changes in working capital	1,082,624	564,632	5,167,926	3,058,002	4,848,603
Cash generated from/(used in) operations	2,075,755	1,897,613	8,882,368	6,511,003	(93,382)
Income tax paid	(20,337)	(78,359)	(862,278)	(399,033)	(675,035)
Net cash generated from/(used in) operating activities	2,055,418	1,819,254	8,020,090	6,111,970	(768,417)

Although we generated net operating cash inflows of RMB2.1 billion, RMB1.8 billion and RMB8.0 billion in 2017, 2018 and 2019, respectively, we had net operating cash outflows of RMB768.4 million in the nine months ended September 30, 2020, primarily due to our loss before income tax of RMB98.1 billion, adjusted by adding back non-cash items and the changes in working capital. Our loss before income tax of RMB98.1 billion in the nine months ended September 30, 2020 was primarily attributable to our strategic decision to invest more in selling and marketing efforts to continue to grow our user base and user engagement, enhance our brand recognition and develop our overall ecosystem. For more details, see "Financial Information — Liquidity and Capital Resources — Net Cash Generated from/(Used in) Operating Activities."

We believe ongoing investments in our user base and engagement, brand recognition and the overall ecosystem will help us better capture the massive market opportunities in China's short video industry. Specifically, we expect to continue to invest in selling and marketing as well as research and development efforts to bring more content, products and services to our users and customers. It will in turn enlarge our user base with more engagement, interaction and time spent on our platform, resulting in enhanced monetization capabilities of our platform across multiple revenue streams and ultimately continuous revenue growth. As a result, we expect to improve operating leverage and achieve profitability, and accordingly, we expect our operating cash flow position to improve going forward. For more details, see "Business — Business Sustainability."

We expect to use the financial resources available to us, including our cash and cash equivalents on hand, time deposits and wealth management products, the estimated net proceeds from the Global Offering, cash generated from operating activities, and other funds raised from the capital markets from time to time to meet our working capital needs during our loss-making period.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
				(unaudited)	
Revenue growth (%)	N/A	143.4	92.7	N/A	49.2
Gross margin(1)(%)	31.3	28.6	36.1	34.7	37.6
Adjusted EBITDA margin(2)(4) (%)	12.2	6.7	9.2	13.2	(11.2)
Adjusted net margin(3)(5)(%)	9.3	1.0	2.6	6.7	(17.8)

Notes:

(1) Gross margin is calculated by dividing gross profit by our revenues.

(2) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by our revenues and is a non-IFRS measure.

(3) Adjusted net margin is calculated by dividing adjusted net profit/(loss) by our revenues and is a non-IFRS measure.

(4) Our adjusted EBITDA margin was negative 11.2% in the nine months ended September 30, 2020 as our adjusted EBITDA was negative RMB4.5 billion, which was primarily due to our net loss of RMB97.4 billion in the same period primarily attributable to the increases in our costs and expenses as a percentage of our total revenues as we continued to develop our overall ecosystem and grow our business strategically, partially offset by adding back the fair value changes of convertible redeemable preferred shares of RMB89.2 billion, depreciation of property and equipment of RMB2.2 billion and depreciation of right-of-use assets of RMB1.2 billion.

(5) Our adjusted net margin was negative 17.8% in the nine months ended September 30, 2020 as our adjusted net loss was RMB7.2 billion, which was primarily due to our net loss of RMB97.4 billion in the same period, partially offset by adding back the fair value changes of convertible redeemable preferred shares of RMB89.2 billion.

KEY OPERATING DATA

Unless otherwise specified, the following table sets forth certain of our key operating data on Kuaishou App for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2017	**2018**	**2019**	**2019**	**2020**
Average DAUs (in millions)	66.7	117.1	175.6	165.2	262.4
Average MAUs (in millions)	136.3	240.7	330.4	311.7	482.9
Average daily time spent per DAU (in minutes)	52.7	64.9	74.6	74.0	86.3
Average MPUs for live streaming (in millions)	12.6	28.3	48.9	48.5	59.9
Monthly ARPPU for live streaming (in RMB)	52.5	54.9	53.6	52.5	47.0
Average online marketing services revenue per DAU (in RMB)	5.9	14.2	42.3	25.8	50.9
Total e-commerce GMV(1) (in RMB millions)	—	96.6(2)	59,641.1	16,833.3	204,060.3

Notes:

(1) On our platform.

(2) For the period from August to December 2018 only as we commenced our e-commerce business in August 2018.

GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2020, we had intangible assets of RMB1.3 billion, including goodwill of RMB837.0 million, which primarily arose from our business acquisitions in 2018. Based on the result of goodwill impairment testing, which we conduct at least annually, no impairment was identified in respect of goodwill as of December 31, 2018 and 2019 and September 30, 2020, respectively. See “Risk Factors — Risks Related to Our Business — Acquisitions, investments or strategic alliances may fail and have a material and adverse effect on our business, reputation and results of operations.”

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for listing with a WVR structure under Chapter 8A of the Listing Rules and satisfy the market capitalization requirement under Rule 8A.06(1) of the Listing Rules which requires that a new applicant seeking a listing with a WVR structure must have a market capitalization of at least HK$40 billion at the time of listing. We are also applying for Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test with reference to (i) our revenue for the year ended December 31, 2019, being approximately RMB39.1 billion, which is significantly over HK$500 million required by Rule 8.05(3); and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price Range, significantly exceeds HK$4 billion required by Rule 8.05(3).

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Class B Shares in issue (including the Class B Shares on conversion of the Preferred Shares) and the Class B Shares to be issued pursuant to the (i) Global Offering, (ii) the exercise of the Over-allotment Option, (iii) the Pre-IPO ESOP, the Post-IPO Share Option Scheme and Post-IPO RSU Scheme and (iv) conversion of Class A Shares into Class B Shares on a one to one basis/the Class B Shares that are issuable upon conversion of the Class A Shares.

No part of our Company’s Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All the Class B Shares will be registered on the branch register of our Company in Hong Kong in order to enable them to be traded on the Stock Exchange.

FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits as the statutory common reserve fund until the cumulative amount of the statutory common reserve fund reaches 50% or more of such enterprises' registered capital, if any, to fund its statutory common reserves, which are not available for distribution as cash dividends.

Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, where appropriate. During the Track Record Period, we did not declare or distribute any dividend to our Shareholders. We do not have any dividend policy and have no present plan to pay any dividends to our Shareholders in the foreseeable future. However, we may distribute dividends in the future by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the approval of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. As advised by our legal advisor on Cayman Islands law, Maples and Calder (Hong Kong) LLP, a position of accumulated losses does not necessarily restrict us to declare and pay dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability. In addition, under applicable laws in the Cayman Islands, dividends may be paid only out of profits and share premium, and a dividend can be paid provided that there is a profit on the current financial year under review, without the requirement for making good losses from a prior financial year.

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

(a) the Hong Kong Public Offering of initially 9,130,500 Offer Shares (subject to reallocation and adjustment) in Hong Kong as described in "Structure of the Global Offering — The Hong Kong Public Offering;" and

(b) the International Offering of initially 356,088,100 Offer Shares (subject to reallocation, adjustment and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

The Offer Shares will represent 8.89% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming (i) the Over-allotment Option is not exercised; (ii) 363,146,799 Class B Shares will be issued pursuant to the exercised options under the Pre-IPO ESOP upon the Listing; and (iii) no other Shares are issued pursuant to the unexercised options under the Pre-IPO ESOP, the Post-IPO Share Option Scheme and the Post-IPO RSU Scheme.

RECENT DEVELOPMENTS

Key Operating Data

Unless otherwise specified, the following table sets forth certain of our key operating data on Kuaishou App for the periods indicated:

	11 months ended November 30,	
	2019	**2020**
Average DAUs (in millions)	171.7	263.8
Average MAUs (in millions)	323.9	481.4
Average daily time spent per DAU (in minutes)	74.2	86.7
Average MPUs for live streaming (in millions)	48.5	58.1
Monthly ARPPU for live streaming (in RMB)	53.4	47.6
Average online marketing services revenue per DAU (in RMB)	36.5	71.4
Total e-commerce GMV[1] (in RMB millions)	42,348.5	332,682.2

Note:

(1) On our platform.

Unaudited Financial Information for the Eleven Months Ended November 30, 2020

Based on our unaudited management accounts, our total revenues for the eleven months ended November 30, 2020 were RMB52.5 billion. Our gross profit was RMB20.9 billion, representing a gross margin of 39.9%, in the eleven months ended November 30, 2020. Our operating loss was RMB9.4 billion in the eleven months ended November 30, 2020.

The foregoing unaudited financial information for the eleven months ended November 30, 2020 is derived from our unaudited interim condensed financial information for the eleven months ended November 30, 2020. We are responsible for the preparation of our unaudited interim condensed financial information for the eleven months ended November 30, 2020 in accordance with International Accounting Standard 34 "Interim Financial Reporting." Our unaudited interim condensed financial information for the eleven months ended November 30, 2020 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

Purchase and Lease of Certain Properties

We entered into a framework agreement with Beijing Shounong Information Industrial Investment Co., Ltd. ("**Beijing Shounong**") on January 15, 2021, pursuant to which we, through Beijing Kuaishou, agreed to purchase certain properties with a total gross floor area of approximately 114.2 thousand square meters at a total consideration (tax inclusive) of approximately RMB2.8 billion and to lease certain properties with a total gross floor area of approximately 119.5 thousand square meters and relevant parking spaces for a total rental fee of approximately RMB22.8 million per month for the first three years, subject to certain conditions and the final terms in the property purchase contract and lease agreement to be entered into. These properties will mainly be used as our offices. We plan to pay the consideration for the property acquisition from our internal funds.

Notice 78

On November 12, 2020, the NRTA issued its Circular on Strengthening the Administration of Online Show Live Streaming and E-commerce Live Streaming (關於加強網絡秀場直播和電商直播管理的通知) ("**Notice 78**"), which sets forth registration requirements for platforms providing online show live streaming or e-commerce live streaming as well as requirements for certain live streaming businesses with respect to real-name registration, limits on user spending on virtual gifting, restrictions on minors on virtual gifting, live stream review personnel requirements, content tagging requirements, and other requirements. During the Track Record Period, we generated a majority of our revenues from our live streaming business. We are still in the process of obtaining further guidance from regulatory authorities and evaluating the applicability and effect of the various requirements under Notice 78 on our business. Any limits on user spending on virtual gifting ultimately imposed may negatively impact our revenues derived from virtual gifting and our results of operations. For more information, see "Risk Factors — Risks Related to Our Business — Given that the internet business is highly regulated in China, intensified government regulation of the short video, live streaming and e-commerce industries in China could also restrict our ability to maintain or increase our user base or the user traffic to our platform, which will materially and negatively impact our business operations and financial results. Our failure to obtain and maintain requisite approvals, licenses or permits applicable to our business or any changes in government policies or regulations, could harm our business," "Regulatory Overview — Regulations Relating to Online Live Streaming Services" and "Business — Licenses and Regulatory Approvals — Notice 78."

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, save for the subsequent events as described in Note 38 to the Accountant's Report set forth in Appendix I to this prospectus and the recent developments as described in "— Recent Developments" in this section above, there has been no material adverse change in our financial or trading position since September 30, 2020, being the end date of the periods reported in the Accountant's Report in Appendix I to this prospectus, and there has been no event since September 30, 2020 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2020

On the basis set out in Appendix III to this prospectus, and in the absence of unforeseen circumstances, we estimate that our unaudited consolidated loss attributable to the equity holders of our Company for the year ended December 31, 2020 to be not more than RMB116.7 billion (equivalent to approximately HK$139.5 billion). Our loss estimate for the year ended December 31, 2020 has been substantially impacted by the fair value changes of our convertible redeemable preferred shares. Our convertible redeemable preferred shares will be automatically converted into ordinary shares upon the Listing, after which we do not expect to recognize any further loss or gain on fair value changes from convertible redeemable preferred shares. For details about our operating loss for the eleven months ended November 30, 2020 based on our unaudited management accounts, see "— Recent Developments." For details about the estimate of our consolidated operating loss for the year ended December 31, 2020, see "Appendix III — Loss Estimate."

In line with our overall growth strategy, we expect our selling and marketing expenses to increase in absolute amount in 2020 compared to 2019 due to our continuous and increased efforts to grow our user base and user engagement, enhance our brand recognition and develop our overall ecosystem. As a result, we expect our net loss for the year ended December 31, 2020 to increase compared to the year ended December 31, 2019. Additionally, we expect our selling and marketing expenses and research and development expenses to continue to increase in absolute amount in the near future as we continue to invest in our ecosystem. As a result, we cannot assure you that we will turn profitable in the near future. See "Risk Factors — Risks Related to Our Business — We incurred net losses during the Track Record Period and may not be able to achieve or maintain profitability in the future."

We believe that our investments in selling and marketing and other efforts will continue to contribute to our plan to achieve profitability by growing our user base and user engagement, increasing our monetization and improving operating leverage.

IMPACT OF COVID-19 ON OPERATIONS

Due to the outbreak of COVID-19, our operations and financial performance in the nine months ended September 30, 2020 were affected by the following specific factors: (i) changes in user behaviors online which impacted our live streaming business; (ii) an increase in demand for online services led to stronger growth in our user base and engagement, which in turn attracted more online marketing customers; (iii) an increase in online purchases in lieu of offline transactions due to social distancing measures contributed to the growth of our e-commerce business, as evidenced by the amount of sales transacted on our platform; (iv) a surge in demand for online social and entertainment services in lieu of physical gatherings due to social distancing measures resulted in higher user traffic on our platform, which increased our bandwidth expenses, server custody costs and other similar costs; and (v) in response to the outbreak, we took a series of measures to protect our employees, including providing our employees with protective equipment immediately after the outbreak, which increased our operating costs.

In addition, due to governments' measures to contain the spread of the virus such as restrictions on mobility and travel and cancellation of public activities, our operations have, to a certain extent, been impacted by delays in business activities and commercial transactions as well as general uncertainties surrounding the duration of the governments' extended business and travel restrictions. In particular, the travel restrictions resulted in the reduction in size or even cancellation of our offline events, which temporarily adversely affected some of our marketing activities. Moreover, we took a series of measures in response to the outbreak to protect our employees, including, among others, temporary closure of our offices, remote working arrangements for our employees, and travel restrictions or suspension. These measures temporarily reduced the capacity and efficiency of our operations.

There remains significant uncertainties surrounding the COVID-19 outbreak and its further development as a global pandemic. Should China experience further outbreak, China may again take emergency measures to combat it, which may impact online businesses. As a result, the extent of the disruption to our business and the related impact on our financial results and outlook for 2020 cannot be reasonably estimated at this time. For more details, see "Risk Factors — Risks Related to Our Business — Our business operations and financial performance have been affected by the COVID-19 outbreak" and "Financial Information — Impact of COVID-19 on Operations."

BUSINESS SUSTAINABILITY

Since our inception, we have focused on empowering users to record and share their lives through videos. As an internet business in its early stage of operations, we are focused on building scale and exploring the most suitable business models, rather than seeking immediate financial returns or profitability, in order to lay a solid foundation for long-term development.

Our multiple levers to monetization have paved the way for our profitability and generated sustainable operating cash flows to fund our business. In the meantime, we continued to invest in growing our content community, user base and user engagement to support the long-term development of our ecosystem. As our user base continued to expand and the industry continued to evolve, we incurred higher selling and marketing expenses in order to retain and acquire users as well as enhance our brand awareness, which have impacted our operating expenses.

As the short video and live streaming market continues to develop in China, huge market opportunities, especially those for a significant-scale content-based social platform, continue to emerge across a multitude of industries. To capitalize on these opportunities, we made a strategic decision to invest in our overall ecosystem. For example, we invested in our selling and marketing efforts, among other things, to grow our user base and user engagement and enhance our brand recognition. We also invested in various other areas such as product development and research and development capabilities. As a result of these efforts, our average DAUs on Kuaishou App increased from 175.6 million in 2019 to 262.4 million in the nine months ended September 30, 2020. The average DAUs on our Kuaishou Express, which was officially launched in August 2019, exceeded 100 million in August 2020, in just one year from its official launch. The average daily time spent per DAU on Kuaishou App increased from 74.6 minutes in 2019 to 86.3 minutes in the nine months ended September 30, 2020. We believe our investment in selling and marketing efforts, among other things, has enlarged our user base, increased user engagement and enabled us to capture the finite resource of user attention, which has ultimately enhanced our market competitiveness.

We believe our enlarged user base, increased user engagement and enhanced brand image will help us further grow and diversify our revenues. As our user base and user engagement continue to grow, we expect to enjoy powerful network effects which will in turn generate more social interactions and transactions on our platform and attract more users, advertisers, merchants and other business partners to our platform. This will enable us to increase our revenues through various monetization channels. Accordingly, as our ecosystem continues to grow, we believe our scale, coupled with the self-reinforcing network effects, will enhance our ability to compete effectively.

Going forward, we plan to achieve profitability primarily by further (i) growing our user base and user engagement, (ii) increasing our monetization, and (iii) increasing operating leverage. This will allow us to increase our revenue and manage our costs and expenses, in order to reach and maintain profitability and positive operating cash flows. See "Business — Business Sustainability" for more details.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 365,218,600 Class B Shares are issued pursuant to the Global Offering; and (ii) 4,108,194,737 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$105 per Offer Share	**Based on an Offer Price of HK$115 per Offer Share**
Market capitalization of our Shares[(1)]	HK$431.4 billion	HK$472.4 billion
Unaudited pro forma adjusted consolidated net tangible assets per Share[(2)]	HK$16.64 (RMB13.92)	HK$17.52 (RMB14.65)

Notes:

(1) The calculation of market capitalization is based on 4,108,194,737 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share as of September 30, 2020 is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 4,108,194,737 Shares are expected to be in issue immediately upon completion of the Global Offering.

For the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributed to our Shareholders, see "A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" in Appendix II to this prospectus.

LISTING EXPENSES

Our listing expenses in connection with the Global Offering consist primarily of underwriting commission and professional fees, and are estimated to be approximately RMB582.6 million (HK$696.6 million), representing approximately 1.7% of our gross proceeds from the Global Offering (assuming that the Global Offering is conducted at the mid-point of the Offer Price range and the Over-allotment Option is not exercised). During the Track Record Period, we incurred listing expenses of RMB23.1 million, which was charged to our consolidated income statements. We estimate that approximately RMB50.6 million of the remaining listing expense will be charged to the consolidated income statements and RMB508.9 million will be charged to equity upon completion of the Global Offering.

USE OF PROCEEDS

Assuming an Offer Price of HK$110.00 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK$105.00 and HK$115.00 per Offer Share), we estimate that we will receive net proceeds of approximately HK$39,477.4 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 35%, or HK$13,817.1 million, will be used to enhance and grow our ecosystem, including but not limited to:

  - continue enriching and improving the quality and diversity of our content offerings on our platform in order to attract and retain a broad user base, including through (i) encouraging users to create content on our platform, and (ii) promoting new content categories that we have identified as addressing unmet user interests on our platform;

  - continue improving the experience of our users and business partners through improved functionalities and services, including (i) improving our functions and features to develop new interactive features and support our users in developing a following, (ii) expanding our suite of online marketing solutions, formats and options for advertisers to effectively reach their target audience and encouraging the improvement of the quality of ads, and (iii) growing our e-commerce marketplace and providing better tools to help merchants manage their businesses and to enhance users' product discovery and purchasing experience;

  - further expand user reach and enhance user engagement through online and offline marketing and promotional activities, especially through targeted and precise marketing and promotional campaigns driven by insights into user preferences, such as app store advertisements and collaborations with targeted brands; and

  - continue developing and expanding our product and service offerings to fulfill evolving user needs that naturally arise from our ecosystem, including online games, online knowledge sharing and other products and services;

- approximately 30%, or HK$11,843.2 million, will be used to strengthen our research and development and technological capabilities, including to:

  - invest in technologies to strengthen our technological capabilities in areas such as AI and big data, including to (i) continue developing deep reinforcement learning algorithms and MMU technology to further enhance our personalized recommendation engine, which enables us to amass deeper insights into user preferences and improve the quality of our products and services, (ii) expanding our big data computational engine to process the increasing amount of data generated on our platform, (iii) investing in our machine learning, computer vision and computer graphics capabilities to provide new and attractive content creation tools and further encourage content creation and interaction on our platform, and (iv) upgrading video compression and live streaming technologies to improve user experience by ensuring higher video quality, lower latency, faster upload speed and transmission stability under various network conditions;

  - continuously retain and incentivize our research and development talents, attract and cultivate top-notch experts, scientists, researchers and other talents in relevant fields such as AI and data analytics in order to support our research and development initiatives, including, but not limited to, (i) the development of superior video compression technologies and their large-scale implementation, (ii) the improvement of our streaming technologies to further enhance performance on our apps, and (iii) further refining our technology-driven features and functions on our apps such as AR, filters and other Special Effects; and

  - continuously upgrade and scale our IT infrastructure, including data centers and cloud computing bandwidth, to support our growing ecosystem as well as product and service offerings;

- approximately 25%, or HK$9,869.4 million, will be used for selective acquisitions of or investment in products, services and businesses, particularly in areas such as content, social entertainment and software, that are complementary to our business and are in line with our philosophy and growth strategies, in particular to strengthen our technological position, enrich our ecosystem, attract new users to our platform and broaden our product and service offerings. We will seek out potential businesses and assets that provide synergies with our current business. In particular, we seek to make investments in products and services that address the user needs which arise from the interactions among our ecosystem participants. The Company employs internal approval procedures and governance policies to review and evaluate potential investment or acquisition opportunities in terms of strategic value, assets or businesses, potential synergies, financial return, investor rights and risk, among other criteria. We have no intention to use any portion of the net proceeds to settle the payments for the acquisitions referred to in the section headed "Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver in respect of Companies and Business to be Acquired after the Track Record Period." As of the Latest Practicable Date, we have not identified any other target of potential acquisition; and

- approximately 10%, or HK$3,947.7 million, will be used for working capital and general corporate purposes.

To the extent that our actual net proceeds from the Global Offering is higher or lower than our estimate above, we will increase or decrease our allocation of the net proceeds for the purposes set out above on a pro rata basis.

After deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering, we estimate that we will receive net proceeds of approximately HK$41,276.0 million from the Global Offering, assuming the Offer Price is determined to be HK$115.00 per Offer Share, being the high-end of the indicative Offer Price range stated in this prospectus, approximately HK$37,678.9 million, assuming the Offer Price is determined to be HK$105.00 per Offer Share, being the low-end of the indicative Offer Price range stated in this prospectus, and approximately HK$39,477.4 million, assuming the Offer Price is determined to be HK$110.00 per Offer Share, being the mid-end of indicative Offer Price range stated in this prospectus.

Assuming the Over-allotment Option was exercised in full, after deducting the underwriting commission and estimated related expenses payable by our Company, we estimate that the total net proceeds that we would receive would be (i) HK$47,022.8 million (assuming an Offer Price of HK$115.00 per Offer Share, being the high-end of the indicative Offer Price range stated in this prospectus), (ii) HK$44,974.4 million (assuming an Offer Price of HK$110.00 per Offer Share, being the mid-end of the indicative Offer Price range stated in this prospectus) and (iii) HK$42,926.0 million (assuming an Offer Price of HK$105.00 per Offer Share, being the low-end of the indicative Offer Price range stated in this prospectus); we also estimate the net proceeds that the Option Grantors would receive from the sale of Option Shares pursuant to the Global Offering would be (i) HK$458.2 million (assuming an Offer Price of HK$115.00 per Offer Share, being the high-end of the indicative Offer Price range stated in this prospectus), (ii) HK$438.3 million (assuming an Offer Price of HK$110.00 per Offer Share, being the mid-end of the indicative Offer Price range stated in this prospectus) and (iii) HK$418.4 million (assuming an Offer Price of HK$105.00 per Offer Share, being the low-end of the indicative Offer Price range stated in this prospectus). We will not receive net proceeds from the sale of Option Shares by the Option Grantors pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term interest-bearing accounts at authorized licensed banks.

We will issue announcements, where required, if there is any material change in the use of proceeds mentioned above.