Keep Inc.

(A company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 3650

Annual Report 年度報告 2023

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Ning *(Chairman and Chief Executive Officer)*
Mr. Peng Wei
Mr. Liu Dong

Non-Executive Director

Mr. Li Haojun

Independent Non-Executive Directors

Ms. Ge Xin
Mr. Shan Yigang
Mr. Wang Haining

AUDIT COMMITTEE

Ms. Ge Xin *(Chairperson)*
Mr. Shan Yigang
Mr. Wang Haining

NOMINATION COMMITTEE

Mr. Shan Yigang *(Chairperson)*
Mr. Wang Haining
Mr. Wang Ning

REMUNERATION COMMITTEE

Mr. Wang Haining *(Chairperson)*
Ms. Ge Xin
Mr. Wang Ning

JOINT COMPANY SECRETARIES

Mr. Huang Weibo
Ms. Lai Siu Kuen

AUTHORIZED REPRESENTATIVES

Mr. Wang Ning
Mr. Huang Weibo

AUDITOR

RSM Hong Kong
(Certified Public Accountants and Registered Public Interest Entity Auditor)
29th Floor, Lee Garden Two
28 Yun Ping Road, Causeway Bay, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central, Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

REGISTERED OFFICE

ICS Corporate Services (Cayman) Limited
3-212 Governors Square
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P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HEADQUARTERS

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Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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P.O. Box 30746, Seven Mile Beach
Grand Cayman KY1-1203
Cayman Islands

HONG KONG SHARE REGISTRAR

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COMPANY WEBSITE

https://keep.com/

STOCK CODE

3650

Five Year Financial Summary

RESULTS

	For the year ended December 31,				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenues	**2,137,834**	2,211,551	1,619,538	1,106,777	663,119
Gross profit	**961,644**	900,380	676,628	499,427	272,626
Gross profit margin (%)	**45.0**	40.7	41.8	45.1	41.1
Profit/(loss) for the year	**1,105,908**	(104,551)	(2,908,237)	(2,243,750)	(735,045)
Adjusted net loss for the year (Non-IFRS measure) (note)	**(295,418)**	(666,907)	(826,527)	(106,384)	(366,450)
Adjusted net loss margin (%)	**(13.8)**	(30.2)	(51.0)	(9.6)	(55.3)

Note: We define adjusted net loss as profit/(loss) for the year, excluding share-based compensation expenses and fair value changes of convertible redeemable preferred shares. We exclude these items because they do not involve any cash outflow: (i) share-based compensation expenses primarily represent the non-cash employee benefit expenses incurred in connection with our 2016 Plan, 2021 Plan and 2023 Plan. Such expenses in any specific year are not expected to result in future cash payments and (ii) fair value changes of convertible redeemable preferred shares mainly represent changes in the fair value of the convertible redeemable preferred shares issued by us and relate to changes in our valuation. We did not record any further fair value changes of the convertible redeemable preferred shares after the Listing as preferred shares liabilities were redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon Listing.

ASSETS, LIABILITIES AND EQUITY

	As at December 31,				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total current assets	**2,291,429**	2,429,200	2,960,379	3,148,412	810,332
Total non-current assets	**157,312**	204,341	160,159	138,719	181,270
Total assets	**2,448,741**	2,633,541	3,120,538	3,287,131	991,602
Total current liabilities	**532,171**	667,115	606,866	330,179	216,738
Total non-current liabilities	**43,421**	9,476,589	9,274,323	6,998,620	2,920,506
Total liabilities	**575,592**	10,143,704	9,881,189	7,328,799	3,137,244
Net Assets	**1,873,149**	(7,510,163)	(6,760,651)	(4,041,668)	(2,145,642)
Total equity/(deficit in equity)	**1,873,149**	(7,510,163)	(6,760,651)	(4,041,668)	(2,145,642)
Total equity/(deficit in equity) and liabilities	**2,448,741**	2,633,541	3,120,538	3,287,131	991,602

Management Discussion and Analysis

Throughout 2023, our focus remained firmly on our mission "to make the world move" and have worked extensively to further this goal and strengthen the unique value proposition we offer users pursuing healthy and active lifestyles. Our platform sets itself apart with its AI-powered personalized workout plans and professional online fitness content that includes pre-recorded classes and interactive live streaming which dynamically adjust content and intensity based on users' athletic levels and preferences. This content is supported by an extensive and complementary ecosystem of fitness related products as well as a large and thriving community. We are seamlessly connecting the physical and digital fitness world into a one-stop immerse fitness experience. Our unique platform, technology, deep user insights, and community position us to lead the industry forward as we work to ensure long-term sustainable growth.

BUSINESS REVIEW

Key Operating Data

The following table sets forth certain of our key operating data for the periods indicated:

	Year ended December 31,	
	2023	2022
Average monthly active users ("**MAU(s)**") *(in thousand)*	**29,756**	36,388
Average monthly revenues per MAU *(in RMB)*	**6.0**	5.1
Average monthly subscribing members *(in thousand)*	**3,193**	3,621
Membership penetration rate	**10.7%**	10.0%

Overview

Despite the challenging macroeconomic environment, we remain committed to our strategy and are confident in our long-term business prospects. Our efforts throughout the year were focused on refining our products and services and improving our operational efficiency. We continued to invest in the production of premium online fitness content and app features to improve user engagement, strengthening our competitive advantages, and positioning ourselves for future growth. We also implemented prudent cost controls to support our sustainable and resilient business model without impacting user satisfaction for all our products, services, and sales networks.

Total revenues in 2023 were RMB2,137.8 million, representing a decrease of 3.3% from last year, primarily attributable to weaker-than-expected e-commerce consumer sentiment which impacted self-branded fitness product revenue, and our strategy to remain relatively cautious on the expansion of new products and market deployments; which were largely offset by an increase in revenue from online membership and paid content, driven by the strong performance of our virtual sports events. Our margin profile throughout the year improved significantly, with gross profit margin expanding to 45.0% from 40.7% last year. Adjusted net loss (non-IFRS measure) for 2023 narrowed significantly to RMB295.4 million from RMB666.9 million in 2022. In the second half of 2023, adjusted net loss margin (non-IFRS measure) was further narrowed to 6.3%, compared to 29.1% for the same period of 2022. These financial results reflect the progress we have made in enhancing the online content and services we offer, deploying a more efficient go-to-market strategy, strengthening supply chain management, and improving workforce productivity. These initiatives have positioned us to drive long-term sustained growth by generating high-quality revenue, expanding gross profit margins, and improving operating leverage. With a solid foundation now in place, our focus going forward in 2024 will be on refining and executing our core business initiatives and further empower users pursuing healthy and active lifestyles.

Average MAUs and average monthly subscribing members in 2023 were 29.8 million and 3.2 million, respectively, compared to 36.4 million and 3.6 million, respectively in 2022. The decreases were primarily due to (i) a temporary decrease in user activity in early 2023 caused by the surge in COVID-19 cases as well as an increase in post-pandemic offline leisure and travel; (ii) the high base effect for MAUs and subscribing members created in 2022 when COVID-related restrictions were still in place limiting outdoor activity; and (iii) a decrease in promotional activity and traffic acquisition associated with our strategic cost controls. Both average MAUs and average monthly subscribing members experienced moderating declines during the second half of 2023 and have begun to recover when compared to the first half of 2023 which underscores how we are regaining momentum supported by the gradual rollout of our new outdoor initiatives. In addition, our enhanced content and services drove an improvement in membership penetration rate to 10.7% in 2023 from 10.0% in last year. Supported by the continuous growth of our virtual sports events, average monthly revenue per MAU increased by 17.6% year-over-year in 2023.

Diverse Online Fitness Content

Since our inception, we have consistently strengthened every aspect of the member experience through our innovative and diverse online fitness content and services. This is directly supported by our high-quality in-house development capabilities, selective cultivation of third-party content, and rollout of periodic upgrades to existing content in our app.

Throughout 2023, we offered a greater selection of pre-recorded online courses exclusively for subscribing members. These courses include cardio, skipping rope, yoga, meditation, strength training, stretching/toning, and much more. The total number of pre-recorded courses available on our platform to paying members increased to 4,225 as of December 31, 2023, from 1,873 as of December 31, 2022. We released several new series of in-house developed courses including Big Arm Dumbbell Bicep Workout for Men (臂圍暴漲啞鈴男生手臂訓練) and Fat-Burning Walk High-Intensity Music (高消耗音樂燃脂走). We also issued updates to our popular existing professionally generated content (PGC) series of courses such as Training Series for a Sculpted Chest (鎧甲胸肌訓練系列) and Health-Improving Baduanjin Qigong (八段錦). New membership upgrades have access to content from well-known fitness influencers who are strategic partners with us. Notably, we partnered with Aurora Ouyang (歐陽春曉), one of the most prominent figures in the fitness industry, to develop exclusive premium pre-recorded courses Back & Neck Stretches for Perfect Shoulders (獨家全能! 歐陽春曉迷人肩頸背系列) and Hourglass Waist Upgrade (獨家沙漏腰! 歐陽春曉沙漏腰升級四部曲系列) tailored to meet the diverse preferences of our members.

Our expanded and curated collection offers meticulously crafted classes with greater detail, accuracy, and quality. This enhanced experience provides clearer visual instruction, concise fitness guidance, and empowers users at any fitness level to easily achieve their goals. Our extensive library of proprietary content lets users filter and search for content based on various criteria, including instructors, fitness level, duration, class sequence, and discipline. The number of workout sessions completed by our members following these courses in 2023 increased by over 200% from 2022. Participation by members in these classes and their enthusiastic feedback reflect our leadership in full-body fitness solutions, empowering users to reach their full potential. Leveraging our deep user insights and ability to adapt to their ever-evolving needs, as well as our proven in-house content development capabilities, we will continue to strategically invest in content development to drive future demand.

In addition to rolling out a greater selection of member-only pre-recorded classes in 2023, we are excited at the future opportunities created by the launch of exclusive member-only outdoor classes within our app. Historically, classes within our app were mostly indoor exercises, targeting members at home or at the gym. These newly-added outdoor classes will be ideal for runners at all levels, from fun runs for beginners to interval runs for those seeking to lose weight, to advanced training for marathon runners. Following successful trials, we are confident that these outdoor classes will attract new members. We are pleased to see membership penetration and average monthly membership retention rates in 2023 improve from 2022, attributable to our enhanced member-only courses. We expect our premium content and new outdoor classes to continue driving member activity on our platform and increasingly contribute more to Keep's value proposition.

Keeper Engagement and Virtual Sport Events

In 2023, participation in and the popularity of our online sports events continued to grow significantly. These events inspire users to join innovative and fun fitness activities, hit various fitness achievements, consistently track their activity progress and performance, and unlock exclusive incentives by Keep, such as in-house designed medals and virtual rewards. These medals and rewards are distinctive to memorialize the events and achievements for users. Event registration fees for users are flexible and affordable, with tiered packages ranging from RMB20 to RMB179 to complete running, cycling, walking and other exercises alongside other participants. While we organize these events, we typically partner with renowned brands or popular IP owners to market it to different user groups. Partnering with renowned brands and leveraging our integrated marketing capabilities on social media and short video platforms, we are able to expand our outreach efforts and engage with a much wider audience. Following the success of the virtual sports events we jointly hosted with our gaming IP partners, we further expanded our profile among Anime Comic Games (ACG) fans with the launch of Keep x Honkai: Star Rail Online Charity Run (崩跑吧，開拓者！星穹鐵道線上公益跑) and Keep x Light and Night Online Challenge (光與夜之戀線上挑戰賽). In addition, we began collaborating with renowned marathon organizers, including those that host the Guangzhou and Wuhan marathons, to offer runners a wider array of online and participation choices. Our team leads the industry at collaborating with brands to develop events with awards, engaging gameplay and fun rules that deliver value and an enjoyable, relaxed and engaging fitness experience. This expands our brand profile and helps us acquire new user traffic. Average revenue per paying user (ARPPU) reached record highs in 2023, increasing by over 30% compared to 2022. Our partnerships with increasingly more renowned brands have fueled our engagement with diverse markets and regions, catering to the increasing demand for premium fitness content across diverse user groups.

Furthermore, our app included even more outdoor classes and experiences in the past year. These new offerings also include personalized route recommendations and navigation, enhanced social features that allow users to compete with each other, seamless integration with fitness products such as wristbands, bikes, and shoes. With these newly integrated offerings, our app can synchronize real-time fitness data recorded by users' smart wearables, such as heart rate, calories burned, speed and distance. These outdoor classes are the results of our dedication to community building, improved user engagement, and expanded content (both mainstream and niche). We will continue developing data analysis tools, smart features, and diverse activities to empower our passionate community and unlock exciting new opportunities.

Self-branded Fitness Products

We continue to strengthen our position within core product categories to ensure we are the preferred choice for users seeking intelligent and professional fitness products. Aside from diverse content offerings and a large engaging community, we also offer an extensive range of self-branded products including smart fitness devices (such as bikes, wristbands, and treadmills) and complementary fitness products (including fitness gear, apparel and food). We sell our self-branded fitness products to users either directly through online retail channels (including our online store and third-party e-commerce platforms) or though third-party wholesale channels. Creating synergies between these products and our online fitness content ideally positions us at the one-stop comprehensive fitness solution for all users.

Due to the extensive range of devices and products we offer and soft consumer demand, we maintained a relatively cautious approach to market promotion and deployment throughout 2023. To ensure our products set themselves apart, our focus over the past year has been on the design, functionality, and cost structure of our smart devices. Latest updates on product launched in 2023 are as follows:

- *Flagship and Core Products:* we launched our new exercise bike, the self-powered Bike C1 Mini+, B4 Lite wristband, our very first A1 rowing machine, and K4 treadmill in 2023, to widespread positive reviews for their excellent design and functionality that meet the needs of our diverse users. By implementing universal design principles across our devices, we have achieved significant cost reductions and improved gross margins significantly. Bike C1 Mini+ builds upon the legacy of Bike Mini's economical and lightweight design, coming in at only 29kg and covering less than 0.52 square meters. The B4 Lite wristband was positioned to specifically target younger generations with unique features such as track-running modes (操場跑) favored by college students as well as real-time fitness monitoring that syncs directly with our app. The A1 rowing machine was recognized for its design, space-saving foldability, and futuristic-sleek appearance by being awarded the Red Dot Product Design Award in 2023. The K4 treadmill can automatically adjust and customize speed and inclines for users based on their running course targets. Featuring a modern sleek design with a borderless running belt, the K4 treadmill was awarded the world's most prestigious IF Design Award for 2024.

- Complementary content is a critical piece of any smart fitness device and we continued to roll out additional updates for each product. Keep Bike saw its library of themed outdoor cycling routes expand to 74 by the end of 2023. Keep Wristband continues to receive iterative updates as we expand its real-time tracking capabilities allowing users to closely monitor their performance and heart rates as they engage in various types of physical activity. The A1 rowing machine comes with a full library of low-impact, full-body cardio and strength classes.

We continue to enhance the competitiveness of our core apparels and gears portfolio, including yoga apparel, workout equipment, protective gear, sports underwear, and fitness pants, continue to gain popularity. Catering to users' demands, we have expanded our portfolio from indoor fitness apparel and equipment to outdoor-related categories, providing users with a broader range of options tailored for various exercise scenarios. Outdoor-related products generated solid momentum in the past year. In 2023, we not only able to enhance our state-of-the-art designs, but also improve operating efficiency by successfully decreased the inventory turnover days and lowered the sales and marketing expense ratio. Our strong emphasis on sound products and technology have led to the development of innovative features and functionalities, coupled with an exceptional user experience.

Outlook

Despite all the uncertainties in the global economic recovery, we successfully executed our strategies, and balanced growth with cost-control initiatives we implemented across the organization. The strong appeal of fitness and wellness is reflected in our resilient performance in 2023. We continue to be optimistic about our long-term growth prospects and will work towards improving efficiency in our commercialization of services and products, and strengthening profitability.

Our focus going forward will be squarely on:

- Investing in immersive, exclusive, and professional online fitness content that will form the foundation of our business and allow us to acquire and retain high-quality users and enhance our leadership position in the online fitness market;

- Further expanding and refining our outdoor fitness functions and products to better serve users going outdoors. We recently launched a full upgraded version 8.0 of our app that allows users to easily sort through classes, offers deeper community engagement functionality, and facilitates user feedback to recommend and inspire others to explore and join;

- Developing and applying new technologies and intelligent features, by exploring AI-driven technology application prospects in overseas markets. We plan to leverage AI advancements to drive innovative and elevated fitness experiences in a more efficient and distinguished way, in order to attract new users groups and discover new commercialization opportunities;

- Continuously driving user conversions and enhancing commercialization efficiency; and

- Collaborating with renowned brands on marketing and service innovation to acquire new user segments.

FINANCIAL REVIEW

Revenues

Total revenues were RMB2,137.8 million for the year ended December 31, 2023, representing a 3.3% decrease from RMB2,211.6 million for the year ended December 31, 2022, primarily due to a decrease in revenues from self-branded fitness products. The breakdown of our revenues by segment for the years are presented as follows:

	Year ended December 31,		
	2023	2022	Year-on-year change
	RMB'000	RMB'000	(%)
Revenues:			
Self-branded fitness products	**946,087**	1,136,971	(16.8)
Online membership and paid content	**995,760**	894,167	11.4
Advertising and others	**195,987**	180,413	8.6
Total	**2,137,834**	2,211,551	(3.3)

Revenues from self-branded fitness products were RMB946.1 million for the year ended December 31, 2023, representing a 16.8% decrease from RMB1,137.0 million for the year ended December 31, 2022. The decrease was mainly attributable to (i) the overall online consumer sentiment being lower than expected in a challenging environment; (ii) an increase in offline leisure and travel activities post-pandemic in 2023, leading to a decrease in consumption of indoor fitness products; and (iii) with a view to enhancing business health and reducing losses, we continued to proceed with the strategy to reduce costs and increase efficiency, which included strategic control over costs related to product development, deployment, and marketing.

Revenues from online membership and paid content were RMB995.8 million for the year ended December 31, 2023, representing a 11.4% increase from RMB894.2 million for the year ended December 31, 2022, mainly attributable to an increase in revenues generated from our virtual sports events. See "Management Discussion and Analysis — Business Review — Keeper Engagement and Virtual Sport Events" for more details of the increase of virtual sports events.

Revenues from advertising and others were RMB196.0 million for the year ended December 31, 2023, representing a 8.6% increase from RMB180.4 million for the year ended December 31, 2022, mainly attributable to a recovery in our advertising business in the second half of 2023 as we provided advertising customers more online to offline integrated advertising services.

Cost of revenues

Cost of revenues was RMB1,176.2 million for the year ended December 31, 2023, representing a 10.3% decrease from RMB1,311.2 million for the year ended December 31, 2022, which has decreased significantly more than the slight decline in our revenues during the same year, primarily due to the success of our cost containment.

	Year ended December 31,		
	2023	2022	Year-on-year change
	RMB'000	RMB'000	(%)
Cost of revenues:			
Self-branded fitness products	**683,876**	816,883	(16.3)
Online membership and paid content	**370,085**	409,082	(9.5)
Advertising and others	**122,229**	85,206	43.5
Total	**1,176,190**	1,311,171	(10.3)

Cost of self-branded fitness products was RMB683.9 million for the year ended December 31, 2023, representing a 16.3% decrease from RMB816.9 million for the year ended December 31, 2022, mainly attributable to the decrease in cost of self-branded fitness products sold as the revenues from self-branded fitness products decreased.

Cost of online membership and paid content was RMB370.1 million for the year ended December 31, 2023, representing a 9.5% decrease from RMB409.1 million for the year ended December 31, 2022, mainly attributable to decrease of (i) RMB22.2 million in employee benefits; (ii) RMB18.4 million in content related costs; and (iii) RMB9.4 million in channel fees paid to third-party application stores and other payment channels, which were partially offset by a RMB26.8 million increase in costs associated with virtual sports events.

Cost of advertising and others was RMB122.2 million for the year ended December 31, 2023, representing a 43.5% increase from RMB85.2 million for the year ended December 31, 2022, mainly attributable to an increase of RMB31.9 million in advertising costs associated with integrated online-to-offline advertising campaigns.

Gross profit and gross profit margin

As a result of the foregoing, gross profit was RMB961.6 million for the year ended December 31, 2023, representing a 6.8% increase from RMB900.4 million for the year ended December 31, 2022.

Gross profit margin was 45.0% for the year ended December 31, 2023, representing a 4.3 percentage point increase from 40.7% for the year ended December 31, 2022, mainly attributable to an increase in revenues and gross profit contribution from online membership and paid content.

Gross profit from self-branded fitness products decreased by 18.1% from RMB320.1 million for the year ended December 31, 2022 to RMB262.2 million for the year ended December 31, 2023, mainly attributable to the decrease in revenues from self-branded fitness products.

Gross profit from online membership and paid content increased by 29.0% from RMB485.1 million for the year ended December 31, 2022 to RMB625.7 million for the year ended December 31, 2023, mainly attributable to an increase in revenues and the further optimization of content related costs and employee benefits.

Gross profit from advertising and others decreased by 22.5% from RMB95.2 million for the year ended December 31, 2022 to RMB73.8 million for the year ended December 31, 2023, primarily due to an increase in costs associated with integrated online-to-offline advertising campaigns.

Fulfillment expenses

Fulfillment expenses were RMB155.7 million for the year ended December 31, 2023, representing a 22.8% decrease from RMB201.6 million for the year ended December 31, 2022, primarily due to a decrease in revenues from self-branded fitness products and the further optimization of logistics and storage costs.

Selling and marketing expenses

Selling and marketing expenses were RMB569.3 million for the year ended December 31, 2023, representing a 11.9 % decrease from RMB646.2 million for the year ended December 31, 2022. The decrease was primarily due to a decrease of RMB79.2 million in promotion and advertising expenses as we reduced certain marketing activities and improved user acquisition efficiency.

Administrative expenses

Administrative expenses were RMB209.3 million for the year ended December 31, 2023, representing a 14.8% decrease from RMB245.6 million for the year ended December 31, 2022, primarily attributable to a decrease of RMB47.6 million in administrative personnel costs (including related share-based compensation expenses).

Research and development expenses

Research and development expenses were RMB449.7 million for the year ended December 31, 2023, representing a 16.2% decrease from RMB536.9 million for the year ended December 31, 2022, primarily attributable to a decrease of (i) RMB59.3 million in research and development personnel costs (including related share-based compensation expenses); (ii) RMB17.0 million in cloud computing service fees; and (iii) RMB7.8 million in outsourcing and other labor costs.

Income tax expense

Our income tax expense was nil for the year ended December 31, 2023 compared to approximately RMB1.0 million for the year ended December 31, 2022. Income tax expense for the year ended December 31, 2022 was composed of a withholding tax for certain royalty license fees.

Fair value changes of convertible redeemable preferred shares

Fair value changes of convertible redeemable preferred shares was RMB1.4 billion for the year ended December 31, 2023, compared with RMB665.0 million for the year ended December 31, 2022. The fair value changes of convertible redeemable preferred shares before the Listing was primarily attributable to changes in the valuation of the Company. We did not record any further fair value changes of the convertible redeemable preferred shares following the Listing as preferred shares liabilities were redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon Listing.

Profit/(loss) for the year

As a result of the foregoing, profit for the year ended December 31, 2023 was RMB1.1 billion, compared with a loss of RMB104.6 million for the year ended December 31, 2022, primarily attributable to fair value changes of convertible redeemable preferred shares of RMB1.4 billion for the year ended December 31, 2023. Adjusted net loss (non-IFRS measure) was RMB295.4 million and RMB666.9 million for the years ended December 31, 2023 and 2022, respectively.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards as issued by the IASB, we also use adjusted net loss as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We believe adjusted net loss provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss may not be comparable to similarly titled measures presented by other companies. The use of adjusted net loss has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss as profit/(loss) for the year, excluding share-based compensation expenses and fair value changes of convertible redeemable preferred shares. We exclude these items because they do not involve any cash outflow:

– Share-based compensation expenses primarily represent the non-cash employee benefit expenses incurred in connection with the Amended and Restated 2016 Employee's Stock Option Plan adopted in June 2021 (the "**2016 Plan**"), the Amended and Restated 2021 Employee's Stock Option Plan adopted in June 2021 (the "**2021 Plan**") and the Post-IPO Share Incentive Plan (the "**2023 Plan**") effective upon the Listing Date. Such expenses in any specific period are not expected to result in future cash payments.

– Fair value changes of convertible redeemable preferred shares mainly represent changes in the fair value of the convertible redeemable preferred shares issued by us and relate to changes in our valuation. We did not record any further fair value changes of the convertible redeemable preferred shares after the Listing as preferred shares liabilities were redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon Listing.

The following table reconciles our adjusted net loss for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is profit/(loss) for the years ended December 31, 2023 and 2022:

	For the year ended December, 31	
	2023	2022
	RMB'000	RMB'000
Reconciliation of profit/(loss) to adjusted net loss (Non-IFRS measure):		
Profit/(loss) for the year	**1,105,908**	(104,551)
Adjustments for:		
Share-based payment expenses	**30,935**	102,613
Fair value changes of convertible redeemable preferred shares	**(1,432,261)**	(664,969)
Adjusted net loss for the year (Non-IFRS measure)	**(295,418)**	(666,907)

Liquidity and capital resource

For the year ended December 31, 2023, we funded our cash requirements primarily from historical equity financing activities. Our cash and cash equivalents primarily consist of cash in hand, deposits held at call with banks, highly liquid investments placed in banks with original maturities of three months or less and cash held at third party payment platform that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

We had cash and cash equivalents of RMB1.6 billion as of December 31, 2023, compared with RMB1.7 billion as of December 31, 2022. The decrease was primarily due to the use of cash for operating activities, which was partly offset by proceeds from the issuance of ordinary shares relating to the Listing. Most of the Group's cash and cash equivalents were denominated in RMB while most of the time deposits were denominated in U.S. dollars.

Significant investments

We did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2023) during the Reporting Period.

Material acquisitions and/or disposals of subsidiaries, associates and joint ventures

We did not have any material acquisitions and/or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during the Reporting Period.

Future plans for material investments and capital assets

As of the date of this annual report, we did not have other plans for material investments and capital assets.

Employee and remuneration

As of December 31, 2023, the Group had 955 full-time employees, as compared to 1,243 as at December 31, 2022. Total employee benefits for the year ended December 31, 2023, was RMB639.8 million, compared with RMB766.8 million for the year ended December 31, 2022.

Bank borrowings and gearing ratio

As of December 31, 2023, outstanding borrowings amounted to RMB10.0 million.

As of December 31, 2023, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 0.24, compared with 3.85 as of December 31, 2022, mainly due to the conversion of convertible redeemable preferred shares to ordinary shares.

The Board and the Audit Committee constantly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Contingent liabilities

As of December 31, 2023, we did not have any material contingent liabilities or guarantees.

Pledge of assets

As of December 31, 2023, there was no material pledge of assets.

Interest rate risk and foreign exchange risk

We exposed to insignificant interest rate risk. This is primarily attributable to the fact that the Group did not hold any significant assets or liabilities that were carried at floating rates. Our financial assets and liabilities are primarily composed of fixed-rate instruments and, as such, are not subject to frequent fluctuations in interest rates. This strategic financial stance has shielded our operations from the volatility often associated with varying interest rates and has contributed to our stable financial performance. During the Reporting Period, we have not hedged against any fluctuation in foreign currency.

We operate mainly in the PRC with most of the transactions settled in RMB. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of our Group denominated in currencies other than the respective functional currencies of our operating entities.

During the year ended December 31, 2023, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant.

Significant events after the Reporting Period

Save as disclosed in this annual report, the Company is not aware of any significant event that might affect the Group since December 31, 2023 and up to the Latest Practicable Date.

Biographies of Directors and Senior Management

The biographical details of the Directors and senior management are set out as follows:

EXECUTIVE DIRECTORS

Mr. Wang Ning (王寧) aged 33, is an executive Director, the Chief Executive Officer, the Chairman of the Board, and the founder of our Company. Mr. Wang is responsible for the overall strategy, business direction and management of our Company.

Mr. Wang founded Keep in September 2014, immediately after he graduated from university. Mr. Wang received his bachelor's degree in computer science from Beijing Information Science and Technology University in July 2014.

Mr. Peng Wei (彭唯), aged 37, is an executive Director, vice president of online operations and co-founder of our Company. He has served as our Director since July 2015 and the vice president of online operations since October 2014. Mr. Peng leads and manages our Keep online platform, including content and user management.

Prior to joining our Group in October 2014, Mr. Peng was the product manager of Beijing Yuanli Future Technology Co., Ltd. (formerly known as Beijing Fenbi Future Technology Co., Ltd.) from July 2013 to October 2014. Mr. Peng received his bachelor's degree in psychology from Tianjin University of Commerce in June 2009 and master's degree in psychology from Peking University in July 2013.

Mr. Liu Dong (劉冬), aged 46, is an executive Director, vice president of consumer fitness products and co-founder of our Company. He has served as our director since April 2021 and vice president of consumer fitness products since September 2017. Mr. Liu is responsible for the overall strategy and operation of our smart fitness products business unit including smart devices.

Before joining our Group in October 2017, Mr. Liu was the co-founder and president of Qibai (Beijing) Technology Development Co., Ltd. from September 2014 to September 2017. From October 2009 to April 2013, Mr. Liu served as the president assistant of Sungy Mobile Limited. From October 2001 to September 2009, Mr. Liu served in various capacities at BenQ in China, including sales manager, product manager and manager of Beijing branch. Mr. Liu received his bachelor's degree in mechanical and electronic engineering from Xi'an Technological University in July 2000.

NON-EXECUTIVE DIRECTOR

Mr. Li Haojun (李浩軍), aged 37, is a non-executive Director. He has served as our director since September 2015. Mr. Li joined Jiyuan Capital (formerly known as GGV Capital) in May 2014 and has served as a partner at Jiyuan Capital since April 2021. Prior to that, Mr. Li served as an assistant investment director at Vertex Venture from August 2012 to April 2014, where he led and participated in several early and growth-stage investments in the TMT sector. From July 2011 to August 2012, Mr. Li served as a product manager for Tencent Holdings Ltd (stock code: 0700). Mr. Li received his bachelor's degree in electronics from Peking University in July 2008 and master's degree in microelectronics from Peking University in July 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ge Xin (葛新), aged 47, was appointed as an independent non-executive Director with effect from the Listing Date. Ms. Ge is the founding partner of G-Bridge Partners Ltd since September 2022. Ms. Ge served as an advisor of Du Xiaoman from February 2022 to December 2022 and was a senior vice president and the chief financial officer of Du Xiaoman from May 2019 to January 2022. Prior to that, she served as a partner of Ares Management Private Equity Group from June 2014 to December 2018. From August 2005 to May 2014, Ms. Ge served as a managing director at the investment banking division at Goldman Sachs. She was a sponsor principal of Goldman Sachs (Asia) L.L.C. and a responsible officer from January 2012 to May 2014, in respect of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She worked at PricewaterhouseCoopers in Beijing and San Francisco from July 1998 to June 2003. Ms. Ge was a Certified Public Accountant in the United States. Ms. Ge received her dual bachelor's degrees in English literature and economics from Peking University in June 1998. She received her master's degree in business administration from Harvard Business School in June 2005.

Mr. Shan Yigang (單一剛), aged 51, was appointed as an independent non-executive Director with effect from the Listing Date. Mr. Shan has served as the executive director of KE Holdings Inc. (stock code: 2423; NYSE: BEKE) since July 2018. He has been a director of Beijing Lianjia from December 2007 to September 2021. Prior to joining Beijing Lianjia, Mr. Shan was the co-founder of Dalian Haowangjiao Real Estate Brokerage Co., Ltd. from December 1999 to November 2007. Mr. Shan obtained his EMBA degree from Tsinghua University in January 2019.

Mr. Wang Haining (王海寧), aged 46, was appointed as an independent non-executive Director with effect from the Listing Date. Mr. Wang has served as the chairman and general manager of Happy Elements Technology (Beijing) Limited since February 2012 where he previously served as the executive director from July 2012 to February 2017. He founded Beijing Shuangyu Hudong Technology Development Co., Ltd. in October 2009. Prior to that, he served as the senior director of Renren Inc. (NYSE: RENN) from June 2007 to October 2009. From March 2005 to June 2007, he served as an account executive of SAP. He served as a high tech industry manager of Oracle from March 2004 to March 2005. Mr. Wang obtained his bachelor's degree in information technology from Wuhan University in July 2000.

SENIOR MANAGEMENT

Mr. Wang Ning (王寧), aged 33, is an executive Director, the Chief Executive Officer, the Chairman of the Board, and the founder of our Company. See "－Executive Directors" above.

Mr. Peng Wei (彭唯), aged 37, is an executive Director, vice president of online operations and co-founder of our Company. See "－Executive Directors" above.

Ms. Liu Dong (劉冬), aged 46, is our executive Director vice president of consumer fitness products and co-founder of our Company. See "－Executive Directors" above.

Mr. Huang Weibo (黃偉波), aged 44, is the Chief Financial Officer and the joint company secretary of our Company and oversees the finance, legal, risk management and the investing and financing activities of our Company. Before joining the Group in November 2020, Mr. Huang held senior executive and managerial positions in top technology companies and a renowned public accounting firm. Mr. Huang served as the chief financial officer of Ziroom Inc. from March 2017 to October 2020. Prior to that, Mr. Huang served as the executive president and chief financial officer of Rongchain Inc. from January 2016 to March 2017. Mr. Huang served as the senior finance director of Didi Infinity Technology Development Co., Ltd. from November 2014 to January 2016, and the senior finance director of Douban Inc. from August 2013 to October 2014. Prior to that, he worked at Deloitte Touche Tohmatsu from August 2001 to May 2011, where his last position was associate director. In addition, Mr. Huang also served as a finance management consultant in the World Bank from November 2012 to June 2013. Mr. Huang became a member of the Chinese Institute of Certified Public Accountants in August 2010, a certified internal auditor in November 2005, and a certified information system auditor in June 2006. Mr. Huang received his bachelor's degree in public finance and taxation from Sun Yat-sen University in June 2001 and a master's degree in business administration from Georgetown University in May 2013.

Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Company for the year ended December 31, 2023.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on April 21, 2015, as an exempted company with limited liability under the laws of the Cayman Islands. The Shares were listed on the Main Board of the Stock Exchange on July 12, 2023. Pursuant to the Global Offering, the Company issued 10,838,600 new ordinary shares of the Company on July 12, 2023 with a nominal value of US$0.00005 each at a price of HK$28.92 per ordinary share and received net proceeds of approximately HK$192.0 million from the initial public offering, after deducting professional fees, underwriting commissions and other related listing expenses.

PRINCIPAL BUSINESS

The Company is a growing and result-oriented platform that provides users with a comprehensive fitness solution to help them achieve their fitness goals. We offer extensive and professional fitness content with AI-assisted personalized curriculums, encompassing recorded fitness courses and interactive live streaming classes, that dynamically adjust course content and workout intensity based on users' athletic levels, fitness goals, daily workout patterns and diet. Our content is complemented by a variety of smart fitness devices, fitness gear, apparel and food, which enables us to seamlessly connect the physical and digital realms to create an immersive, one-stop fitness experience.

There were no significant changes in the nature of the Group's principal activities during the year ended December 31, 2023.

RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated financial statements on pages 120 to 126 of this annual report.

DIVIDEND POLICY AND FINAL DIVIDENDS

The Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends shall be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS Accounting Standards. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such fund reaches 50% or more of its registered capital, 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.

As at December 31, 2023, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

The Board did not recommend the payment of a final dividend for the year ended December 31, 2023.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights (including entitlements to any relief of taxation) in relation to, the Shares, they are advised to consult an expert.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Wednesday, June 19, 2024. The notice of the AGM will be published or dispatched to the Shareholders (if necessary) in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, June 14, 2024 to Wednesday, June 19, 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, June 13, 2024.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the Group's performance during the year ended December 31, 2023, using financial key performance indicators and the material factors underlying its results and financial position as well as the outlook of the Group's business are provided in the "Management Discussion and Analysis" on pages 5 to 15 of this annual report. Description of the principal risks and uncertainties faced the Group can be found in the "Management Discussion and Analysis" on page 15 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a company offering a comprehensive fitness solution to the society, we believe that our business inherently promotes low-carbon lifestyle and healthy living following the ESG principles. We believe our continued growth depends on our integration of ESG values into our corporate strategies and operations. With the unprecedented challenges regarding climate change and the COVID-19 pandemic, we have become more active to take on social responsibilities and we will continue to bring fitness to everyone in our society. We are committed to operating on an ethical and compliant basis and elevating user experience through technological innovation. We will continue to promote a diverse and inclusive environment for talents, and pursue environmentally friendly operations following the principles of low carbon economy, thereby contributing to public welfare and helping build a sustainable community.

The environmental and social matters that have a significant impact on the Group will be disclosed in the Environmental, Social and Governance Report issued under Environmental, Social and Governance Reporting Guide as specified in Appendix C2 to the Listing Rules.

LEGAL PROCEEDINGS AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

We may from time to time become a party to various legal proceedings arising in the ordinary course of business. Directors confirm that, during the year ended December 31, 2023 and up to the Latest Practicable Date, we had not involved in any litigation, arbitration or administrative proceeding against us or any of our Directors that could have a material and adverse effect on our business, financial conditions or results of operations. Furthermore, to the knowledge of our Directors, there is no pending or foreseeable litigation, arbitration or administrative proceeding against us or any of our Directors that could cause a material and adverse effect on our business, financial conditions or results of operations.

During the year ended December 31, 2023 and up to the Latest Practicable Date, the Group had complied with the laws in all material respects, including the requirements under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Corporate Governance Code contained in Appendix C1 to the Listing Rules) for, among other things, the disclosure of information and corporate governance.

FIVE YEAR FINANCIAL SUMMARY

A summary of the Company's results, assets, liabilities and equity for the last five financial years are set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

RELATIONSHIP WITH STAKEHOLDERS

Employees

As at December 31, 2023, we had a total of 955 full time employees. Substantially all of our employees are based in the PRC.

We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels including our corporate websites and social networking platforms. We have designed diversified learning and development programs for different job groups, and continuously improve the internal training system. We provide newcomer training for new employees to enable them to learn about the company's overview, management principles, business segments, etc. We have launched hierarchical training programs for management to help all types of managers better perform their duties. We also offer a range of training programs for coaches. In addition to new coach induction training, we organize quarterly learning sessions to ensure that coaches are familiar with our business and norms.

In accordance with the rules and regulations in the PRC, we participate in the applicable housing provident funds and various social insurance plans for employees initiated by local and provincial governments. The Group and the PRC based employees are required to make monthly contributions to these plans calculated as a specific percentage of the employees' salaries.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics and non-competition with all of our executive officers and the vast majority of our employees. These contracts typically include a non-competition provision and a confidentiality provision effective during and after their employment with us.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the year ended December 31, 2023 and up to the Latest Practicable Date.

Major Customers and Suppliers

Our customers include users who purchase our fitness content and products and participate in our Keep offline fitness classes, advertisers who post advertisements of their content, products and services on our online platform and wholesale channels that we use for selling our self-branded fitness products. For the year ended December 31, 2023, the respective percentage of sales attributable to the Group's five largest customers in aggregate were less than 30%. The top five customers are primarily wholesale channels that purchased our self-branded products and advertising companies who purchased our online advertising service, while our largest customer was wholesale channel that purchased our self-branded products.

Our suppliers primarily consist of raw materials, components and finished goods suppliers, advertising and marketing service providers, warehousing, packaging and delivery suppliers, third-party application stores and other payment channels, third-party platform suppliers, data storage, server hosting, and bandwidth providers and fitness content providers. For the year ended December 31, 2023, the respective percentage of purchases attributable to the Group's five largest suppliers in aggregate were less than 30%.

So far as our Directors are aware, none of our Directors or executive officers of our Company or its subsidiaries, their respective associates or any Shareholders holding more than 5% of the issued share capital of our Company, had any interests in any of our five largest suppliers and customers during the year ended December 31, 2023 and up to the Latest Practicable Date.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2023 are set out in note 25 to the consolidated financial statements.

As at December 31, 2023, the issued share capital of the Company was 525,671,987 Shares.

RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2023 are set out on pages 124 to 125 in the consolidated statement of changes in equity in this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2023, the Company's reserve available for distribution to Shareholders amounted to RMB5,302.2 million.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended December 31, 2023 are set out in note 15 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

During the year ended December 31, 2023 and as at the Latest Practicable Date and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company during the year ended December 31, 2023 and up to the Latest Practicable Date are set out below:

Name	Position(s) in the Company
Directors	
Wang Ning	Executive Director, Chairman, Chief Executive Officer and Founder
Peng Wei	Executive Director, Vice President of Online Operations and Co-founder
Liu Dong	Executive Director, Vice President of Consumer Fitness Products and Co-founder
Li Haojun	Non-executive Director
Ge Xin	Independent non-executive Director
Shan Yigang	Independent non-executive Director
Wang Haining	Independent non-executive Director
Senior management	
Wang Ning	Executive Director, Chairman, Chief Executive Officer and Founder
Peng Wei	Executive Director, Vice President of Online Operations and Co-founder
Liu Dong	Executive Director, Vice President of Consumer Fitness Products and Co-founder
Huang Weibo	Chief Financial Officer

To the best of the Directors' knowledge, information and belief, save as disclosed in this annual report, the Directors and senior management do not have any relationship amongst them.

In accordance with Article 15.1 of the Articles of Association, Peng Wei, Liu Dong and Li Haojun will retire by rotation, and being eligible, have offered themselves for re-election as Directors at AGM.

Biographical details of the Directors and senior management are set out on pages 16 to 17 of this annual report.

SERVICE CONTRACTS OR LETTERS OF APPOINTMENT OF DIRECTORS

Each of our executive Directors entered into a service contract with our Company. The term of appointment shall be for an initial term of three years from the Listing Date. The appointment shall, subject always to re-election as and when required under the Articles of Association, be automatically renewed for successive periods of three (3) years until terminated in accordance with the service contract or by either party giving to the other not less than three (3) months prior notice in writing.

Each of non-executive Director and independent non-executive Directors entered into an appointment letter with our Company. The term of appointment shall be for an initial term of three years from the Listing Date. The appointment shall, subject always to re-election as and when required under the Articles of Association, be automatically renewed for successive periods of three (3) years until terminated in accordance with the appointment letters or by either party giving to the other not less than three (3) months prior notice in writing.

The appointment of Directors is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has or is proposed to have a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent during the year ended December 31, 2023 and remain so as of the Latest Practicable Date.

CHANGE OF INFORMATION OF DIRECTORS

Save as disclosed in this annual report, there are no other changes to the Directors' and chief executive's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in the Company's Shares

Name of Director	Nature of interest	Number of Shares and underlying Shares held	Approximate percentage of interest in the Company
Mr. Wang Ning(1)	Interest in controlled corporation	78,469,806	14.93%
	Interest under contract	21,652,719	4.12%
	Interest in controlled corporation	8,909,312	1.69%
Mr. Peng Wei(2)	Interest in controlled corporation	10,621,480	2.02%
Mr. Liu Dong(3)	Interest in controlled corporation	5,561,499	1.06%
	Beneficial owner	10,000	0.00%

Notes:

(1) Each of Persistent Courage Holdings Limited and Lightmap Limited holds 78,469,806 and 8,909,312 Shares respectively, and each of them is wholly owned by Arrow Factory Limited, which is controlled by Starmap Trust, a trust controlled by Mr. Wang Ning ("**Mr. Wang**") and in which Mr. Wang is the settlor and sole beneficiary. Additionally, pursuant to the voting proxy agreements dated June 14, 2022 ("**Voting Proxy Agreements**"), Mr. Wang, through Persistent Courage Holdings Limited as proxyholder, is entitled to the votes attached to an aggregate of 21,652,719 Shares held by the proxy granters. Accordingly, under the SFO, Mr. Wang, through Persistent Courage Holdings Limited, is deemed to be interested in the subject Shares under the Voting Proxy Agreements.

(2) Mr. Peng Wei ("**Mr. Peng**") holds his interests in our Company through his controlled corporation, Metropolis Olympia Holdings Limited, which holds 10,621,480 Shares. Metropolis Olympia Holdings Limited is wholly-owned by Pacinoson Limited, which in turn is controlled by a trust that is controlled by Mr. Peng and in which Mr. Peng is the settlor and sole beneficiary. Under the SFO, Mr. Peng is deemed to be interested in all the interests in our Company held by Metropolis Olympia Holdings Limited.

(3) Mr. Liu Dong ("**Mr. Liu**") is beneficially interested in 10,000 Shares, which underlines the outstanding options granted to him under the 2016 Plan. Mr. Liu holds additional interests in our Company through his controlled corporation, Bulldog Group Ltd, which holds 5,561,499 Shares, of which 990,000 of the Shares were awarded to Mr. Liu Dong pursuant to the Pre-IPO Share Incentive Plans and are held by Bulldog Group Ltd as restricted shares (with restrictions on transfer, voting and income) until the relevant vesting and exercise conditions are fulfilled. Bulldog Group Ltd is ultimately wholly controlled by a trust in which Mr. Liu is the settlor and sole beneficiary. Under the SFO, Mr. Liu is deemed to be interested in all the interest in our Company held by Bulldog Group Ltd.

Save as disclosed above, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at December 31, 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2023, to the best of the knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Interests in the Shares and Underlying Shares of the Company

Name of shareholder group	Nature of interest	Number of Shares and underlying Shares held	Approximate percentage of interest in the Company
Mr. Wang Ning(1)	Interest in controlled corporations	109,031,837	20.74%
Lightmap Limited*	Beneficial owner	8,909,312	1.69%
Persistent Courage Holdings Limited	Beneficial owner	78,469,806	14.93%
	Interest under contract	21,652,719	4.12%
GGV Shareholders(2)	Interest in controlled corporation	75,814,900	14.42%
GGV Capital Select L.P.*	Beneficial owner	22,301,580	4.24%
GGV Capital V L.P.	Beneficial owner	44,557,380	8.48%
GGV Capital V Entrepreneurs Fund L.P.*	Beneficial owner	1,635,240	0.31%
GGV VII Investments Pte. Ltd.*	Beneficial owner	7,320,700	1.39%
Futu Trustee Limited(3)	Trustee	59,645,300	11.35%
Calorie Partner Limited	Beneficial interest	45,205,300	8.60%
Calorie Fortune Limited*	Beneficial interest	14,440,000	2.75%
SVF II Calorie Subco (DE) LLC(4)			
SVF II Investment Holdings (Subco) LLC	Beneficial owner	48,804,580	9.28%
5Y Capital(5)	Interest in controlled corporations	39,430,520	7.50%
Morningside China TMT Fund IV, L.P.	Beneficial owner	30,280,360	5.76%
Morningside China TMT Fund IV Co-Investment, L.P.*	Beneficial owner	3,140,920	0.60%
Morningside China TMT Special Opportunity Fund II, L.P.*	Beneficial owner	1,128,780	0.21%

Name of shareholder group	Nature of interest	Number of Shares and underlying Shares held	Approximate percentage of interest in the Company
Evolution Special Opportunity Fund I, L.P.*	Beneficial owner	4,243,880	0.81%
Evolution Fund I Co-investment, L.P.*	Beneficial owner	636,580	0.12%
Morespark Limited[(6)]			
Morespark Limited	Beneficial owner	32,819,640	6.24%
JenCap[(7)]	Interest in controlled corporations	29,509,020	5.62%
JenCap Squad*	Beneficial owner	26,053,100	4.96%
JenCap Squad I L.P.*	Beneficial owner	3,455,920	0.66%
BAI GmbH[(8)]			
BAI GmbH	Beneficial owner	28,038,500	5.33%

Notes:

* These entities are not substantial shareholders as they will not have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, and will not be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group. These entities are disclosed in this table for the sake of completeness.

1. Each of Persistent Courage Holdings Limited and Lightmap Limited is wholly owned by Arrow Factory Limited, which is controlled by Starmap Trust, a trust controlled by Mr. Wang Ning and in which Mr. Wang is the settlor and sole beneficiary. Additionally, pursuant to the Voting Proxy Agreements, Mr. Wang, through Persistent Courage Holdings Limited as proxyholder, is entitled to the votes attached to an aggregate of 21,652,719 Shares held by the proxy granters.

   Accordingly, Mr. Wang Ning, Trident Trust Company (HK) Limited and Arrow Factory Limited are deemed or taken to be interested in the Shares in which Persistent Courage Holdings Limited and Lightmap Limited* are interested in under the SFO, on an aggregated basis.

2. GGV Capital Select L.P. is controlled by GGV Capital Select L.L.C. GGV Capital V L.P. is controlled by GGV Capital V L.L.C. GGV Capital V Entrepreneurs Fund L.P. is controlled by GGV Capital V L.L.C. GGV VII Investments Pte. Ltd. is ultimately controlled by GGV Capital VII L.L.C. GGV Capital Select L.L.C. and GGV Capital V L.L.C. are controlled by Lee Hongwei Jenny, Jeff Richards, Jixun Foo, Glenn Solomon and Hans Tung. GGV Capital VII L.L.C. is controlled by Lee Hongwei Jenny, Jeff Richards, Jixun Foo, Glenn Solomon, Hans Tung and Eric Xu.

3. Futu Trustee Limited is the trustee of Calorie Partner Limited and Calorie Fortune Limited, which hold Shares on behalf of participants of the Pre-IPO Share Incentive Plans who are not close associates of our Company. Accordingly, Futu Trustee Limited is deemed to be or taken to be interested in the Shares held by corporations controlled by the trusts in which it is trustee under the SFO, on an aggregated basis.

4. SVF II Calorie Subco (DE) LLC ("**SVF**") is a special purpose vehicle indirectly majority owned by SoftBank Vision Fund II-2 L.P. ("**SVF Fund II**") through SVF II Aggregator (Jersey) L.P., SVF II Holdings (DE) LLC, SVF II Investment Holdings LLC and SVF II Investment Holdings (Subco) LLC. The sole member of SVF is SVF II Investment Holdings (Subco) LLC ("**SVF II Investment Subco**") and the sole member of SVF II Investment Subco is SVF II Investment Holdings LLC. SB Global Advisers Limited ("**SBGA**") has been appointed as manager and is responsible for making all decisions related to the acquisition, structuring, financing and disposal of SVF Fund II's investments, including as held by SVF II Investment Holdings LLC. SB Global Advisers Capital Markets Limited is wholly owned by SBGA. The general partner of SVF Fund II is SVF II GP (Jersey) Limited, which is ultimately wholly owned by SoftBank Group Corp. SBGA is wholly owned by SoftBank Group Corp.

Accordingly, SBGA, SB Global Advisers Capital Markets Limited, SoftBank Group Corp., SVF Fund II-2, SVF II GP (Jersey) Limited, SVF II Aggregator (Jersey) L.P., SVF II Holdings (DE) LLC and SVF II Investment Holdings LLC, are deemed or taken to be interested in the Shares in which SVF II Investment Subco is interested in under the SFO.

5. Morningside China TMT Fund IV, L.P., Morningside China TMT Fund IV Co-Investment, L.P. and Morningside China TMT Special Opportunity Fund II, L.P. are controlled by its general partner, Morningside China TMT GP IV, L.P.. Morningside China TMT GP IV, L.P., is controlled by its general partner, TMT General Partner Ltd.. Each of Liu Qin, Shi Jianming and Morningside Venture (VII) Investments Limited is entitled to exercise or control the exercise of one-third of the voting power of all issued shares in TMT General Partner Ltd. at its general meeting. Morningside Venture (VII) Investments Limited is indirectly 100% held by the Landmark Trust Switzerland SA as trustee of a discretionary trust established by Mdm. Chan Tan Ching Fen for the benefit of certain members of her family and other charitable objects, through a series of 100% owned holding companies, Morningside Ventures Limited, Morningside Group International Limited and Morningside-Springfield Group Limited. Evolution Special Opportunity Fund I, L.P. and Evolution Fund I Co-investment, L.P. are controlled by their general partner 5Y Capital GP Limited. Each of Liu Qin and Shi Jianming is entitled to exercise or control the exercise of one-half of the voting power of all issued shares in 5Y Capital GP Limited at its general meeting. Ni Yuanyuan is the spouse of Liu Qin. Lou Yiting is the spouse of Shi Jianming.

   Accordingly, Chan Tan Ching Fen, Landmark Trust Switzerland SA, Morningside-Springfield Group Limited, Morningside Group International Limited, Morningside Ventures Limited, Morningside Venture (VII) Investments Limited, Liu Qin, Shi Jianming, TMT General Partner Ltd., Morningside China TMT GP IV, L.P., Ni Yuanyuan and Lou Yiting are deemed or taken to be interested in the Shares in which Morningside China TMT Fund IV, L.P., Morningside China TMT Fund IV Co-Investment, L.P.*, Morningside China TMT Special Opportunity Fund II, L.P.*, Evolution Special Opportunity Fund I, L.P.*, Evolution Fund I Co-investment, L.P.* are interested in under the SFO, on an aggregated basis.

6. Tencent Holdings Limited (stock code: 0700) is the sole member of Morespark Limited. Accordingly, Tencent Holdings Limited is deemed or taken to be interested in the Shares in which Morespark Limited is interested in under the SFO.

7. JenCap Squad is wholly owned by Jeneration Capital Partners II L.P., which is controlled by its general partner, Jeneration Capital GP II. JenCap Squad I L.P., is controlled by its general partner JenCap Squad I GP. Jeneration Capital GP II and JenCap Squad I GP are ultimately controlled by Jimmy Ching-Hsin Chang through a series of 100% owned holding companies, Jeneration Group Limited and Purple Panther. Leung Catherine Ho Yan is the spouse of Jimmy Ching-Hsin Chang.

   Accordingly, Jimmy Ching-Hsin Chang, Leung Catherine Ho Yan, Purple Panther and Jeneration Group Limited are deemed or taken to be interested in the Shares in which JenCap Squad* and JenCap Squad I L.P.* are interested in under the SFO, on an aggregated basis.

8. BAI GmbH is wholly owned by Reinhard Mohn GmbH. Reinhard Mohn GmbH is wholly owned by Bertelsmann SE&Co. KGaA, which is controlled by Bertelsmann Verwaltungsgesellschaft mbH. Bertelsmann Verwaltungsgesellschaft mbH is controlled by Mr. Christoph Mohn. Bertelsmann SE&Co. KGaA is also indirectly non-wholly owned/controlled by Bertelsmann Stiftung through a series of holding/controlling entities, Bertelsmann Management SE, Reinhard Mohn Verwaltungsgesellschaft mit beschränkter Haftung and Johannes Mohn Gesellschaft mit beschränkter Haftung. Bertelsmann Stiftung is a non-profit foundation with no shareholders. Mohn Shobhna is the spouse of Mohn Christoph.

   Accordingly, Bertelsmann Stiftung, Johannes Mohn Gesellschaft mit beschränkter Haftung, Reinhard Mohn Verwaltungsgesellschaft mit beschränkter Haftung, Bertelsmann Management SE, Bertelsmann Verwaltungsgesellschaft mbH, Bertelsmann SE & Co. KGaA, Reinhard Mohn GmbH, Mohn Christoph and Mohn Shobhna are deemed or taken to be interested in the Shares in which BAI GmbH is interested in under the SFO.

Save as disclosed above, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at December 31, 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

ISSUANCE OF DEBENTURES

During the year ended December 31, 2023, no issuance of debentures was made by the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

To the knowledge of the Board, none of the Directors or their respective associates (as defined in the Listing Rules) had any interests in any business which competes or is likely to compete, directly or indirectly, with the businesses of the Group for the year ended December 31, 2023.

CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions of the Group, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

Background

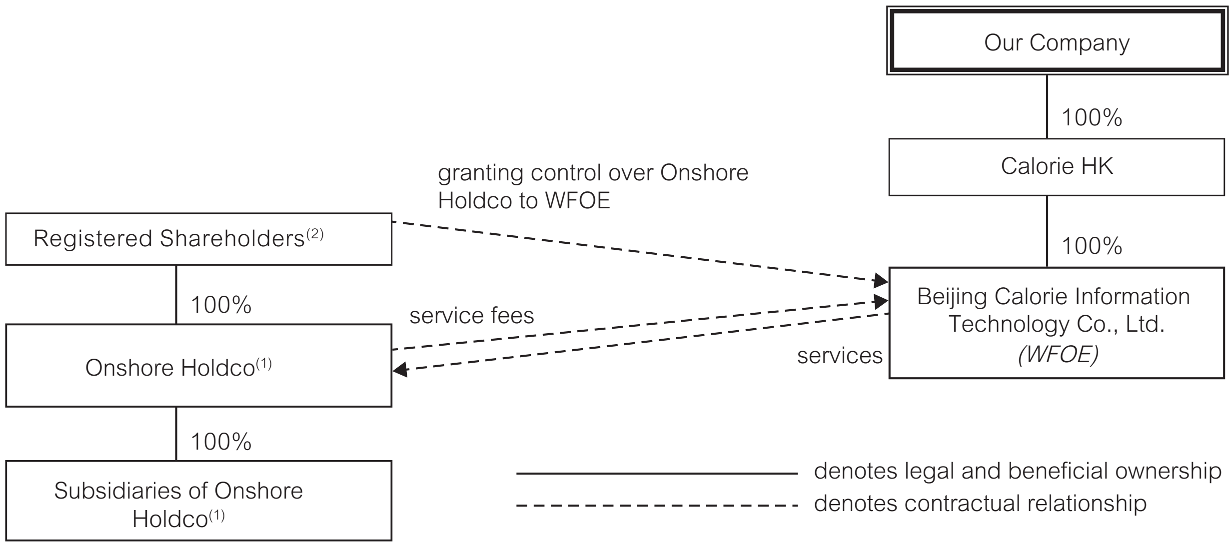
Due to foreign investment restrictions under PRC Laws, our Company is unable to own or hold any direct equity interest in our Consolidated Affiliated Entities conducting our businesses. This is because our Group operates, within China, (a) businesses that are prohibited from any foreign investment; and (b) businesses that are subject to foreign investments restrictions, but because these restricted businesses form part of, and cannot be separated from, the entities/platforms that operate prohibited businesses and/or the operation of prohibited businesses themselves, the Company must keep these business operations under its variable interest entity structure and cannot hold any equity interest in the entities operating these businesses under current applicable PRC laws. Accordingly, due to these foreign investment prohibitions and restrictions, we operate relevant businesses through our Onshore Holdco (Calorie Technology) and its subsidiaries. We do not directly own equity interest in Onshore Holdco, which is held by the Registered Shareholders.

The agreements underlying the Contractual Arrangements provide a mechanism through which: (a) economic benefits of Onshore Holdco are able to be transferred to us through the Consulting and Services Agreement and the Business Cooperation Agreement (each defined below); and (b) we are able to control Onshore Holdco through the Option Agreement, the Share Pledge Agreements, and the Powers of Attorneys (each defined below). Pursuant to this arrangement, all substantial and material business decisions of Onshore Holdco (and its subsidiaries) will be instructed and supervised by our Group, through our WFOE (Beijing Calorie Information Technology Co., Ltd.), and all risks arising from Onshore Holdco's (and its subsidiaries') business are also effectively borne by our Group as a result of the Consolidated Affiliated Entities being treated as our controlled subsidiaries; accordingly, we are entitled to economic benefits generated by the Consolidated Affiliated Entities business through the Contractual Arrangements.

The following table summarizes the prohibited and restricted businesses operated by our Group:

	Prohibited/restricted category	**Our business activities**
Foreign investment prohibited	Transmission of audio-visual programs	Recorded fitness video courses business Live streaming business
	Internet culture business	Recorded fitness video courses business Live streaming business *Keeper* community
	Radio and television program production	Recorded fitness video courses business
Foreign investment restricted	Value-added telecommunication services	Operation of the *Keep* app is a restricted business

The following simplified diagram illustrates our VIE structure under the Contractual Arrangements:



Notes:

(1) These constitute our Consolidated Affiliated Entities.

(2) The Registered Shareholders are four individuals. Mr. Wang Ning, Mr. Peng Wei, Mr. Wen Chunpeng and Mr. Liu Dong, who each holds 85.4%, 8.1%, 4.8% and 1.7% equity interest in Onshore Holdco, respectively. Mr. Wang is our founder and serves as the chairman of our Board and executive officer of our company. Mr. Peng and Mr. Liu are our co-founders, Directors and part of senior management of our Company. Mr. Wen is our co-founder, an employee and a director of certain subsidiaries that operate our Keepland business.

Summary of the Contractual Arrangements

Consulting and Services Agreement

Under the amended and restated exclusive consulting and services framework agreement dated December 27, 2021 entered into by WFOE and Onshore Holdco (the "**Consulting and Services Agreement**"), WFOE will provide (a) support services to Onshore Holdco based on the needs of its primary businesses; and (b) administrative support services (e.g., finance, legal and human resources services) to Onshore Holdco, based on the needs of its daily operations. In consideration, Onshore Holdco will pay WFOE service fees based on the cost of services with a markup determined by the parties. Additionally, all intellectual property rights (including copyrights, patents, technical know-how and trade secrets) arising from the performance of this agreement would exclusively belong to and be the right of WFOE, and WFOE shall be held harmless by Onshore Holdco. This agreement is for an initial term of three years, and automatically renewed by two-year periods thereafter, unless otherwise expressly provided by law (in which case the WFOE may, at its sole discretion, determine whether to renew is agreement). Onshore Holdco may not terminate this agreement except as expressly required by law.

Business Cooperation Agreement

Under the amended and restated exclusive business cooperation agreement dated December 27, 2021 entered into by WFOE, Onshore Holdco and the Registered Shareholders (the "**Business Cooperation Agreement**"), among other things, (a) the Registered Shareholders undertook that the Onshore Holdco will not to engage in transactions that could materially affect the assets, business, personnel, rights, obligations or operations of Onshore Holdco without the written consent of WFOE or its designated party; and (b) Onshore Holdco and the Registered Shareholders agree to appoint WFOE's candidate as Onshore Holdco's director or remove or replace any director or senior manager, and accept WFOE's recommendation on employment, daily management of operations, and financial management matters in respect of Onshore Holdco. This agreement is for an initial term of fifteen years, and may be extended upon WFOE's request. Additionally, WFOE may terminate this agreement at any time; but neither Onshore Holdco nor the Registered Shareholders has a right to terminate this agreement. Additionally, all rights and obligations under this agreement will be binding on the parties' successors and assignees, and in particular, WFOE's successors (including administrators and liquidators) may inherit WFOE's rights and obligations under this agreement.

Option Agreement

Under the amended and restated exclusive transfer option agreement dated December 27, 2021 entered into by WFOE, Onshore Holdco and the Registered Shareholders (the "**Option Agreement**"), each Registered Shareholder granted to WFOE or its designated person an irrevocable and exclusive option to acquire, at any time, all their equity interests in Onshore Holdco at the minimum price permissible under PRC Laws. The option period is from the agreement date until all Registered Shareholders have transferred all their equity interests in Onshore Holdco to WFOE or its designated person.

Share Pledge Agreements

On December 27, 2021, each Registered Shareholder entered into an amended and restated share pledge agreement with WFOE and Onshore Holdco (the "**Share Pledge Agreements**"). Under these agreements, each Registered Shareholder pledged all their equity interest in Onshore Holdco, held from time to time, to WFOE to guarantee performance under the Contractual Arrangements by the shareholder and Onshore Holdco. The pledge period is from the agreement date until all contractual obligations are fulfilled or guaranteed debts fully paid off.

To preserve the pledged interests, each Registered Shareholder undertook that, among others: (i) the pledged interests will not be transferred or encumbered without WFOE's prior written consent; and (ii) any rights over the pledged interests enjoyed by WFOE shall not be prejudiced by the Registered Shareholder or their successor or any other person at any time and in any manner, and the Registered Shareholder shall take all necessary and required measures and execute all necessary and required documents to assist WFOE in realizing its rights over the pledged interests.

Powers of Attorney

On December 27, 2021, each Registered Shareholder granted an amended and restated power of attorney (the "**Powers of Attorney**"), under which the Registered Shareholder irrevocably appointed WFOE or its designated person to act as the Registered Shareholder's attorney-in-fact ("**attorney-in-fact**") with respect to all rights attached to equity interests in Onshore Holdco held by the Registered Shareholder from time to time. To avoid conflicts of interest, the attorney-in-fact shall not be Onshore Holdco's shareholder or persons who are not independent or may have conflicts of interest. Other than this, the attorney-in-fact may be a director of our Group (who does not have a material conflict of interest) and an administrator or liquidator of WFOE. Each Power of Attorney remains in effect until the Registered Shareholder ceases to be a shareholder of Onshore Holdco.

Spousal Consents

Each spouse of the Registered Shareholders has, where applicable, undertaken: (i) not to take any action with the intent to interfere with the arrangements under the Contractual Arrangements, including making any claim that such equity interest constitutes the property or community property; (ii) to unconditionally and irrevocably waive any and all rights or entitlements whatsoever to such equity interest that may be granted to the spouse according to any applicable laws; and (iii) to the extent the spouse acquires any equity interest in Onshore Holdco, to enter into a set of contractual arrangements with the same or comparable terms as the Contractual Arrangements.

Risks relating to the Contractual Arrangements

There are certain risks that are associated with the Contractual Arrangements, including:

(a) If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC regulations relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

(b) The contractual arrangements with our VIE and its shareholders may not be as effective as direct ownership in providing operational control.

1. Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

2. The shareholders of our VIE may have actual or potential conflicts of interest with us.

3. The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

4. Contractual arrangements in relation to our VIE may be subject to scrutiny by the PRC tax authorities and they may determine that we or our VIE owes additional taxes, which could negatively affect our financial condition and the value of your investment.

5. We may lose the ability to use and enjoy assets held by our VIE that are critical to the operation of our business if our VIE declare bankruptcy or become subject to a dissolution or liquidation proceeding.

For further details of these risks, please refer to the section headed "Risk Factors – Risks Related to Our Contractual Arrangements" of the Prospectus.

Compliance with the Contractual Arrangements

Our Group works closely with the Registered Shareholders to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements to mitigate the risks associated with the Contractual Arrangements.

Our Group has adopted the following measures to ensure its effective operation with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory inquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(c) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and

(d) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and Onshore Holdco to deal with specific issues or matters arising from the Contractual Arrangements.

Material Changes

As of the Latest Practicable Date, there was no material change in the Contractual Arrangements and/or the circumstances under which the Contractual Arrangements were adopted.

Unwinding of the Contractual Arrangements

As of the Latest Practicable Date, there had not been any unwinding of any Contractual Arrangements, nor has there been any failure to unwind any Contractual Arrangements when the restrictions that led to the adoption of the Contractual Arrangements are removed.

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into by, among others, Calorie Technology (or any of its subsidiaries in the future) and any member of our Group technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, as certain parties to the Contractual Arrangements, namely, the persons listed above, are connected persons of the Company.

Waiver from the Stock Exchange

The Stock Exchange has granted our Company in respect of the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into by, among others, Calorie Technology (or any of its subsidiaries in the future) and any member of our Group, (i) a waiver from strict compliance with the announcement, circular and independent shareholders' approval (including recommendation from an independent financial adviser) requirements under Chapter 14A of the Listing Rules; (ii) a waiver from strict compliance with the requirement to set a term of not exceeding three years under Rule 14A.52 of the Listing Rules; and (iii) a waiver from strict compliance with the requirements to set monetary annual caps under Rule 14A.53(1) of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject to the following conditions:

(a) no change without independent non-executive Directors' approval;

(b) no change without independent Shareholders' approval;

(c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the PRC Consolidated Entities; and

(d) the Contractual Arrangements may be renewed and/or reproduced upon expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining Shareholders' approval, on substantially the same terms and conditions as the Contractual Arrangements.

Confirmations

The independent non-executive Directors have reviewed the continuing connected transactions outlined above, and confirmed that such continuing connected transactions had been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The revenue of Onshore Holdco subject to the Contractual Arrangements amounted to RMB1,083.5 million for the year ended December 31, 2023. The total assets of Onshore Holdco subject to the Contractual Arrangements amounted to RMB1,261.6 million as at December 31, 2023.

RSM Hong Kong, the Company's auditor, was engaged to report on the Group's continuing connected transactions in according with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. RSM Hong Kong have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of Listing Rules.

The auditor of the Company confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions:

(1) nothing has come to their attention that causes them to believe that the transactions have not been approved by the Board;

(2) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with relevant agreements governing such transactions; and

(3) nothing has come to their attention that causes them to believe that for the transactions with the WFOE and the Onshore Holdco under the Contractual Arrangements, dividends or other distributions have been made by the Onshore Holdco to the holders of the equity interests of the Onshore Holdco which are not otherwise subsequently assigned or transferred to the Group.

The Company has complied with the applicable requirements under the Listing Rules in respect of connected transactions and continuing connected transactions engaged in by the Group during the year ended December 31, 2023.

RELATED PARTY TRANSACTIONS

Details of the related party transactions carried out in the normal course of business are set out in note 37 to the consolidated financial statements. During the year ended December 31, 2023, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangement as set out in “Continuing Connected Transactions – Contractual Arrangements” in this annual report.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during the Reporting Period.

CONTRACT OF SIGNIFICANCE

No contract of significance was entered into between the Company, or one of its subsidiary companies, and the largest shareholder of the Company or any of its subsidiaries during the year ended December 31, 2023. At no time during the Reporting Period had the Company or any of its subsidiaries, and its largest shareholders of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such largest shareholders or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2023 between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions arising out of corporate activities against the Directors and officers of the Company and its associated companies during the year ended December 31, 2023 and up to the Latest Practicable Date.

Every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

Subject to the relevant laws and regulations, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

STAFF, EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

The Company offers competitive remuneration packages to the Directors, including among others, salaries, bonuses, share-based compensation and other employee benefits. The packages were set by benchmarking with companies in similar industries, companies with similar size in the market, volume and complexity of work. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

The Company offers competitive salaries to our employees and conduct employee performance evaluations twice a year, taking the results of these evaluations as an important basis for adjusting employee bonus programs in order to motivate our employees. For key employees with excellent performance and development potential, we also provide them with equity option incentive programs. Our Group's remuneration policies are reviewed regularly.

In accordance with the rules and regulations in the PRC, we participate in the applicable housing provident funds and various social insurance plans for employees initiated by local and provincial governments. The Group and the PRC based employees are required to make monthly contributions to these plans calculated as a specific percentage of the employees' salaries. During the year ended December 31, 2023, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

We have designed diversified learning and development programs for different job groups, and continuously improve the internal training system. We provide newcomer training for new employees to enable them to learn about the company's overview, management principles, business segments, etc. We have launched hierarchical training programs for management to help all types of managers better perform their duties. We also offer a range of training programs for coaches. In addition to new coach induction training, we organize quarterly learning sessions to ensure that coaches are familiar with our business and norms. We also provide promotion opportunities for capable employees as we have policies and procedures setting out the assessment criteria for promotion.

The Remuneration Committee was set up for reviewing the Group's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

Details of the emoluments of the Directors and five highest paid individuals for the year ended December 31, 2023 are set out in note 9(c) and note 9(b) to the consolidated financial statements respectively. During the year ended December 31, 2023, there were no emoluments paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

The table below shows the emolument of senior management by band:

Emolument bands (in HKD)	Year ended December 31, 2023 (Number of senior management)	Year ended December 31, 2022 (Number of senior management)
HK$2,000,001 to HK$2,500,000	2	1
HK$2,500,001 to HK$3,000,000	–	1
HK$9,500,001 to HK$10,000,000	1	–
HK$13,500,001 to HK$14,000,000	1	–
HK$15,500,001 to HK$16,000,000	–	1
HK$33,500,001 to HK$34,000,000	–	1

SHARE INCENTIVE PLANS

Pre-IPO Share Incentive Plans

Overview

The following is a summary of the principal terms of the Pre-IPO Share Incentive Plans as approved and adopted by the Board, as amended from time to time. The plans are not subject to Chapter 17 of the Listing Rules and will not involve the grant of options by our Company to subscribe for new shares after Listing. Upon Listing, we did not and will not make any new grants of awards under the Pre-IPO Share Incentive Plans and the terms of the Pre-IPO Share Incentive Plans will not be subject to Chapter 17 of the Listing Rules. As at the Latest Practicable Date, the number of awards and options outstanding under the Pre-IPO Share Incentive Plans are 19,965,425. As disclosed in the Prospectus, save for the 10,000 Shares underlie the options granted to a director of the Company remain to be issued, the Shares underlie the outstanding options granted under the 2016 Plan and 2021 Plan have been issued to Calorie Partner Limited. 10,000 Shares remain to be issued under the Pre-IPO Share Incentive Plans. Such 10,000 Shares, representing less than 0.01% of the total issued share capital as at the Latest Practicable Date, if fully issued, would have a nominal dilutive effect on our total issued share capital.

Purpose

The Pre-IPO Share Incentive Plans are adopted with a view to attracting and retaining the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants and to promote the success of our business by offering these individuals an opportunity to acquire a proprietary interest in the success of our Company or to increase their interest, by issuing them Shares or by permitting them to purchase Shares.

Eligible Participants

Persons eligible to participate in the Pre-IPO Share Incentive Plans include employees of our Company or any parent or subsidiary of our Company, a member of the board of directors of the Company, or any consultant who is engaged by the Company or its parent or subsidiary to render consulting or advisory services to such entity.

Maximum Number of Shares

Upon the Listing, we did not and will continue not to grant any new award under the Pre-IPO Share Incentive Plans. The maximum aggregate number of Shares which may be issued pursuant to all awards pursuant to the 2016 Plan is 35,536,640 Shares, and the maximum aggregate number of Shares which may be issued pursuant to all awards pursuant to the 2021 Plan is 25,108,660 Shares. As disclosed in the Prospectus, save for the 10,000 Shares underlie the options granted to a director of the Company remain to be issued, the Shares underlie the outstanding options granted under the 2016 Plan and 2021 Plan have been issued to Calorie Partner Limited. 10,000 Shares remain to be issued under the Pre-IPO Share Incentive Plans. Such 10,000 Shares, if fully issued, would have a nominal dilutive effect on our total issued share capital.

As at January 1, 2023, an aggregate of 24,724,825 Shares underlie awards that remain outstanding under the Pre-IPO Share Incentive Plans. As at December 31, 2023, an aggregate of 22,166,075 Shares underlie awards that remain outstanding under the Pre-IPO Share Incentive Plans, of which (a) 22,156,075 Shares were issued to Calorie Partner Limited, which are reserved for satisfying awards granted or to be granted to participants of our Pre-IPO Share Incentive Plans; and (b) 10,000 Shares remain to be issued and which underlie the options granted to our Director, Mr. Liu Dong. The Shares issued to and held by Calorie Partner Limited and that are unvested will not be used to vote at general meetings of our Company.

Maximum Entitlement of a Participant

There are no restrictions on the maximum entitlement of a participant under the terms of the Pre-IPO Share Incentive Plans.

Exercise Period

The exercise period of options granted commence from the vesting date of the relevant options and end on the tenth anniversary of the grant date thereof.

Vesting Period

The options which have been granted shall be vested in accordance with the periods as may be determined by the Board and as set out in the notice of offer.

Duration and Remaining Life

Unless terminated earlier by the Board, the 2016 Plan and the 2021 Plan will terminate ten years after their respective adoption date.

As at the date of this annual report, the remaining life of the 2016 Plan and the 2021 Plan was about seven years and three months and seven years and three months, respectively.

Exercise Price

The exercise price in respect of any option shall be such amount as may be determined by the Board from time to time and set out in the notice of offer. The basis of determining the exercise price included among others, service term and work performance.

Amount Payable on Application or Acceptance of the Option

No cash consideration was paid by the grantees for the outstanding options granted.

Details of Movements in the Options Granted under the 2016 Plan and the 2021 Plan during the Year ended December 31, 2023

Participant	Outstanding as at January 1, 2023	Granted during the Reporting Period(1)	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 20, 2023(2)	Outstanding as at December 31, 2023	Date of Grant	Exercise price (US$/Share)	Vesting period	Exercise period	Share closing price immediately before the date of grant of share options	Weighted average share closing price of the Shares immediately before the exercise dates
Mr. Liu Dong (Director)	10,000	Nil	Nil	Nil	Nil	10,000	10,000	April 22, 2021	US$0.80	Note 3	Note 5	N/A Note 6	N/A
Other grantees	24,714,825	290,000	Nil	563,500	2,285,250	22,992,575	22,156,075	March 7, 2016-February 14, 2023	US$0.005-US$4.098	Note 4	Note 5	N/A Note 6	N/A

Notes:

1. Such options were granted before the Listing Date of July 12, 2023. None of the grant of options to any participant was in excess of 1% individual limit.
2. Being the latest practicable date (i.e., June 20, 2023) for ascertaining information in the Prospectus.
3. 50% of the Shares underlying the option shall vest upon the second anniversary of the vesting commencement date. Another 25% of the Shares subject to the option shall vest upon the third and fourth anniversary of the vesting commencement date respectively or at such time that the plan administrator may designate at its sole discretion.
4. Please refer to Note 29 to the consolidated financial statements for the vesting schedule.
5. The exercise period of these options commence from the vesting date of the relevant options and end on the tenth anniversary of the grant date thereof.
6. Such options were granted before the Listing Date and therefore the share closing price immediately before the date of grant of the options is not applicable.
7. Details of the valuation of the options, including the accounting standard and policy adopted for the Pre-IPO Share Incentive Plans, are set out in Note 29 to the consolidated financial statements.
8. Rule 17.07(3) of the Listing Rules is not applicable since no Shares would be issued in respect of the options granted under the Pre-IPO Share Incentive Plans as at December 31, 2023. The exercise of the option granted is subject to the achievement of certain performance indicators and other requirements, if any, as set out in the respective grant letter entered into between a grantee and the Company.

Post-IPO Share Incentive Plan

Overview

The following is a summary of the principal terms of the 2023 Plan approved by our Company on June 12, 2023, which was adopted and effective immediately prior to Listing. This plan constitutes a share scheme governed by Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, the number of awards available for grant under the 2023 Plan was 51,579,199. The total number of awards available for grant as at July 12, 2023 was 52,567,199. As at the Latest Practicable Date, a total of 988,000 share awards granted upon the Listing and up to the Latest Practicable was outstanding under the 2023 Plan. No option has been granted under the 2023 Plan upon Listing and up to the Latest Practicable Date.

As disclosed in the section headed "Summary of material terms of the Pre-IPO Share Incentive Plans – Maximum number of Shares" in Appendix IV to the Prospectus, a total of 22,212,725 Shares that were issued to Calorie Partner Limited before the Listing and without any underlying grants under the Pre-IPO Share Incentive Plans will be used to fund share options and share awards granted under the 2023 Plan, and the Company will treat a share option or share award funded in a manner complying with Chapter 17 of the Listing Rules. The total number of Shares which may be issued upon exercise of all options and/or vesting share awards to be granted under the 2023 Plan as at the Latest Practicable Date is 30,354,474 Shares, representing approximately 5.77% of the total issued share capital of the Company.

Purpose

The purpose of this plan is to: (a) provide our Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants (defined below); (b) align the interests of Eligible Participants with those of our Company and Shareholders by providing such Eligible Participants with the opportunity to acquire proprietary interests in our Company and become Shareholders; and (c) encourage Eligible Participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole.

Eligible Participants

The following participants are eligible to participate in this plan (the "**Eligible Participants**"):

Employee Participants — A director, officer or employee of our Group on the grant date.

Related Entity Participant — A director, officer or employee of (i) our holding company (if any); (ii) subsidiaries of our holding company other than our Group (if any); and (iii) associate companies of our Company.

Service Provider Participant — Persons providing services to our Group on a continuing basis in its ordinary and usual course of business that are in the interests of the long-term growth of our Group, as determined by the scheme administrator, pursuant to the criteria set out in this plan, and:

a. includes (i) content creators that provide significantly contributes to our Group and business; (ii) third-party platforms that is, or is anticipated to be going forward, a significant business partner or otherwise significant to our business; and (iii) consultants, suppliers and service providers that is, or is anticipated to be going forward, a significant business partner or otherwise significant to our business; but

b. does not include (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions; or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

Exercise Period

The exercise period for any share options under the 2023 Plan shall be such period determined by the scheme administrator in their absolute discretion and set in the respective award letters, provided that the exercise period shall not be longer than 10 years from the grant date.

Awards and Scheme Limits

We may grant share options and share awards (collectively, "**awards**") funded by new Shares (or Shares treated as new Shares, including the Rollover Award Shares), or an equivalent value determined at the prevailing market rate, under this plan.

The 2023 Plan shall have the following scheme:

Total scheme limit	The total number of Shares which may be issued pursuant to all awards to be granted under this plan and under any other share schemes of our Company is 10% of the Shares in issue on the Listing Date (i.e. 52,567,199).
Service Provider Participants sub-limit	The total number of Shares which may be issued pursuant to all awards to be granted to Service Provider Participants under this plan is 2,500,000 Shares.

The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17 of the Listing Rules.

Additionally, each Eligible Participant shall be subject to an individual grant limit and additional approval requirements, (a) with respect to a Director, chief executive or substantial shareholder of our Company, or their respective associates, as specified in Rule 17.04 of Chapter 17 of the Listing Rules; and (b) with respect to any Eligible Participant, as specified in Rule 17.03D of the Chapter 17 of the Listing Rules.

Vesting and Performance Targets

The scheme administrator shall determine the vesting period and specify this in the award letter. However, the vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in this plan. These circumstances may only apply to Employee Participants and are consistent with the scenarios contemplated in FAQ 092-2022 issued by the Stock Exchange.

The scheme administrator may set vesting conditions on awards, which shall be specified in the award letter. These include performance targets, criteria or conditions to be satisfied in order for the relevant award to vest and be settled by the Company, and may be based on, among other criteria, performance appraisals within a specified period, business/financial/transactional/performance milestones, current and anticipated future contribution to our Group and business, minimum service period, upon reaching other specified targets.

Duration and Remaining Life

Subject to any early termination as determined by our Board, this plan shall have a plan life of ten years from the adoption date.

No grants may be made after termination of this plan. Notwithstanding termination of this plan, this plan and its rules shall continue to be valid and effective to the extent necessary to give effect to the vesting and exercise of awards granted prior to termination, and the termination shall not affect any subsisting rights already granted to a grantee. For the avoidance of doubt, awards granted during the plan life but that remain unexercised or unexpired prior to the termination shall continue to be valid and exercisable in accordance with this plan and the relevant award letter.

As at the date of this annual report, the remaining life of the Post-IPO Share Incentive Plan was about nine years and three months.

Exercise Price

For awards which take the form of share awards, exercise price in respect of such share awards shall be such amount as may be determined by the scheme administrator from time to time and set out in the letter of grant. The basis of determining the exercise price included among others, service term and work performance.

For awards which take the form of options, the exercise price for such options shall be such price determined by the by the scheme administrator from time to time and set out in the letter of grant, provided that the exercise price shall in any event be no less than the higher of: (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date; and (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date.

Amount Payable on Application or Acceptance of the Award

The consideration payable on acceptance of each grant of awards and the period within which payments or calls must or may be made are stipulated in the grant letters.

Details of Movements in the Awards Granted under the Post-IPO Share Incentive Plan during the Year ended December 31, 2023

Participant	Outstanding as at July 12, 2023 (Listing Date)	Granted during the Reporting Period(1)	Vested during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Date of Grant	Purchase price of the awards granted	Vesting period	Performance targets	Share closing price immediately before the date of grant of awards (HK$/per Share)	Weighted average share closing price of the Shares immediately before the vest dates
Employees	Nil	337,200	Nil	Nil	48,700	288,500	October 12, 2023	Nil	Note 2	Note 3	HK$29.300/ per Share	N/A

Notes:

(1) On October 12, 2023, the Company granted a total of 337,200 RSUs, representing 337,200 Shares, to 30 employees in accordance with the terms of the Post-IPO Share Incentive Plan, subject to acceptance by the grantees. For more details, please refer to the announcement of the Company dated October 12, 2023.

(2) (a) 310,600 RSUs granted to 29 employees of the Group shall vest as follows: (i) the second anniversary of the vesting commencement date as specified in the respective grant letters in respect of 50% of the grant; (ii) the third anniversary of the vesting commencement date as specified in the respective grant letters in respect of 25% of the grant; and (iii) the fourth anniversary of the vesting commencement date as specified in the respective grant letters in respect of 25% of the grant.

(b) 26,600 RSUs granted to one employee of the Group shall vest on October 13, 2024, being the day after the first anniversary of the grant date of October 12, 2023.

(3) Performance targets: the vesting of the RSUs granted is subject to the achievement of certain performance indicators and other requirements set out in the respective grant letter entered into between a grantee and the Company, including the Company's annual results and a Grantee's individual annual performance. Upon each vesting date, the portion of RSUs that vests shall be subject to a grantee's fulfilment of a specified threshold in their performance evaluations as determined by the scheme administrator.

(4) Details of the valuation of the awards, including the accounting standard and policy adopted for the Post-IPO Share Incentive Plans, are set out in Note 29 to the consolidated financial statements.

From July 12, 2023 to December 31, 2023, none of the grantees under the 2023 Plan is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company, or an associate (as defined under the Listing Rules) of any of them, and no grant was made under the 2023 Plan which requires review by the Remuneration Committee.

As disclosed in the Prospectus, pursuant to its Pre-IPO Share Incentive Plans, the Company issued a total of 22,212,725 Shares to Calorie Partner Limited, which shall be used to fund share options and share awards granted under the Post-IPO Share Incentive Scheme, and the Company will treat a share option or share award funded by these Shares in a manner complying with Chapter 17 of the Listing Rules. Taking into account the total of 22,212,725 Shares held by Calorie Partner Limited, there was no new Shares issued in respect of options and awards granted during the Reporting Period under the Pre-IPO Share Incentive Plans and the Post-IPO Share Incentive Plan. As such, total numbers of Shares that may be issued in respect of options and awards granted during the Reporting Period under the Pre-IPO Share Incentive Plans and the Post-IPO Share Incentive Plan divided by the weighted average number of Shares in issue for the Reporting Period is nil.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended December 31, 2023.

CHARITABLE DONATIONS

The donations made by the Group during the year ended December 31, 2023 amounted to RMB440 thousand.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date to December 31, 2023, neither the Company nor any of its subsidiaries or Consolidated Affiliated Entities has purchased, sold or redeemed any of the Company's listed securities.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

USE OF PROCEEDS

With the Shares listed on the Stock Exchange on July 12, 2023, the net proceeds from the Global Offering were approximately HK$192.0 million after deducting underwriting commissions and offering expenses, which will be utilized for the purposes as set out in the Prospectus. As of the date of this annual report, there was no change in the intended use of net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that net proceeds are not immediately used for the intended use and to the extent permitted by the relevant law and regulations, the Company placed the net proceeds as cash and cash equivalents and short-term deposits only at licensed banks or financial institutions.

The Group used and will continue to utilize the net proceeds of the Global Offering in accordance with the intended purposes as set out in the Prospectus. The table below sets out the planned allocations of the net proceeds and actual usage up to December 31, 2023:

Intended use of net proceeds	Net proceeds from the Global Offering in the same manner and proportion as stated in the Prospectus approximate	Percentage of total net proceeds as stated in the Prospectus	Utilized net proceeds during the year ended December 31, 2023	Net proceeds unutilized as of December 31, 2023	Expected timeline of full utilization of the net proceeds
For research and development to advance our technological capabilities and drive product innovation:	**HK$67.2 million**	**35%**	Nil	**HK$67.2 million**	**Before December 31, 2025**
(a) to attract, retain and incentivize our research and development talents to support our research and development initiatives and product innovation and enhance the integration of self-branded fitness products with our online fitness content, thereby enabling a more seamless experience	HK$28.8 million	15%	Nil	HK$28.8 million	
(b) to invest in Keep smart fitness devices, including conducting continuous research and development and adding new features to our existing offerings, and creating new and innovative products for users with various fitness needs	HK$19.2 million	10%	Nil	HK$19.2 million	
(c) invest in artificial intelligence, data analysis and technology infrastructure to strengthen our technological capabilities and enhance digital connectivity and interaction among platform participants	HK$19.2 million	10%	Nil	HK$19.2 million	
For the development and diversification of our fitness content:	**HK$57.6 million**	**30%**	Nil	**HK$57.6 million**	**Before December 31, 2025**
(a) to invest in our in-house, vertically integrated content development capability by increasing the number of recorded fitness courses and live streaming classes and catering to users' diversified preferences, thereby further driving user engagement	HK$23.0 million	12%	Nil	HK$23.0 million	
(b) to expand our fitness content library and enrich users' experience through other innovative initiatives	HK$17.3 million	9%	Nil	HK$17.3 million	
(c) to introduce more specialized content and expand into new fitness categories by cultivating more fitness influencers on our platform and collaborating with more fitness professionals	HK$11.5 million	6%	Nil	HK$11.5 million	
(d) to expand our content offerings by purchasing more valuable and exclusive fitness intellectual properties and acquiring qualified third-party content to build competitive moats and satisfy the evolving needs of our users	HK$5.8 million	3%	Nil	HK$5.8 million	
For the investment in branding and promotion	**HK$48.0 million**	**25%**	Nil	**HK$48.0 million**	**Before December 31, 2025**
(a) to be used in user acquisition activities to continue to gain mindshare and attract users across different ages, areas of interest, and locations	HK$23.0 million	12%	Nil	HK$23.0 million	
(b) to be used in branding activities used to continue to promote our brand and strengthen its image and influence among users	HK$19.2 million	10%	Nil	HK$19.2 million	
(c) to be used in promotional activities to continue to promote our fitness devices and products through placing ads in social media, holding live streaming promotion sessions and collaborating with other brands, among others	HK$5.8 million	3%	Nil	HK$5.8 million	
For general corporate purposes and working capital needs	**HK$19.2 million**	**10%**	**Nil**	**HK$19.2 million**	**Before December 31, 2025**

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 53 to 66 of this annual report.

AUDIT COMMITTEE

The Audit Committee, together with the management and the external auditor, had reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and had also reviewed the Group's consolidated financial statements for the year ended December 31, 2023.

AUDITOR

RSM Hong Kong ("**RSM**") was appointed as the Company's auditor ("**Auditor**"). The consolidated financial statements for the year ended December 31, 2023 in this annual report have been audited by RSM. RSM shall retire and a resolution for the re-appointment of RSM as Auditor will be proposed at the forthcoming AGM.

Change of Auditors

Reference is made to the announcement of the Company dated February 9, 2024 (the "**Announcement**") in relation to the resignation of PricewaterhouseCoopers ("**PwC**") and appointment of RSM as the Auditor. Saved as disclosed in the Announcement and this annual report, there was no other change of auditor from the Listing Date and up to the date of this annual report.

Resignation of Auditor

As disclosed in the Announcement, PwC has agreed to resign as the Auditor with effect from February 9, 2024 upon request from the Board, given that PwC could not reach a consensus with the Company on a mutually acceptable audit timetable for the Group's financial results for the year ended December 31, 2023 ("**FY2023**").

In the resignation letter of PwC dated February 9, 2024 (the "**Resignation Letter**"), PwC indicated that they have not been able to obtain sufficient and appropriate audit evidence that they require to ascertain and support the business substance and/or services provided or to be provided by the various counterparties regarding the Marketing Services Transaction (as defined below) and Other Transactions (as defined below) (collectively the "**Audit Matters**"). PwC considered the Audit Matters should be brought to the attention of the shareholders and creditors of the Company.

Marketing Services Transaction

Keep Sports PTE. LTD. ("**Keep Singapore**"), a subsidiary of the Company incorporated in Singapore, executed an agreement (the "**Marketing Services Agreement**") with a third party ("**Entity A**") to appoint Entity A as the Company's overseas marketing promoter for a term of 5 years from July 1, 2023. The Marketing Services Agreement was undated and PwC understood from the Company's management that the Marketing Services Agreement was agreed by both parties in late June 2023. PwC noted that Keep Singapore paid Entity A marketing promotion costs totalling US$12 million in accordance with the payment schedule stipulated in the Marketing Services Agreement (the "**Marketing Services Transaction**").

PwC noted that the Marketing Services Agreement did not contain details such as the detailed scope of marketing services to be provided, the project timelines by phase or milestones and the key deliverables to be provided by Entity A. PwC further noted that the Marketing Services Agreement also provided that an unspecified amount representing revenue and bonus would be paid to Entity A upon the satisfactory completion of the annual marketing services. PwC understood from the Company that the basis for calculating such amount was still being negotiated between the Company and Entity A at the time the Marketing Services Agreement was executed.

A further agreement (the "**Termination Agreement**") was entered into on September 26, 2023 between Keep Singapore and Entity A to terminate the Marketing Services Agreement and Entity A returned the US$12 million to Keep Singapore by November 2023.

In November 2023, the Audit Committee appointed a law firm based in Hong Kong (the "**Investigation Team**") to assist the Audit Committee in conducting an investigation over the Marketing Services Transaction (the "**Investigation**").

In December 2023, the Investigation Team issued their preliminary findings and conclusions of the Investigation, noting among other things (the "**Investigation Findings**"), there is sufficient contemporaneous documentary evidence, which is corroborated by explanations given by the interviewees from the Group and Entity A, to demonstrate that the Marketing Services Agreement and the payments thereunder and the Termination Agreement are of commercial substance. Notwithstanding the Investigation Findings, PwC's high-level observations (the "**Observations**") were as follows:

(1) Certain marketing materials allegedly prepared by Entity A and sent to the Company in June 2023 included the logo of a previous overseas marketing agent employed by the Company;

(2) The research report sent to the Company by Entity A in August 2023 which was allegedly prepared by Entity A, included a large proportion of content that was identical to two other articles published on the internet by other third parties in 2022; and

(3) e-Discovery Procedures (as defined below) have not been carried out and the Investigation Team has not yet had full access to the WeChat messages of the relevant personnel of the Company in relation to the Marketing Services Transaction.

Other Transactions

PwC noted that Calorie Technology HK Company Limited ("**Keep Hong Kong**"), a subsidiary of the Company incorporated in Hong Kong, executed a number of agreements in commissioning financial adviser services, capital market consulting/research services as well as for a subscription of an investment fund. As a result of these agreements, a number of wire payments were made by Keep Hong Kong in the amounts of US$2 million, US$1 million, HK$7.8 million and US$5.15 million to various parties in July 2023 (the "**Other Transactions**").

Actions Taken by the Company

The Company, including the Board and the Audit Committee, for the matters raised in the Resignation Letter, has taken the following actions, amongst other things:

(1) The Company has maintained ongoing dialogue with PwC to assist PwC in its audit work with respect to the Marketing Services Transaction and the Other Transactions, including, inter alia, provision of the underlying agreements and such other documents or information requested by PwC;

(2) To follow the best practices of corporate governance, following the efforts of the Company, the Termination Agreement was entered to terminate the Marketing Services Agreement and all payments made pursuant thereto were refunded to Keep Singapore by November 2023;

(3) With the assistance from the Investigation Team, the Audit Committee as authorized by the Board initiated the Investigation into the transactions surrounding the Marketing Services Agreement to assess the substance and impact of the arrangement with Entity A and continue to refine the scope of the Investigation and carry out additional investigation procedures in response to the Observations made by the PwC, including, amongst others, carrying out additional interviews with relevant personnel of Entity A and verified all the WeChat messages exchanged between the relevant employees of the Company and Entity A regarding the Marketing Services Transaction. The Investigation Team that, in their view, the Marketing Services Agreement and the associated payments and the Termination Agreement are of commercial substance based on the Investigation Team's review of contemporaneous documentary evidence, which is corroborated by explanations given by the interviewees from the Group and Entity A;

(4) As part of the auditor engagement acceptance procedure, the Company provided RSM with materials to better understanding the Audit Matters and Observations made by PwC and has been maintaining an ongoing dialogue with RSM;

(5) After RSM gained an understanding of the Audit Matters and Observations, it formulated tailored audit procedures (as described below) to address the Audit Matters and Observations and the Audit Committee closely reviewed such procedures;

(6) The Audit Committee engaged an independent service provider (the "**Forensic Investigator**") to carry out additional investigation work (the "**Supplemental Investigation Work**"), including collecting, processing and reviewing copies of electronic data held on the Company's email servers and Company's computers of the Company's personnel associated with the Marketing Services Transaction (the "**e-Discovery Procedures**"). Having completed its Supplemental Investigation Work, the Forensic Investigator has not identified any issues or matters which would contradict the Investigation Findings;

(7) The Company has formed a dedicated team (the "**Independent Review Committee**") to conduct an internal review into the Other Transactions to assess the substance and impact of the Other Transactions with the assistance of the Forensic Investigator (the "**Internal Investigation**"). The Forensic Investigator advised and the Independent Review Committee concurred no evidence suggests the unreasonableness of the commercial substance or payment arrangement under the Other Transactions.

(8) With the cooperation of the Company, RSM has carried out the following additional audit steps (the "**Audit Steps**") to address the Audit Matters and Observations, including:–

a. holding discussions with the Company's management to comprehend the commercial rationale for conducting the Marketing Services Transaction and Other Transactions. This includes, but is not limited to, the reasons behind any prepayments and subsequent refunds, and entails a thorough review of all pertinent documentation.

b. pursuant to authorisation from the Audit Committee, engaging with the Investigation Team to:–

i. obtain their investigation scope and methodology;

ii. review the preliminary draft of the Investigation Findings report from them; and

iii. conduct interviews with key Investigation Team members to discuss their findings and the basis of their conclusions.

c. with approval from the Audit Committee and the Independent Review Committee, cooperate with the Forensic Investigator, participate in defining the scope and methodology of the Supplemental Investigation Work and the Internal Investigation, as well as in monitoring key investigatory procedures, which include:

i. participating in interviews with personnel of the Company and those involved from the counterparty as conducted by the Forensic Investigator;

ii. assessing external communications, including confirmations between the Forensic Investigator and involved counterparties;

iii. attending the Forensic Investigator's briefings to the Audit Committee and the Independent Review Committee regarding their findings on the Supplemental Investigation Work and the Internal Investigation;

iv. obtaining and reviewing the preliminary drafts of the Supplemental Investigation Work memorandum and the Internal Investigation memorandum from the Forensic Investigator;

v. conducting interviews with key Forensic Investigator members to discuss their findings and basis of their conclusions; and

vi. obtaining essential working papers from the Forensic Investigator that are relevant to the investigations.

d. independently execute essential procedures previously conducted by the Investigation Team and the Forensic Investigator, in particular:–

i. amassing and scrutinising documentary evidence related to the Marketing Services Transaction and/or Other Transactions; and

ii. performing comprehensive background checks on the involved entities to identify any potential relationships between the Group and the counterparties.

e. evaluating the Investigation Findings and findings of the Supplemental Investigation Work and the Internal Investigation in conjunction with the results of audit procedures.

f. independently evaluate the independence, competence and capability of the Investigation Team and the Forensic Investigator.

g. conducting a detailed scrutiny and analysis of payment transactions and financial records of the Group to identify large-value, non-operational payments that may pose potential risks or compliance concerns.

RSM's Review

To evaluate the Audit Matters and Observations raised by the predecessor auditor and also to opine on the consolidated financial statements of the Group for the year ended December 31, 2023 as a whole, RSM, has considered whether the preparation by the Directors of the consolidated financial statements give a true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirement of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), and to evaluate the audit evidence and audit work performed as a whole so as to provide the basis for their opinion on the consolidated financial statements of the Group for the year ended December 31, 2023 as a whole.

RSM's objectives were to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion.

RSM did not solely rely on the Investigation findings, the findings of the Supplemental Investigation Work and the Internal Investigation to address the Audit Matters and Observations and form their audit opinion, but also involved in the Audit Steps in respect of the Audit Matters and Observations as set out above.

Based on the results of their work, RSM issued an unmodified audit opinion on the consolidated financial statements of the Group and give a true and fair value of the financial position of the Group as at December 31, 2023 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the IASB and have been properly prepared in compliance with the disclosure requirement of the Companies Ordinance. Details of the audit opinion issued by RSM on the consolidated financial statements of the Group as a whole are set out in the independent auditor's report in this annual report.

Audit Committee's Views

The Audit Committee has reviewed the findings of the Investigation, the Supplemental Investigation Work, the Internal Investigation and the Audit Steps and is of the view that these measures are appropriate and adequate and have investigated into the Audit Matters raised by PwC and addressed the Observations, to the extent that is practicable, and agrees with the findings of the these measures.

Internal Control Improvements

Following the entry of the Marketing Services Transaction, the Company noted inapplicability of the indirect procurement policy to ad-hoc overseas business development engagements such as the Marketing Services Transaction and rooms to improve its internal policies, the Company has therefore reviewed its internal control measures and has taken actions to improve its internal control systems. For further details of the actions taken, please refer to the section headed “Corporate Governance – Risk Management and Internal Control” of this annual report.

ON BEHALF OF THE BOARD
Wang Ning
Chairman and Chief Executive Officer

Hong Kong
March 28, 2024

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended December 31, 2023.

CORPORATE GOVERNANCE CULTURE

The Company is committed to establishing and fulfilling a good corporate governance practice and procedures, for ensuring a quality Board, sound internal control, and transparency and accountability to all Shareholders in order to enhance credibility and reputation of the Company. We firmly believe that good corporate governance practice can earn trust of the Shareholders as well as other stakeholders, and most importantly, preserve the long-term interests of the Shareholders. In addition, a healthy corporate culture is critical to the achievement of the Group's vision and strategy. The Group is committed to maintaining high standards of business ethics and corporate governance in the Company's operation.

The Company will continuously review and adjust, if necessary, our business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company and the Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. The Company has adopted the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance since the Listing Date. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

Save as disclosed below, the Company has complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code throughout the period from the Listing Date up to the Latest Practicable Date.

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Mr. Wang Ning (王寧) currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors since the Listing Date. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date and up to December 31, 2023.

The Board has also adopted its own code of conduct regarding employees' securities transactions on terms no less than the standard set out in the Model Code to regulate all dealings in the Company's securities by relevant employees, including any employee or a director or employee of a subsidiary or holding company, who, because of his/her office or employment, are likely to be in possession of unpublished inside information of the Company as referred to in the applicable code provision D.2.4(e) of the Corporate Governance Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

BOARD COMPOSITION

As at December 31, 2023 and up to the date of this annual report, the Board comprised of seven Directors. The current members of the Board of the Company are listed as follows:

Executive Directors

Mr. Wang Ning *(Chairman and Chief Executive Officer)*
Mr. Peng Wei
Mr. Liu Dong

Non-executive Director

Mr. Li Haojun

Independent Non-executive Directors

Ms. Ge Xin
Mr. Shan Yigang
Mr. Wang Haining

The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report. The relationships between the Directors and senior management are disclosed in the respective Director's and senior management's biography under the section headed "Biographies of Directors and Senior Management" of this annual report. Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) among members of the Board and the senior management of the Company.

Board Meetings and General Meetings

The Board shall hold at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged when required. Notices for all regular Board meetings will be given to all Directors at least 14 days before the meetings and the agenda and accompanying Board paper will be given to all Directors at least 3 days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors or Board Committee members for information and records. Directors who have conflicts of interest in a board resolution shall abstain from voting for that resolution.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors/Board Committee members. Draft and final versions of the minutes of each Board meeting and Board Committee meeting are sent to the Directors/Board Committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the joint company secretaries and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expense for discharging their duties to the Company. All independent non-executive Directors are invited to attend the meetings of the Board and the Board Committees, communication channels to the management and the Company Secretary are also available at all times. The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement. All the Directors, including the independent non-executive Directors, will be given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting. The Board will review regularly as to whether the mechanisms are effective in ensuring that independent views and input are provided to the Board.

Directors' Attendance Records

The attendance record of each Director at Board meetings, Board Committee meetings and general meetings of our Company held during the period from the Listing Date to the end of the Reporting Period is set out in the table below:

Name of Director	Board(1)	Audit Committee(1)	Remuneration Committee(1)	Nomination Committee(1)	AGM(2)
Executive Directors					
Mr. Wang Ning	2/2	–	1/1	1/1	–
Mr. Peng Wei	2/2	–			–
Mr. Liu Dong	2/2	–			–
Non-Executive Director					
Mr. Li Haojun	2/2	–			–
Independent Non-Executive Directors					
Ms. Ge Xin	2/2	4/4	1/1		–
Mr. Shan Yigang	2/2	4/4		1/1	–
Mr. Wang Haining	2/2	4/4	1/1	1/1	–

Notes:

(1) Code provision C.5.1 of the Corporate Governance Code recommend that our Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Our company recently listed on the Stock Exchange on July 12, 2023, from which date our Corporate Governance Code commenced. Since the Listing Date and until the end of the Reporting Period, we held 2 Board meetings and 6 Board committee meetings. Nevertheless, our Board has been in regular communication with one another and, going forward, will continue to meet regularly to update themselves on our Company's affairs.

(2) No AGM was held during the period from the Listing Date to the end of the Reporting Period.

Apart from regular Board meetings, our Chairman also held one meeting with our independent non-executive Directors without the presence of other Directors during the year ended December 31, 2023.

Our independent non-executive Directors and non-executive Director have attended general meetings of our Company to gain and develop a balanced understanding of the view of the Shareholders.

Responsibilities, Accountabilities and Contributions of the Board and the Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. All Directors have full and timely access to all the information of the Company. The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has established a mechanism to ensure independent views and advice are available to the Board through seeking the external independent professional advice from legal advisers and auditor, as well as the full attendance of all independent non-executive Directors at all the meetings of the Board and its relevant committees. The Board reviews the implementation and its effectiveness of the aforementioned mechanisms on an annual basis.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Board Independence Evaluation

The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors. Further, independent non-executive directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Mr. Wang Ning (王寧) currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Independent Non-Executive Directors

For the period from the Listing Date and up to December 31, 2023, the Company has three independent non-executive Directors in compliance with Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors is at least one third of the number of the Board members. According to Rule 3.13 of the Listing Rules, each of Ms. Ge Xin, Mr. Shan Yigang, and Mr. Wang Haining, being the independent non-executive Directors as at December 31, 2023, have made confirmations to the Company regarding their independence throughout from the Listing Date and up to December 31, 2023. Based on the confirmations of such independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

Appointment and Re-election of Directors

The code provision B.2.2 of the Corporate Governance Code stipulates that every director should be subject to retirement by rotation at least once every three years. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association.

All the Directors are subject to retirement by rotation and re-election at the AGM. Under the Articles of Association of the Company, at each AGM, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that all Directors appointed to fill a casual vacancy on the Board or as addition to the existing Board shall hold office until the first AGM after appointment. The retiring Directors shall be eligible for re-election.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Directors should participate in appropriate continuing professional development to develop and refresh their knowledge and skills. The Company has arranged training for its Directors and provided them with reading material on relevant topics. Each Director has been provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations.

All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

All Directors have complied with code provision C.1.4 of the Corporate Governance Code and participated in continuous professional development to develop and refresh their knowledge and skills during the Reporting Period.

The training records of the Directors for the year ended December 31, 2023 are summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
Mr. Wang Ning	A&B
Mr. Peng Wei	A&B
Mr. Liu Dong	A&B
Non-Executive Director	
Mr. Li Haojun	A&B
Independent Non-Executive Directors	
Ms. Ge Xin	A&B
Mr. Shan Yigang	A&B
Mr. Wang Haining	A&B

Note:

Types of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board Committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

During the Reporting Period, the Audit Committee comprises three independent non-executive Directors, namely Ms. Ge Xin (葛新), Mr. Shan Yigang (單一剛) and Mr. Wang Haining (王海寧). Ms. Ge Xin is the chairlady of the Audit Committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal control and risk management systems and the effectiveness of the Company's internal audit function, to nominate and monitor external auditors, to provide advice and comments to the Board on matters related to corporate governance, and to perform other duties and responsibilities as assigned by the Board. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

During the period from the Listing Date to up to December 31, 2023, our Audit Committee meeting held 4 meetings, during which the Audit Committee reviewed and discussed, among others, interim financial results and report for the six months ended June 30, 2023 and issues in relation to, the Group's financial reporting, external auditors, compliance procedures, and internal control policies.

Remuneration Committee

During the Reporting Period, the Remuneration Committee comprised three members, namely Mr. Wang Haining, Ms. Ge Xi, and Mr. Wang Ning, the majority of them are independent non-executive Directors. Mr. Wang Haining served as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish, review and offer advice to the Board on the Company's policy and structure concerning remuneration of the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendations to the Board on the terms of the specific remuneration package of each executive Director and senior management of the Company, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. During the Reporting Period, none of the matters relating to share schemes under Chapter 17 of the Listing Rules shall be subject to review and/or approval by the Remuneration Committee. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

During the period from the Listing Date to up to December 31, 2023, our Remuneration Committee meeting held one meeting, during which, the Remuneration Committee reviewed and made recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management.

Nomination Committee

During the Reporting Period, the Nomination Committee comprised three members, namely Mr. Shan Yigang, Mr. Wang Haining, and Mr. Wang Ning, the majority of them are independent non-executive Directors. Mr. Shan Yigang served as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to review the structure, size and composition of our Board and make recommendations to our Board regarding any proposed changes to the composition of our Board, to identify, select or make recommendations to our Board on the selection of individuals nominated for directorships, to ensure diversity of our Board members, to assess the independence of our independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the period from the Listing Date to up to December 31, 2023, our Nomination Committee meeting held one meeting, during which, the Nomination Committee made recommendations to the Board regarding the appointment of Directors and Board succession.

Board Diversity Policy

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Our Directors have a balanced mix of knowledge and skills, including business management, finance, investment, auditing and accounting. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

The Board currently comprises seven members, including one female Director, which is in line with the gender diversity requirements by the Stock Exchange. We will continue to put effort into developing a pipeline of potential successors of the Board to maintain or achieve gender diversity via different channels, such as by engaging human resources agencies to identify potential successors for the Board. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the Board.

Director Nomination Policy

Our Board has adopted a nomination policy which sets out the selection criteria and process in relation to the selection, appointment and re-appointment of the Directors and aims to ensure that our Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to our Company's business.

The nomination policy sets out the factors for assessing the suitability and the potential contribution to our Board of a proposed candidate, including but not limited to the following: (a) character and integrity; (b) qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under our board diversity policy that are relevant to our Company's business and corporate strategy; (c) requirement for our Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules; (d) potential contributions the candidate can bring to our Board in terms of qualifications, skills, experience, independence and gender diversity; and (e) the willingness and ability to devote adequate time to discharge duties as a member of our Board of our Company.

Remuneration of Directors and Five Highest Paid Individuals

Our Directors and senior management receive compensation in the form of fees, salaries, contributions to pension schemes, other allowances, other benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of our Directors and senior management, as well as the performance of our Group. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of our Directors and senior management and performance of our Group. The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

The remuneration of each Director and the chief executive are set out in note 9 to the consolidated financial statements.

For the Reporting Period, no emolument was paid by our Group to any Directors or any of the five highest paid individuals as inducement to join or upon joining our Group as compensation for loss of office.

For the Reporting Period, none of the Directors has waived or agreed to waive any emoluments. No termination benefits, loans, quasi-loans, other dealings in favour of Directors, their controlled bodies corporate and their connected entities subsisted at the end of the Reporting Period or at any time during the Reporting Period. No consideration was provided to or received by third parties for making available the services of a person as a Director or in any other capacity while as a Director during the Reporting Period.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the Reporting Period. The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with. The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements. As at December 31, 2023, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt on the Group's ability to continue as a going concern. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The statements by external auditor, RSM Hong Kong, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report in this annual report.

Corporate Governance Functions

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

(a) to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

Risk Management and Internal Controls

Our Board is responsible for our Company's risk management and internal control systems and for reviewing their effectiveness at least annually. Such systems are designed to manage rather than eliminate risks of failure to achieve the business objectives of our Group and to only provide reasonable and not absolute assurance against material misstatement or loss.

During the Reporting Period, our Board supervised the design, implementation and monitoring of the risk management and internal control systems, and reviewed the adequacy and effectiveness of the risk management and internal control systems of our Group on an ongoing basis; such review covered all major control aspects of our Group, including the financial reporting, internal audit function, adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. The Company has also taken actions to improve its internal control systems with our Board's guidance. For example, in connection with the Audit Matters, considering the inapplicability of the indirect procurement policy to ad-hoc overseas business development engagements, the Company has taken the following actions to improve its internal control systems: (a) revising the indirect procurement policy to expressly cover any ad-hoc overseas business development engagements and retitled it the general procurement policy; (b) updating the relevant employee of the Group of the revisions and applicability of the general procurement policy; (c) arranging a periodic review of the general procurement policy to identify whether any further changes are required; (d) revising the contract management policy to, among other things, clarify the responsibilities of the relevant departments (the relevant business unit, the legal department, the financial and taxation department) and include an expedited contract approval procedure for specific circumstances, to encourage adherence to the policy; and (e) conducting regular assessments and an annual review on the implementation of the internal contract management system to identify any deficiencies and formulate remedial measures where necessary. Save as disclosed in this annual report, taking into account the above actions, our Board is of the view that the risk management and internal control systems of our Company for the year ended December 31, 2023 is effective and adequate. In addition, the senior management of the Company identify, access and take measures against any significant risks that the Company is facing, and reviews the risk assessment report on a regular basis and reports to the Board on a regular basis.

Our Group's risk management and internal control systems covered each operation department, to ensure that our Group could effectively manage the key factors that might affect our Group in achieving its strategic objectives, such factors including events, accidents or behaviors with a material impact on our Group's reputation, assets, capital, profit or liquidity.

Our Company has adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Audit Committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors. We have adopted or will continue to adopt, among other things, the following principles:

(i) establish an Audit Committee to review and supervise our financial reporting process and internal control system;

(ii) adopt various policies to ensure the compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;

(iii) appoint Mr. Huang Weibo and Ms. Lai Siu Kuen as our joint company secretaries to ensure the compliance of our operation with applicable laws and regulations;

(iv) appoint Guotai Junan Capital Limited as our compliance advisors upon the Listing to advise us on compliance with the Listing Rules;

(v) engage external legal advisors to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary;

(vi) provide regular anti-corruption, anti-bribery, anti-money laundering and sanctions related compliance training for senior management and employees in order to enhance their knowledge of and compliance with applicable laws and regulations, our Company's anti-corruption policy, whistleblowing policy and other relevant policies; and

(vii) arrange our Directors and senior management to attend training seminars on the Listing Rules requirements and the responsibilities as directors and senior management of a Hong Kong-listed company.

In accordance with the requirements of the SFO and the Listing Rules, our Group shall disclose to the public any inside information as soon as possible after such information comes to the attention of our Group, unless such information is within the scope under any safe harbours provision in the SFO. Our Group will ensure such information will be kept confidential before it is fully announced to the public. If our Group considers that the confidentiality required cannot be kept, or such information may have leaked already, such information will be disclosed to the public immediately. We also endeavour to ensure that the information contained in the announcement shall not be deceptive or misleading in all material aspects, and there are no other material matters the omission of which would make the information contained therein to be deceptive or misleading, such that the insider information disclosed can be made available to the public in an equal, timely and effective manner. In addition, if there is any significant risk events, the related information will be disclosed to appropriate authorities and personnel, so that appropriate decisions and measures can be made and implemented by our Group to deal with such risk events. Meanwhile, in order to further develop the risks management culture of the enterprise, as well as to enhance the risk awareness of our staff, our Group has already rolled out related training programs, so that we can assure to maintain the balance between business expansion and risks management in our operation.

Auditors' Remuneration

The financial statements contained in this annual report have been audited by RSM Hong Kong. The remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2023 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services (Note)	7,360
Non-audit Services	71
Total	**7,431**

Note: The audit services fees include payments to current and predecessor auditors.

Joint Company Secretaries

The Company has appointed Mr. Huang Weibo ("**Mr. Huang**") and Ms. Lai Siu Kuen ("**Ms. Lai**"), a director of the corporate services department of Tricor Services Limited, an external service provider, as its joint company secretaries and are responsible for overseeing the company secretarial work of the Group. The primary contact person of Ms. Lai at the Company is Mr. Huang. For the year ended December 31, 2023, both Mr. Huang and Ms. Lai confirmed that they have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Shareholders' Rights

The Company believes that effective communication with Shareholder is essential to enhance investor relations and to keep investors informed of the Group's business performance and strategies. The Company has established various and a wide range of communication channels with Shareholders, including general meeting, annual results and interim results, annual and interim reports, announcements and circulars and performance conference. To facilitate the communication between the Company and investors, the Company holds meetings, briefings and roadshows with investors and analysts from time to time. Shareholders may make enquiries with the Company through channels mentioned below, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make actual responses to the Shareholders as soon as possible.

In addition, the Company updates its website from time to time to keep the Shareholders update of the recent development of the Company. The Company endeavours to maintain an ongoing dialogue with Shareholders. At the AGM, the Directors (or their delegates as appropriate) will be available to meet with the Shareholders and answer their enquiries. Since the Listing Date, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. Based on a review of the initiatives taken as mentioned above, the Board considers that the shareholders communication policy is effective during the period from the Listing Date and up to December 31, 2023.

Procedures for Shareholders to convene an extraordinary general meeting

According to Article 9.3 of the Articles of Association, general meetings can be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights of the issued Shares which as at that date carrying the right to vote at general meetings of the Company. The requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong. If within 21 days of such deposit the Directors fail to proceed to convene such meeting the requisitionist(s) himself (themselves) may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21-day period.

Procedures and contact details for putting forward proposals at Shareholders' meeting

The AGM and other general meetings provide an important opportunity for Shareholders to express their views and the Company encourages and promotes Shareholder attendance and participation at general meetings. The Board members, in particular, the chairman or his delegates, appropriate members of management team and external auditors of the Company will attend AGM to answer Shareholders' questions. Shareholders attending the AGM and other general meetings are allowed to have a reasonable opportunity to ask questions regarding the items on the meeting agenda, including but not limiting to questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor's report.

The procedures by which enquiries may be put to the Board and sufficient contact details to enable these enquiries to be properly directed.

If you have any query in connection with your shareholding, please write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Tel: +852 2862 8555
Fax: +852 2865 0990

To contact the Company in relation to your query about the Company, the contact details are as follows:

Address: Building D, Vanke Time Square
No. 9 Wangjing Street, Chaoyang District
Beijing, China (For the attention of the Board of Directors)
Email: ir@keep.com

Communication with Shareholders and Investor Relations

Our Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of our Group's business, performance and strategies. Our Company also recognizes the importance of timely and nonselective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM of our Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of our Company and the chairpersons of our Board committees of our Company will attend the AGM to answer Shareholders' questions. The Auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, our Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between our Company and the Shareholders and maintains a website of our Company at https://keep.com/ where up-to-date information on our Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Our Board has reviewed the implementation of the shareholders' communication policy and considers its implementation as effective.

Pursuant to Rule 2.07A of the Listing Rules, the Company will disseminate the future corporate communications of the Company (the "**Corporate Communications**") to Shareholders electronically and only send Corporate Communications in printed form to Shareholders upon request. The Company will make the Corporate Communications available on its website (https://keep.com/) and the Stock Exchange's website (www.hkexnews.hk).

Change in Constitutional Documents

Our Company adopted Twelfth Amended and Restated Memorandum and Articles of Association on June 12, 2023, which has been effective from the Listing Date. There was no other change in the said Memorandum and Articles of Association since the Listing Date and up to the date of this annual report. The Board proposed (a) certain amendments to the Twelfth Amended and Restated Memorandum and Articles of Association for the purpose of, *inter alia*, (i) bringing the Articles of Association in line with the Listing Rules which mandate the electronic dissemination of corporate communications by listed issuers to their securities holders from December 31, 2023 onwards; (ii) make other house-keeping amendments to clarify, update and/or modify certain provisions of the Articles of Association in accordance with, or to better align with the applicable laws (collectively, the "**Proposed Articles Amendments**"); and (b) to adopt the Thirteenth Amended and Restated Memorandum and Articles of Association incorporating and consolidating all the Proposed Articles Amendments. The Proposed Articles Amendments and the adoption of the Thirteenth Amended and Restated Memorandum and Articles of Association are subject to the approval of the Shareholders by way of a special resolution at the forthcoming AGM of the Company to be held on June 19, 2024 or any adjourned meeting. A circular of the Company containing, inter alia, further details on the aforesaid subject matters, together with a notice of the AGM, will be published in accordance with the requirements of the Listing Rules in due course.

Environmental, Social and Governance (ESG) Report

I. ABOUT THIS REPORT

This Environmental, Social and Governance (ESG) Report ("ESG Report" or this "Report") is aimed at providing the objective disclosure of the efforts and the results made and achieved by Keep Inc. (hereinafter referred to as "Keep" or the "Company" or "we", "us") in the field of ESG in 2023, which provides a fair reflection on the ESG strategy, management and practice of the Company in 2023. For more details on the corporate governance, please refer to the section headed "Corporate Governance Report" in the annual report of the Company.

1. Reporting Scope

The reporting scope of this Report covers a period from January 1, 2023 to December 31, 2023. In order to maintain the continuity of information, there are matters which may be beyond this time frame.

2. Basis of Preparation

This ESG Report has been prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the "ESG Reporting Guide") as set out in Appendix C2 to the *Listing Rules* and with reference to the United Nations Sustainable Development Goals (UN SDGs).

3. Reporting Principles

During the preparation of this Report, the content and presentation of the ESG Report are defined in accordance with the principles of "Materiality", "Quantization", "Balance", "Consistency" in the ESG Reporting Guide.

- Materiality: the participation of major stakeholders and the identification of material ESG issues have been carried out during the preparation of this Report, and relevant content has been disclosed according to the assessment results of issues materiality. For details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

- Quantization: the key performance indicators at the environmental and social aspects disclosed in this Report are presented in a quantitative way, and the relevant measurement standards, methods, assumptions and/or calculation tools, as well as the source of conversion factors used, have been explained in the corresponding sections.

- Balance: this Report ensures that the ESG performance of Keep during the reporting period is presented in an unbiased manner.

- Consistency: the statistical methods of this Report are consistent with other publicly disclosed information.

4. Source of Information

The information and cases involved in this Report mainly are derived from the Company's statistics report, official documents and internal records in 2023. The Company undertakes that this Report does not contain any misrepresentation and misleading statements, and takes the responsibility for its authenticity, accuracy and completeness.

II. STATEMENT OF THE BOARD

Keep attaches high importance to the Company's ESG management and actively implements the concept of sustainable development. The Board of Directors of the Company (the "Board") is the highest responsible and decision-making body for the ESG-related matters, is responsible for the strategy and reporting of the ESG, and fully monitors the Company's ESG matters. During the year, the Board participated in the ESG work reporting meeting to listen to and know about the important matters such as the ESG trend, the annual ESG management performance of the Company and the ESG work plan for the next year and made recommendations on the Company's ESG management.

In order to better implement the concept of the ESG, the Company has established an ESG Taskforce as well as an the ESG Collaboration Office including ESG-related business departments to standardize the ESG practices and management.

This year, we conducted materiality assessment on the ESG issues by way of questionnaires, and on-site interviews, and so on, the specific assessment process and results are detailed in the sub-sections headed "Stakeholder Engagement" and "Materiality Assessment" in the "Environmental, Social and Governance Report", and reviewed by the Board. The Board of Directors of the Company has fully identified material ESG risks relevant to the Company, including product and service quality, employees' rights and interests, data security and privacy, business ethics, corporate governance, etc., and clarified the key directions of the ESG governance.

Under the supervision of the Board, the Company has discussed and set the environmental targets, and continued to review the achievement of these targets. In 2023, the Board reviewed the specific report by the Management on setting the environmental targets, and discussed the environmental targets relevant to the operation for the next year, including optimizing the efficiency of energy utilization, reducing waste emissions, reducing water source utilization, etc.

This Report also made detailed disclosure on the above ESG matters, and was reviewed and approved by the Board on March 28, 2024.

III. ESG MANAGEMENT

1. ESG Strategy

The Company continuously improves our ESG strategy in our business operation and daily enterprise management, and regards providing quality products, adhering to green development, working together with our employees for common progress, strengthening supply chain management, realizing responsible operation and conducting community investment as important dimensions in integrating ESG elements into our management system. The Company continues to improve our ESG governance structure, focus on the requirements of various stakeholders, actively perform corporate social responsibilities to create values for users, industry and society.

The United Nations Sustainable Development Goals (UN SDGs) aim to guide countries in the world to address development problems in three key areas, namely, social, economic and environmental aspects, and encourage all sectors of society to actively contribute to the sustainable development. We have identified relevant UN SDGs priorities based on the Company's business characteristics and have integrated them with our ESG strategy to guide the ESG work.

Responsible Products

As a sports technology company offering a comprehensive fitness solution to society, we hope to make fitness simpler and more popular through technology and innovation by integrating with on-line and off-line fitness experience. We continue to expand product matrix, strictly ensure product quality, carry out content management on App platform, protect users' rights and interests and strive to become a free playground for 1 billion sportspersons in the next ten years.

Green Development

We actively respond to the national "dual carbon" goal and implement the concept of green development. We strictly comply with the *Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)*, the *Energy Saving Law of the People's Republic of China (《中華人民共和國節約能源法》)* and other relevant laws and regulations, and continue to strengthen the environmental management system and reduce the impact of business operation on the environment.

Commitment to Employees

We insist on providing equal, harmonious and stable working environment for employees. We are committed to protecting the legal rights and interests of employees, continuously improving their health and well-being, supporting their development and introducing advanced human resources systems to create a good and happy workplace experience for employees.

Supply Chain Management

We continue to improve the *Supplier Management System*, and constantly standardize and implement the relevant procedures of supplier access, assessment and exit. We attach importance to the cooperation and communication with suppliers, continue to optimize supplier selection and the review procedure of suppliers' product delivery quality, improve suppliers' quality awareness around dimensions such as supplier production quality management and product research and development, and set up a professional team to assess suppliers' qualifications in the key risk management areas of the ESG.

Responsible Operation

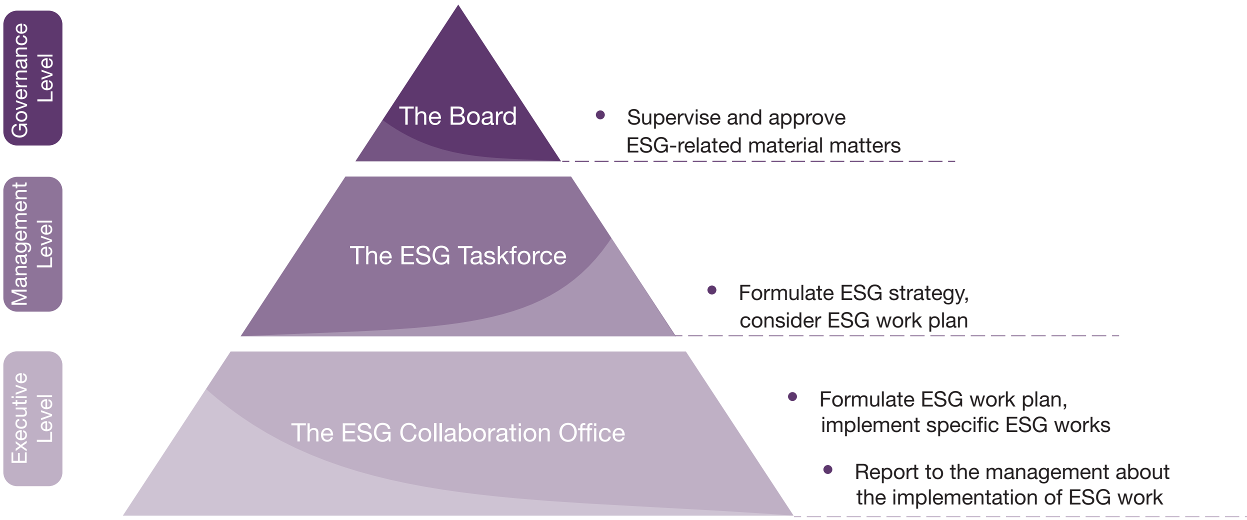
We adhere to responsible operation, attach importance to users' rights and interests, and actively comply with the *Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》)*, the *Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》)* and relevant laws and regulations. We improve service level and information safety protection, improve intellectual property management system and implement responsible marketing while committing to providing high quality products to users.

Contribute to Society

With "Fueling Every Workout, Keep the Neighborhood Energetic. (激發每一次運動，讓世界充滿活力)" as the wholly new mission and vision, we are always committed to exploring the positive value of sports, helping more people get happiness and health from sports. We actively participate in public welfare, carry out diverse public welfare projects in the areas of advocating sports equality, attention focusing on environmental sustainability, conveying social care, working with employees, users and public welfare partners to convey a happy and healthy lifestyle to the public and enhance the sense of happiness of society as a whole.

2. ESG Governance Structure

The Company's ESG Governance Structure is based on the corporate governance structure and the management and control structure, including the "three-level structure" of governance, management and executive level. The Board of Directors of the Company is the governance level, fully responsible for the Company's ESG work, and supervises the management's work. The management level is the Company's ESG Taskforce, responsible for coordinating the Company's various ESG work. The executive level is the ESG Collaboration Office, responsible for implementing specific ESG works.



The ESG Governance Structure of Keep Inc.

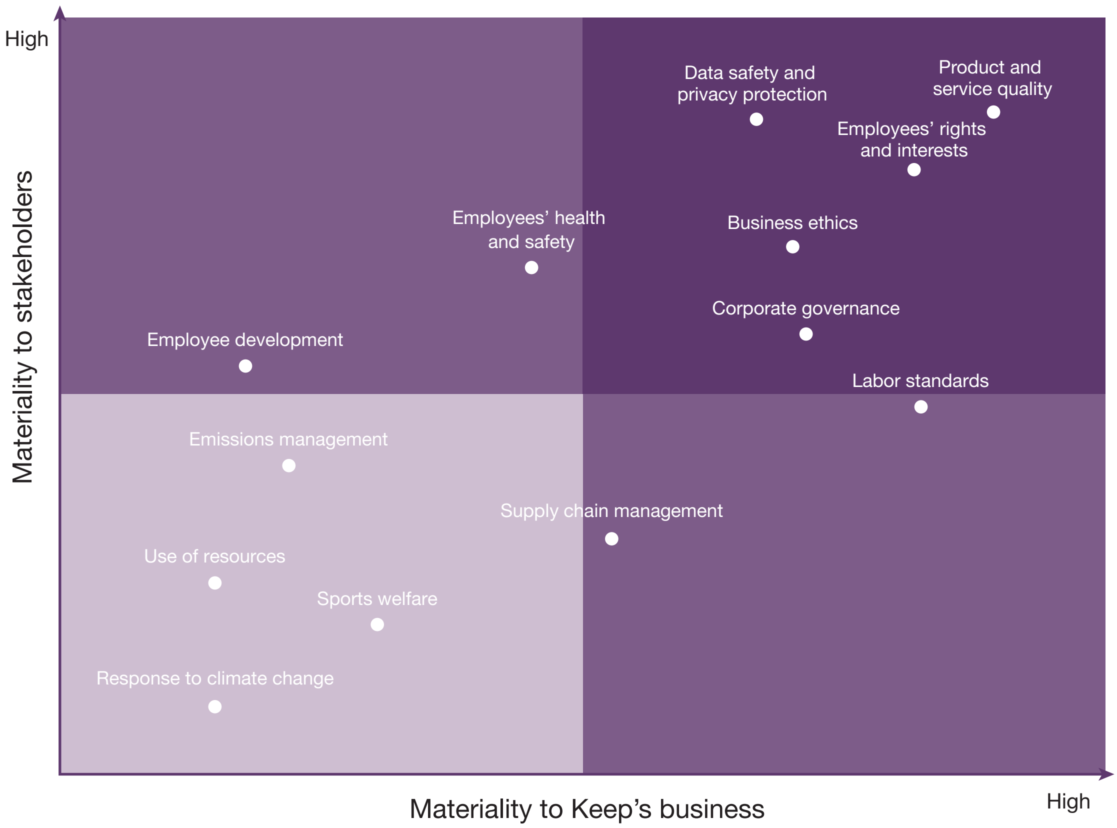
3. Stakeholder Engagement

We attach great importance to communicating with stakeholders and regard their opinions and requests as important impetus for us to continuously improve the ESG management. We interact and communicate with stakeholders by establishing diversified communication channels and keep abreast of stakeholder's demands and respond to them. During the year, we have identified important stakeholders of the Company and collected stakeholders' opinions and expectations. The specific stakeholders are shown in the table below.

Stakeholder	Major Concerning Matters	Major Channels of Communication
Government and Regulatory Authorities	Compliance with laws and regulations Implementation of policies Outstanding social contribution	Filing and submission of written documents Inspection and reception Annual report
Shareholders and Investors	Enterprise results of operation Business ethics Compliance operation Corporate governance Information disclosure	General meeting Special report Investors' meeting and performance roadshows Official websites of the Stock Exchange/the Company
Directors	Enterprise results of operation Business ethics Compliance operation Corporate governance Information disclosure	Board meetings
Employees	Employee's rights and interests Remuneration and benefits Development and training Improving the promotion channel Health and safety	Contracts Face to face communication Employee training Performance appraisal and feedback
Suppliers	Open, fair and impartial procurement Anti-corruption Mutual benefit and win-win	Public tender Supplier quality agreement Anti-commercial bribery agreement Supplier assessment procedures Supplier meeting
Consumers	Providing high quality products and services Protecting information safety and privacy Listening to users' opinions and suggestions	User service hotline Daily operation and communication User complaints handling and feedback
Corporate Customers	Business ethics Providing high quality products and services Protect customers' information safety	On-site visit Customer communication Industry communication
Community	Social welfare Community investment Protecting environment	Participating in public welfare Volunteer service

4. Materiality Assessment

Based on the business characteristics and communications with stakeholders, the Company has collected feedback from stakeholders on the ESG issues materiality through questionnaires and has sorted out the materiality level of issues to understand stakeholders' expectations and requests. The materiality level of the ESG issues to stakeholders are illustrated in the table below:



Keep 2023 ESG Materiality Matrix

IV. RESPONSIBLE PRODUCTS

As a sports technology company offering a comprehensive fitness solution to society, we hope to make fitness simpler and more popular through technology and innovation by integrating with on-line and off-line fitness experience. We continue to expand product matrix, strictly ensure product quality, carry out content management on App platform, protect users' rights and interests and strive to become a free playground for 1 billion sportspersons in ten years.

1. Serve Fitness for All

We strive to lower the threshold of fitness through rich selections and intelligent personalized sports experience, so that fitness is not constrained by time, location or financial ability. We aim to encourage users to exercise, encourage more people to pursue a healthy life and enjoy the joy of sports, and further spread a new lifestyle of health, confidence and self-discipline to the whole society. We promote the high-level development of fitness for all to accumulate joint efforts for building the big-health system and promoting the healthy China.

Our online fitness content mainly includes recorded courses and live streaming classes, both of which are developed in-house or created by third parties such as influencers and other fitness content providers. We also use AI algorithms to provide personalized fitness curriculums that dynamically adjust course content and workout intensity based on users' athletic level, fitness goals, daily workout patterns and diet, thereby optimizing the training results for our users. We constantly refine our content based on user insights that enable us to create new courses with better efficiency and effect.

Meanwhile, enabled by an array of innovative features such as AI, automation and social interaction, by working synergistically with our online fitness content, our smart fitness devices (including smart bikes, wristbands, scales, and treadmills) track and analyze fitness activities, automatically adjust workout difficulty level and content recommendations to improve users' overall fitness experience. In addition, our smart fitness devices can connect with one another to capture fitness activities across multiple application scenarios, which results in more comprehensive user profiles that we may leverage to offer more relevant recommendations and dynamically adjust fitness curriculums to maximize results.

Leveraging the insights accumulated through growing user base and positive feedback loop, we identified users' unmet needs in different scenarios. To that end, we offer high quality stylish fitness products include yoga mats, dumbbells, gym wear, protective gear, and other fitness accessories to further improve users' overall fitness experience and accompany users to foster exercise habits. We also offer a broad range of fitness food products, such as meal replacements, fitness snacks, and nutrition supplements, providing a comprehensive solution combining workout and diet to users. Based on users' fitness goals, our platform is able to recommend customized diet plans, with detailed information such as suggested total calorie intake, macronutrient analysis and other health tips.

Our three business lines of online fitness content, smart fitness devices and complementary fitness products complement one another to create an integrated business model that covers users' entire fitness lifecycle.

2. Upgrade Product Quality

Keep strictly complies with the *Product Quality Law of the People's Republic of China《中華人民共和國產品質量法》*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests《中華人民共和國消費者權益保護法》* and relevant laws and regulations, actively carries out review and strengthens product quality management and control, optimizes procedures of product testing, inspection and recall, and carries out internal and external training related to product quality to promote product quality upgrading.

(1) Product Quality Management and Control

Keep attaches great importance to product quality management, and has formulated the *Product Quality Standards (產品質量標準)*, the *Supplier Quality Agreement (供應商質量協議)* and other systems and standards, and carries out review on procedures such as product research and development, production in accordance with the requirements of systems.

In the stage of product research and development, we conduct research on similar products in the market, summarize relevant improvement suggestions of products, and apply them in designing Keep products. We also actively carry out assessments on the quality and safety of raw materials of products to assure that the materials used in developing products meet the national standards of product offerings, and the process models meet the requirements of internal design and development.

In the stage of product production, we supervise the process of production and packaging, assure that suppliers' production process meet the national emission requirements of the "Three Wastes" and conduct random checking on the shipped products in accordance with the shipped product quality standards on the quality agreement. If the products do not meet the standards in a sample check, we will return this batch of products, and the next batch of products would be accepted normally after meeting the checking standards.

In the stage of product sales, the after sales department counts the product flaw rates in accordance with the *Common Flaws Appearance Judgement Standards on Products (產品常見瑕疵外觀判定標準)*. For products with high flaw rates, the Company makes improvement suggestions to the process and apply them in subsequent production. The Company also follows the feedback from VoC (Voice of Customer), and conduct post-review on causes through data analysis against the relevant problems of product quality raised by users, making timely iteration and upgrading on products to form a closed-loop management of product quality.

We advocate employees and suppliers to place focus on the product quality, and constantly carry out corporate quality culture publicity. We have uploaded a series of training course relevant to product quality on the Company's internal platform to help employees to understand the Company's product quality standards and requirements.

(2) Product Recall

In order to guarantee shipped product quality and protect users' rights and interests, the Company has formulated systems and standard documents relevant to product recall such as the *Recall Procedures of Unqualified Products (不合格品召回流程)*. Once unqualified products are detected, we immediately invite relevant parties in research and development, delivery, logistics, warehousing, suppliers, etc. to attend emergency meetings, to rework products which do not meet quality standards or have potential safety hazards, and scrap all the products which cannot be reworked. In 2023, the Company had no product recall incidents related to safety and health.

3. Create a Healthy Platform Ecology

We value platform content management and are committed to creating a positive and healthy platform ecology. Pursuant to the *Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》)* and other laws and regulations, we have formulated the *Community User Convention (《社區用戶公約》),* the *Community Management Norm (《社區管理規範》),* the *Rules Encyclopedia (《規則百科》),* the *Protection Policy on Children's Personal Information (《兒童個人信息保護政策》) and* the *Review Standards (《審核尺度標準》)* and other management norms, strictly review the content that can be publicly disseminated to create a positive community atmosphere.

(1) Fitness Content Review

We strictly control the quality of online fitness content and encourage content creators to publish healthy, diversified and quality content. The content quality review department of the Company is responsible for verifying the certifications obtained by fitness content production influencers in relevant fields and reviewing the authenticity and professionalism of fitness content produced by fitness influencers and other content providers according to the standards of Sports Content Committee. We publish content on the platform which does not violate the principles such as correct sports knowledge, has scientific basis for expression, with actions trained by standards and causes no harm to the body, to ensure the scientificity and safety when users follow the content to exercise. We also classify the difficulties of courses according to users' feedback and optimize users' fitness experience. Users with different sports ability levels can choose appropriate fitness content to learn and practice according to the level of difficulty.

(2) Unhealthy Content Management

The Company continuously improves the content governance process, establishes a quality inspection team, and conducts security management on the content generated by users through various methods such as machine review, manual calibration, account credit scoring to check the graphs and texts, videos and comments published by users thoroughly. The Company establishes a sensitive word database, and uses natural language process, sensitive word filtering to make judgements on the content published by users to see whether it contains unhealthy information, so as to automatically block it in a timely manner. In addition, the Company sets a number of quantitative indicators such as accuracy, health rate, machine review recall rate for the content uploaded by users to identify content multi-dimensionally. The Company also establishes a double quality inspection mechanism to conduct second manual review on hotspots and selected content based on model filtering criteria. Meanwhile, the Company carries out mock attack drills from time to time, monitors the timing of content review, so as to ensure identifying illegal content in a timely manner and control its dissemination.

The Company sets up unhealthy information reporting channels, encourages users to report violations through Keep App, mailbox, telephone and other channels, and assures to handle the reporting clues as soon as possible. In addition, the Company also launches official governance account "Keep_Dali Temple (Keep_大理寺)", which will publicly release weekly governance report, disseminate anti-fraud knowledge, encouraging users to jointly maintain a healthy platform. In 2023, a total of 97 governance and popular science articles were published by the official governance account.

In order to further enhance content review capabilities, we conduct regular management training of content security for new employees, content security reviewers, operational staff, hosts and suppliers. The training content includes internet laws and regulations, Keep content governance standards, social hotspot incidents related to content security, sensitive content, matters needing attention on live streaming operation security, etc. In order to improve the accuracy of illegal content identification, we carry out trainings on "public orders and good morals" for suppliers and content security review team, to popularize knowledge on contents such as advertisements, pornography, violence, bloodiness and other content which is prone to be violations. In 2023, a total of 72 security related training were conducted.

The Company actively performs our responsibilities on product content management, and continuously cracks down various types of harmful internet information. In 2023, the Company conducted special campaign to address various content that violated laws and regulations such as gender discrimination, feudal superstition and geographic discrimination, etc. and erased more than 80,000 pieces of harmful contents manually, permanently blocked 3,000 accounts in violation, and supplemented 18,900 sensitive keywords.

(3) Minors' Protection

The Company concerns minors' health and safety and is committed to building a clean cyberspace. In order to protect minors' physical and mental health and their rights and interests of personal information, the Company adopts minors' mode on the App, turns off functions of comments and private messages, and prohibits minors from live streaming. The Company also sets up a special area for minors' review, focuses on the special addressing on illegal unhealthy content such as cyberbullying on minors, personal information theft, and vulgar content, etc. and improves a cyber protection mechanism for minors from three fields of content security, business security and privacy security. We identify unhealthy content in various scenarios of texts, graphs, videos, etc. to safeguard minors' physical and mental health.

We set up a special minor's protection reporting line, assuring that the line will be answered on a 24 hours basis and relevant reports will be processed. We carry out minors' protection publicity through the official governance account "Keep_Dali Temple", to guide minors to establish right values. In 2023, the official governance account published a total of 7 articles related to science popularization education for minors, advocating netizens to attach high importance to minors' protection.

During the year, we have carried out special actions on minors' protection such as "Qinglang • 2023 Cyberspace Environment Improvement for Minors in Summer (清朗• 2023 年暑期未成年網絡環境整治)" and other actions, and have tackled harmful content such as cyberbullying, cyber fraud, illegal marketing, money worship and wealth flaunt and vulgar kitsch. In 2023, we tackled over 1,000 pieces of harmful information related to minors, blocked over 20 accounts, effectively preventing the harm of unhealthy information to minors.

(4) Platform Advertising Management

Keep strictly reviews the advertising content displayed by the Company's platform, and has formulated the *Quality and Content Norms 《資質及內容規範》* applicable to advertisements in various industries in accordance with the *Advertising Law of the People's Republic of China 《中華人民共和國廣告法》*, the *Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》*, the *Measures for the Administration of Internet Advertising 《互聯網廣告管理辦法》* and other laws and regulations, specifying the review standards for advertisement to avoid misleading on users through false publicity or advertisement involving unhealthy content.

The Company continuously optimizes the compliance management work of advertising, and the advertising business department, legal affairs department and brand department form a joint working group to register advertisers' information, review advertisers' relevant certifications, so as to confirm the main body of advertisers and the legality and authenticity of advertising content.

4. Protect Users' Rights and Interests

The Company strictly complies with the *Law of the People's Republic of China on* the *Protection of Consumer Rights and Interests* *《中華人民共和國消費者權益保護法》*, the *Measures for Penalties for Infringing Upon* the *Rights and Interests of Consumers* *《侵害消費者權益行為處罰辦法》* and other national laws and regulations, and continuously improves levels of operation and service. In order to further enhance users' satisfaction, during the year, we have improved systems such as the *Membership Fee Refund Criterion* *《會員退費標準》*, the *AIoT Software and Hardware Processing Process* *《AIoT 軟硬件處理流程》*, the *Return and Exchange Review Process* *《退換貨審核流程》* and the *Sensitive and Batch Issues Escalating and processing* *《敏感及批量問題升級處理流程》*.

(1) User Complaint and Protection

Keep continuously optimizes user service system and formulates systems and requirements such as the *Customer Service Operation Manual* *《客服操作手冊》*, the *Daily Work Norms of Customer Service* *《客服日常工作規範》*, the *On-site Management System of Customer Service* *《客服部現場管理制度》*, and the *Confidentiality System and Emergency Handling Standards of Customer Service Department* *《客服部保密制度及應急事件處理標準》*, expands complaint channels, improves complaints processing, and continues to improve the efficiency of user complaint processing to protect users' rights and interests.

We have established diversified feedback channels for users. Users can give their feedback to us directly through channels such as Keep App, 400 hotline, public mailbox, and also can give their relevant opinions and suggestions through customer service hotlines of third-party channels. In order to improve the efficiency of user complaints handling, we have standardized the process of dealing with the complaints raised by users. Once receiving user complaints, front-line customer service will make judgements on the scope of rights and responsibilities involved in issues and provide timely corresponding solutions and conduct cross-departmental collaborative processing, to provide effective feedback and track for users' demands within a prescribed period.

In order to realize the standardized response of user feedback and improve the efficiency of complaints handlings, we have conducted post-review and scene restoration on complaints of users from different categories, dismantle complaints into specific problems for relevant departments and implement rectification. Below are the responding methods of Keep customer service team to user complaints under different scenarios:

- Platform activities: Keep customer service team has established a corresponding feedback and risk assessment mechanism against platform activities. Keep conducts rehearsals before carrying out platform activities, so as to minimize the negative impact on users' experience due to lack of products;

- Off-site complaints: we cooperate with third-party organizations to monitor and analyze users' feedback on different off-site channels, and take a proactive approach to leave messages to users to handle the problems;

- After-sales refund and exchange of products: for refund and exchange of products, we make refund and exchange monitoring report by channels and product categories. Meanwhile, we have established after sales processing for different product categories to meet users' different after-sales demands.

Keep attaches high importance to the response speed of customer service and requires the customer service team to solve users' complaints in a timely and efficient manner. For complaints within the scope of responsibility, the front-line customer service team is required to process in real time; for projects beyond the scope of responsibility and needed to be solved by cross departments, we guarantee to solve relevant problems within 24 hours and negotiate solutions with users by telephone.

During the year, the number of complaints on products and services received by the Company[1] was 2,109.

In 2023, the Company carried out user satisfaction survey by distributing satisfaction questionnaires to users, and a total of 17% users[2] participated in the survey. The results of satisfaction survey were as follows:

400 hotline user satisfaction[3]: targeted 92%, actual achieved 93%

Online consulting user satisfaction[4]: targeted 92%, actual achieved 92%

(2) Customer Service Personnel Training

The Company attaches importance to customer service team building and actively carries out various kinds of customer service training to improve problem handling capabilities of customer service. Customer service team training is mainly divided into two types, namely pre-job orientation training and on-job training for all employees. Pre-job orientation training is mainly about the Company's corporate culture, the Company's business knowledge and operation process; on-job training for all employees focuses on process changes, new business, new products, methods of use for new version of App and high frequency problems in previous customer service work. We will instruct employees by way of online and offline combination and strengthen effects of training through exams and practices.

In 2023, we completed 11 pre-job orientation trainings and 147 on-job trainings, and a total of 6,200 person-time participated in customer service training.

(3) User Experience Optimization

Upholding to the "user-oriented (從用戶出發)" organization culture, we are committed to providing relevant departments comprehensive and accurate improvement proposals through user service results, so as to drive a comprehensive enhancement of user experience and build good service reputation.

We have established a working mechanism to continuously optimize product and service and effectively implement user complaints and feedback. We hold regular meetings and categorize issues reported by users, and formulate corresponding improvement plans for each type of issue. We have established a VoC offline sharing mechanism for users every two months and seek active users with high rates of feedback and high motivations of participation through telephone communication and online questionnaires and invite users to communicate face to face after internal evaluation commencing. During the communication, users can report problems during the process of using products directly to the responsible persons of relevant business lines and provide users' perspectives for us to explore potential optimization points. We establish multi-dimensional tables and internal VoC demand pool against the problems and demands raised on the spot, continue to follow up and push forward to solve problems.

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1 Product and service complaints mainly include the written complaints received by the Company on regulatory platforms such as 12345, Administration on Market Regulation of Chaoyang District (朝陽市場監管局).

2 User participation satisfaction investigation rate formula: number of person-time participating in satisfaction survey/total number of person-time receiving by customer service.

3 400 hotline user satisfaction formula: number of users who rated "satisfied "and "very satisfied" on 400 hotline services/total number of users participated in 400 hotline service satisfaction survey.

4 Online consulting user satisfaction formular: number of users who rate "satisfied" and "very satisfied" on online consulting services/ total number of users participating in online consulting service satisfaction survey.

V. GREEN DEVELOPMENT

The Company actively responds to the national "dual carbon" goal, implements the concept of green development, strictly complies with the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Energy Saving Law of the People's Republic of China* (《中華人民共和國節約能源法》) and other relevant laws and regulations, continues to strengthen environmental management system and reduce the impact of business operation on the environment.

In 2023, the Company formulated environmental targets as follows:

- Energy Saving: In 2024, the total energy consumption of the Company will be reduced by 3% compared with that of 2023

- Water Saving: In 2024, the total water consumption of the Company will be reduced by 3% compared with that of 2023

- Waste Reduction: In 2024, the total waste emissions of the Company will be reduced by 3% compared with that of 2023

1. Respond to Climate Change

The Company closely monitors and assesses the potential impact on key business, corporate strategy and financial performance of risks and opportunities related to climate change. For the identified risks and opportunities, the Company assesses their potential impact and matches counter measures to dynamically adjust corporate business strategy and operation strategy.

With the increasing public recognition of sustainable consumption concepts, we have increased investment in the low-carbon green products design and have continued to enrich low-carbon green products portfolio and broaden the range of products and services available to consumers. In addition, we also have implemented environmental protection concept in the process of production, packaging, warehousing and logistics, etc., to create full life circle low-carbon green products (see the section headed "Create Green Products" of this Report).

During the reporting period, the Company had not identified any risks relevant to climate which may have material impact on the Company. In the future, the Company will continue to assess possible impact of important risks and opportunities related to climate change on the operation of the Company and formulate feasible countermeasures and management improvement plans focusing on each risk and opportunity to safeguard the stable and high-quality operation of the Company.

2. Adhere to Green Operation

We are committed to improving the efficiency of use of energy and advancing low-carbon operation. Through formulating and implementing internal policies such as the *Energy Saving Plan* (《節能降耗方案》) and the *Energy-Consumed Equipment Operation Specifications* (《能耗設備運行規範》), we continue to optimize energy management, and implement low-carbon concept in actions. We continue to improve energy saving measures in office areas, fully use LED lighting to replace traditional lighting, and have established lighting norms for four seasons to actively promote low-carbon operation in the workplace.

The Company has adopted multiple measures to manage water resources, including:

- Install water-saving equipment such as water-saving tap, water-saving toilet;
- Arrange maintenance staff to check water supply system regularly, strictly preventing the occurrence of waste of water such as drips, leaks, pops up, etc.;
- Continuously improve the employees' awareness of water-saving and promote conservation of water resources.

During the reporting period, the Company did not experience any issue in sourcing water that was fit for the purpose.

We strictly comply with the local garbage management ordinances in different regions and the requirements of garbage classification of property management, focusing on fostering employees' garbage classification habits. In order to reduce the generation of office waste, we implement a registration and quota management system for office supplies, place used paper recycling boxes in all printing areas and encourage employees to use double-sided printing. The administrative department also posts tips on waste classification knowledge on the bulletin board in office areas or pushes the relevant requirements of garbage classification to enhance employees' awareness of garbage classification.

The hazardous wastes generated in the daily operation of the Company are mainly toner cartridge and ink cartridge, which are all handed over to original providers of such consumables for compliant disposal.

The Company's impact on environment and natural resources is mainly about the emissions generated by the daily operation of office buildings and use of resources which mainly include purchased electricity and municipal water supply. During the reporting period, no incident came to the Company's notice that had a significant impact on the environment and natural resources.

3. Create Green Products

In order to provide comprehensive fitness solutions to users, the Company's products cover the entire fitness life cycle of users, including online fitness content, smart fitness devices and complementary fitness products. Driven by low-carbon concept, the Company follows the principles of low-carbon and environmental protection in the whole process of product design, material selection, production, packaging, and is committed to creating green products and promoting green transformation.

(1) Low-Carbon Design

We fully consider the carbon-reduction potentials of products during the process of production and use, and integrate the environmental protection concept into product design. For example, during the year, we actively developed self-powered bikes and rowing machines, eliminating carbon emissions of products during the process of use.

- Keep self-powered Bike C1 Mini+ (Keep 自發電智能單車 C1 Mini+) with power recycling system can realize storing energy while cycling. When the use status of a bike reaches 35 cadences[5] or above, the bike is powered, realizing zero energy consumption and zero carbon emissions in use. In the process of body spraying, we use powder spraying instead of paint spraying to avoid the use of harmful solvents and the emission of VOC (volatile organic compound) to effectively reduce pollutants.

Keep self-powered Bike C1 Mini+ (Keep 自發電智能單車 C1 Mini+)

5 Cadence is the RPM of pedals when cycling.

- Keep A1 Rowing Machine is equipped with 2,000mA lithium battery with motor self-power technique. During the period that users are using rowing machines, and the oaring frequency[6] reaches 20 or above, the rowing machine can power itself by self-power technique, realizing zero carbon emissions in use.

Keep A1 Rowing Machine

(2) Green Materials

The Company insists on selecting green materials, fully exploring the recycling value of resources and reducing material consumption.

- Keep innovative TPU[7] yoga mats are based on environmentally friendly materials, adopting physical foaming all-in-one craftsmanship, bonding with no glues, and will not produce harmful substances such as benzene compound and formaldehyde, avoiding the negative impact on environment.

- The raw materials of Keep Resistance Band are natural latex extracted from Thai rubber trees planted for over 5 years, which is harmless to human body and environment. The natural latex can be degraded by microbial actions, and the process of degradation and degradation byproducts are less polluted to the soil and the air, which can effectively reduce the negative impact on environment during the process of product phasing-out and recycling.

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6 Oaring frequency is the frequency of oaring per minute during the period that users are using rowing machines.

7 TPU (Thermoplastic Polyurethane) refers to thermoplastic polyurethane elastomer rubber, is an elastomer which has elasticity as rubber under ordinary temperature and can be plasticized and formed under high temperature. TPU materials do not contain harmful substances, such as heavy metals, halogen compounds, and meet the requirements of environmental protection. TPU materials do not use harmful substances such as freon or chloride in the process of production and generate less harmful substances in the process of production compared with PVC and other plastic products.

- The main body of Keep "Infinite Cycle (無限循環)" series medals are made of "recycled automobile rubber tires" and "recycled wood", which can be viewed as advocacy for resources recycling and use in society to reduce waste pollution and promote resources reuse.

Keep "Infinite Cycle" Series Medals

- Keep cooperates with the suppliers with GRS[8] environmental protection certification and Keep sports cool towels are produced 100% using recyclable ice-cold yarn, reducing the use of new materials and the burden of ecological environment..

(3) Green Packaging

The Company focuses on the environmental protection attributes of product packaging and is committed to optimizing packaging materials and packaging process.

- In the year, the paper tags and non-dry adhesive labels of the Company's apparel products use environmentally friendly paper which is in line with the FSC[9] certification. We also plan to upgrade our sports equipment product packaging paper to FSC-certified paper, and packaging bags to degradable materials in 2024.

- In 2023, the Company's sports equipment product packaging carboards and cartons all use recyclable paper. Except for the dummy film materials on the surface of the carboards, the recoverable rate of the packaging exceeds 99%. In addition, the Company's sports equipment packaging bags are all recyclable materials, and printed with recyclable marks.

- The Company adopts the integrated design of commodity packaging and express packaging to continuously increase the delivery ratio of original product boxes, which will realize multiple recycling of original boxes, and reduce the use of additional packaging in the delivery process. In 2023, the original packaging and delivery ratio of the Company's yoga mats, and dumbbell products reached 99%. The Company saved about 1.2 million packaging boxes in the year.

8 GRS (Global Recycled Standard) refers to global recycling standard, which is an international, voluntary, environmental protection standard for complete products, to standardize the supply chain manufacturers in terms of product recycling or recycled contents, regulatory chain control, social duties, environmental specifications, and chemicals management, and to be certified by third-party certification agencies.

9 FSC (Forest Stewardship Council), established in 1993, has been working for many years to improve the state of the world's forests. FSC certification ensures that forest products, including logs, pulp, rubbers and more, are derived from sustainably managed forests. The FSC logo on the product means that its production process complies with a series of stringent requirements, meeting the standards of environmental suitability, community benefit and economic feasibility.

4. Build Green Warehousing and Logistics

We actively cooperate with third-party suppliers who practice low-carbon warehousing and logistics concepts to explore green warehousing and distribution models. In order to reduce carbon emissions from logistics, we have built our Own Order Management system (OMS) to combine and ship orders with the same receipt information, to reduce the use of packing boxes and energy consumption in logistics. At the end of 2023, the number of packages in aggregate orders decreased by approximately 988,000.

- We use the supplier shipping model for the transportation of fitness products whenever possible, and directly distribute goods from suppliers to users, effectively reducing the carbon emissions generated from the transportation of products to the Company's warehouses.

- During the process of package transportation, we use one-page environmental protection waybill, and cooperate with logistics suppliers who use recycled weaving transfer bags and electric connection vehicles to reduce carbon emissions in logistics.

- In our leased warehouses, all forklifts are electric-driven, which have effectively reduced the energy consumption in the sorting process.

5. Environmental Key Performance

The following items are key environmental performance indicators of the Company. Unless otherwise stated, the following data cover the Company's workplace in Beijing[10]. The Company has no self-built offices, factories, warehouses and data centers. The emissions, resources and energy consumption of the offices in other regions (including Hangzhou, Shenzhen, Shanghai, Hainan and Guangzhou), warehouses and data centers leased by the Company are all managed by the relevant operators, and such data are not included in the disclosure of the Company.

10 The workplace in Beijing is the largest office workplace in terms of company operation scale.

Environmental Indicators	Unit	2023
Total GHG Emission (Scope 1, Scope 2)[11]	Tonnes CO_2e	388.22
GHG Emission per employee (Scope 1, Scope 2)	Tonnes CO_2e per employee	0.49
Total Energy Consumption[12]	MWh	680.73
Energy Consumption per employee	MWh per employee	0.86
Total Hazardous Waste Emission[13]	Kg	9.80
Hazardous Waste Emission per employee	Kg per employee	0.01
Total Non-hazardous Waste Emission[14]	Tonnes	72.56
Non-hazardous Waste Emission per employee	Tonnes per employee	0.09
Total Water Consumption	Cubic Meter	5,275
Water Consumption per employee	Cubic Meter per employee	6.68
Total Packaging Material Usage[15]	Tonnes	1,387
Packaging Material Usage per Unit of Sales	Tonnes per 10 thousand pieces of products	0.41

VI. COMMITMENT TO EMPLOYEES

Keep insists on providing equal, harmonious and stable working environment for employees. Keep is committed to protecting the legal rights and interests of employees, continuously improving their health and well-being, supporting their development, and introducing advanced human resources systems to create a good and happy workplace experience for employees.

1. Protect Employees' Rights and Interests

(a) Employment and Labor Standards

Adhering to the employment concept of "fair selection, meritocracy, serving on best efforts, focusing on quality," the Company strictly abides by the *Labor Law of the People's Republic of China 《中華人民共和國勞動法》*, the *Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》* and other laws and regulations, and has formulated internal rules and regulations such as the *Employee Manual 《員工手冊》* and the *Recruitment Management System 《招聘管理制度》* to standardize talent management work, improve recruitment efficiency, and promote the continuous optimization and improvement of the employment system. As of the end of the reporting period, the Company employed a total of 987 employees.

11 Based on the operating characteristics and importance principles, the Company's main gas emissions are greenhouse gas emissions from purchased electricity derived from the leased office buildings in Beijing. The Company's GHG inventory mainly includes carbon dioxide. Greenhouse gas accounting is presented based on carbon dioxide equivalent and is calculated in accordance with the *Notice on the Work Related to the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Sector in 2023-2025 《關於做好 2023 – 2025 年發電行業企業溫室氣體排放報告管理有關工作的通知》* issued by the Ministry of Ecology and Environment of the People's Republic of China.

12 Based on operating characteristics and importance principles, the main energy consumed by the Company is purchased electricity.

13 The hazardous waste produced by the Company mainly includes waste toner cartridge and ink cartridge from office printing equipment.

14 The non-hazardous waste produced by the Company mainly includes domestic waste, office consumables, and office equipment.

15 The packaging materials used by the Company mainly include corrugated cantons and plastic envelope bags.

We fully respect our employees, avoid discrimination or unequal treatment of any employee due to age, ethnicity, gender, nationality, physical condition and other differences, and ensure that everyone who joins Keep has fair opportunities and treatment. We adopt a zero-tolerance approach for discrimination and harassment and have made it clear in the *Employee Manual* that harassment against any colleague is a serious violation of discipline and have opened a reporting channel to ensure that workplace harassment cases are handled in a prompt and appropriate manner.

The Company has firmly implemented compliant employment and strictly prohibited the employment of child labors and forced labors. In order to protect the legal rights and interests of minors, during the candidate interview stage, the Company will inquire about their qualifications; after the candidate passing the interview, the Company will confirm his or her identity card and graduation certificate or student certificate to verify the authenticity of his or her qualifications and ensure that the employment age is compliant. For the recruited personnel who have passed the verification, the Company enters into the employment documents after arm's length negotiation and fully respects the intention of the candidates, preventing any form of forced labor behaviors. In the event of irregularities in employment, the Company will seriously deal with the relevant personnel and provide appropriate remedies to the affected parties. As of the end of the reporting period, the Company had not identified any child labor or forced labor.

Employment Indicators		**Unit**	**2023**
Total Workforce by Gender	Female	Person	493
	Male	Person	494
Total Workforce by Age Group	30 years old and below	Person	451
	Over 30 years old	Person	536
Total Workforce by Geographical Region	China (including Hong Kong, Macao and Taiwan)	Person	987
	Other countries and regions	Person	0
Total Workforce by Employment Type	Full-time employees	Person	955
	Other employees	Person	32
Total Employee Turnover Rate[16]		%	10.42
Employee Turnover Rate by Gender	Female	%	11.86
	Male	%	9.15
Employee Turnover Rate by Age Group	30 years old and below	%	12.98
	Over 30 years old	%	8.47
Employee Turnover Rate by Geographical Region	China (including Hong Kong, Macao and Taiwan)	%	10.42
	Other countries and regions	%	0

16 The calculation formula for employee turnover rate: number of full-time employees who voluntarily resigned during the reporting period/(number of full-time employees at the end of the reporting period + number of full-time employees who left the Company during the reporting period).

(b) Employee Remuneration and Benefits

We continue to strengthen the standardized system of employee remuneration and benefits, and announce the *Remuneration and Benefits Management System 《薪酬福利管理制度》*, the *Employee Caring Fee Management System 《員工關懷費管理制度》*, specifying the internal management mechanism of remuneration and benefits to attract, motivate and retain talents.

We provide competitive remuneration for employees and carry out employee performance assessments twice a year, and adjust the employee bonus plan based on the performance assessment results to stimulate employees' enthusiasm for work. For key employees who have excellent performance and development potentials, we also provide them with equity and option incentives schemes.

The Company executes standard working hours system, makes contributions to social insurances and the housing provident fund for our employees strictly in compliance with the laws and regulations in places where we operate. We also ensure that all employees can enjoy statutory holidays, and provide benefits such as transportation subsidies, catering subsidies, paid annual leaves, paid sick leaves, wedding cash gifts, maternity cash gifts, vouchers for becoming a full-time employee, birthday vouchers. To protect employees' rights and interests in childcare, the Company offers employees maternity leaves, paternity leaves, breast-feeding leaves in accordance with the laws, and sets up baby care rooms to provide convenience for female employees who are in the breast-feeding period. The Company's employees all enjoy supplementary health care benefits, and flexible benefits such as purchasing supplementary health care products and commercial insurance products in preferential prices for their spouses, parents and children.

We concern on the balance of work and life of our employees. We provide employee exclusive gyms in the Beijing workplace which can be used all day outside working hours, set up fitness areas in other workplaces and distribute Keepland coupons to employees every month. We have also established dozens of employee associations with various types to enrich their life in spare time. In addition, we have held "5.20 Kippies Day", "10.24 Programmers' Day", in-house purchases event and other activities to strengthen team cohesion and enhance employees' sense of belonging and happiness while providing them with chances of relaxing physically and mentally.

5•20 "Kippies Day" Activity

Every year on 20 May, we hold the "Kippies Day" all-employee activity to encourage employees to enjoy sports, inspire their passion and create happiness with sports, enthusiasm and team spirit as keywords. The activity includes 5.20 kilometers race, tug of war and multiple challenges. Employees who participate not only exercise, but also enhance their team collaboration spirits. Meanwhile, we also hold trending bazaars that bring together various kinds of elements in terms of recreation, cuisine and music, allowing employees to enjoy a relaxing and delightful time away from work.

5•20 "Kippies Day" Scene

2. Support Employee Development

Keep always upholds the talent concept of "the people of today become the talents of tomorrow (讓現在的人成為未來的人)", and is committed to laying a solid talent foundation for the Company's future development. Hence, Keep has formulated a "Four Forces General Capabilities Model (四力通用能力模型)" which can be used in multiple processes such as recruitment and interview, performance assessment, and promotion appraisal. The model covers four key general capabilities of employees, namely, self-driven force, growth force, collaboration force and achievement force, and provides specific behavior description for different levels of roles, guiding employees continuously to be talents who adapt to the Company's development needs.

(a) Employee Promotion

We deeply know that promotion is not only a selection process, but also a key means to motivate employees to grow. Hence, we are committed to selecting talents who are forward-looking by promotion, enabling them to realize greater value at Keep. We always focus on the growth and progress of employees and strive to provide them with a wider development space and stage.

The Company's promotion window opens once every year, and employees who are qualified for promotion nominations can participate in the promotion presentation and promotion appraisal process. In order to ensure employees in different positions obtain a long-term development path that matches their position characteristics, the Company classifies ranking systems as professional development path for most employees and professional skills development path for frontline employees with professional skills, and has designed different job levels, rankings and specific ranking requirements for different paths, providing clear professional development path for employees.

Based on the Company's business characteristics, we also provide personalized development path for coaches, clarify specific ability requirements, form a coach job grade structure to provide an in-depth and cross-sport-category development path for coaches. Meanwhile, we also provide coaches with horizontal development path which is cross-function and involves diversified directions such as professional channels and management channels, providing more possibilities for coaches' long-term professional career development.

(b) Employee Performance Management

In order to align employees' performance with Keep's development goals, the Company has formulated the *Performance Management System 《績效管理制度》* to clarify performance management specifications, promote the continuous improvement of employees' ability, and promote the Company's healthy development. The Company has established corresponding appraisal content and appraisal methods for different positions according to business needs and applies the performance results in the process of remuneration and promotion as an important reference criterion for human resources.

The Company carries out two rounds of performance management closed loop and talent inventorying work every year. Performance management adopts a multi-perspective approach, including target setting, self-assessment and supervisor assessment, to support employees to accomplish job post-review and personal planning. Through performance management, the Company provides all-round support, tutoring and feedback to employees, helping them set and achieve performance targets. In order to improve the fairness and openness of assessment process, the Company has introduced a multi-dimensional appraisal mechanism for key positions to help employees fully understand the multi-dimensional feedback of peers and subordinates. The supervisors will conduct one-on-one feedback communication with subordinates about their performance appraisal results to motivate employees to continuously grow.

Through talent inventory, the Company aims to identify employees with high performance and high potentials in the organization. The results of talent inventory are not only used for development incentives, but also used in different scenarios such as talent echelon construction. Talent inventory provides opportunities for the Company to fully understand employees' abilities and potentials, helps the Company to select suitable talents at crucial time and provides a strong talent guarantee for Keep's overall development.

(c) Employee Communication

The Company is concerned about our employees' opinions and suggestions and is committed to creating a more open and transparent working environment for them, so that employees can actively participate in the Company's decision-making and development. The Company entrusts third-party independent organization to carry out organization capability survey every year, and employees express their opinions and suggestions on various aspects such as job experience, cultural value, company strategy and long-term development by anonymous means, to provide important reference views for strategy making of the Company.

In addition, in order to improve the efficiency of organization, we have implemented a series of administrator communication mechanisms. In daily work, we encourage employees to communicate with their superiors one-on-one regularly, and employees can also submit their problems and suggestions by means of Feishu, mailbox or face to face. Every year, employees give their feedback upward to the management, helping the management know their job performance and obtain improvement suggestions. At the Company's annual celebration, the CEO will also communicate with all employees face to face, which provides chances for employees to communicate directly with senior management.

(d) Employee Training

We have designed various learning and development project according to different positions and different development needs and have continued to improve construction of internal training system, providing employees with rich self-enhancement opportunities to help employees to develop their careers.

We provide newcomer training for new employees, through online self-learning and off-line newcomers' trip, enabling new employees to understand the Company's profile, development history, culture and stories, management principles, business segments, etc. We have specially designed general and professional knowledge learning courses for campus hires, through the combination of various ways of learning, to transform knowledge into application and practice.

In order to foster talents with leadership ability who meet the organizational development needs, we have launched a hierarchical training program for the management, helping the management of every category to better perform their management duties:

1. **General management learning program** is the course of basic management skills, helping the management make improvements in awarenesses and behaviors;

2. **Middle-level management learning and development program (i.e. internal Mini MBA program)** continuously improves the strategic and organizational capabilities of middle management from two dimensions of business leadership and organization leadership;

3. **Senior management learning and development program** provides instructors for the senior management team, continuously develop senior management' s personal leadership and team leadership.

Meanwhile, the Company regularly carries out internal sharing for all employees, sharing the excellence of best practices and the relevant thoughts and insights, so as to achieve common learning and common growth.

We also offer a series of training programs to coaches. Apart from the orientation program for new coaches, we organize studies on a quarterly basis to ensure coaches are familiar with Keep's business and specifications. In order to further enhance coaches' professional level, we have established a Keepland college, selecting and fostering internal trainers for coaches, and design personalized coaches training course according to different sports categories and professional skills topics.

Employee Training Indicators[17,18]	Unit	2023
Percentage of management-level employees trained	%	100
Percentage of non-management-level employees trained	%	89
Average training hours completed per employee at management level	Hour	28.0
Average training hours completed per employee at non-management level	Hour	38.7

3. Care for Employees' Health and Safety

The Company attaches great importance to protect employees' health and safety, strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》*, *Regulation on the Administration of Sanitation in Public Places 《公共場所衛生管理條例》, Regulation on Work-Related Injury Insurance 《工傷保險條例》, Measures for the Supervision and Administration of Employers' Occupational Health Surveillance 《用人單位職業健康監護監督管理辦法》* and other laws and regulations, continues to improve the occupational health and safety management system, and is committed to providing safe and healthy working environment for all employees. In the past three years (including 2023), the Company did not have work related fatalities verified by the local Human Resources and Social Security Bureau. During the reporting period, the Company had zero lost working days due to work related injuries.

We have adopted a series of effective measures to avoid potential occupational health and safety risks in workplaces, including but not limited to: formulating clear contingency plan and carrying out training and drill on a quarterly basis to ensure employees can take actions quickly and accurately in emergency; conducting safety patrols every day, discovering and handling hidden risks in a timely manner; providing fire-fighting equipment and automatic external defibrillators (AED), conducting weekly fire extinguisher inspections and regular first aid training in the workplace; conducting firefighting knowledge publicity to employees in the form of pictures and texts or videos to improve employees' awareness of firefighting safety. In addition, tea rooms at every floor of Keep's headquarters building are equipped with public medicine boxes with a full range of medicines for staff to use when needed.

The Company also has purchased additional commercial insurance and supplemental medical insurance for employees and carried out annual health checks to help employees discover potential health risks in a timely manner. As an enterprise that helps more people achieve a healthy lifestyle by exercising, we also adopt various methods to encourage employees to "get moving (動起來)", including offering employees with favorable prices for fitness products, internal testing courses of fitness, product devices testing and professional Q&A service for athletic injuries, to promote the employees' health and vitality.

The Company attaches great importance to employees' mental health, offers mental health counseling services such as "Happiness Chat Room (幸福聊天室)" and "Free of Worries Grocery Store (解憂雜貨鋪)". The Company also has initiated Employee Assistance Program (EAP), which engages professional mental health counselors to provide counseling guidance for employees, ensuring the safety of their personal privacy during the process. In addition, the Company has provided mental health evaluation and effective mental counselling through annual psychological test and pressure release activities and provided door-to-door services by general practitioners and psychological consultants to further meet the physical and mental health demands of employees.

17 Employees at management level refer to the core senior management team and the core management team, employees at non-management level refer to the full-time employees other than the core senior management team and the core management team.

18 As the Company does not select training participants according to their genders when providing trainings to employees, nor do we collect gender information on participating employees, it is not yet possible to count the percentage of employees trained and average training hours completed per employee by gender.

VII. SUPPLY CHAIN MANAGEMENT

Keep continues to improve the *Supplier Management System (《供應商管理制度》)*, and constantly standardize and implement the relevant procedures of supplier access, assessment and exit and has conducted full-life cycle management on suppliers. We attach importance to the cooperation and communication with suppliers, continue to optimize supplier selection and the review procedure of suppliers' product delivery quality, improve suppliers' quality awareness around dimensions such as supplier production quality management and product research and development, and set up a professional team to assess suppliers' qualifications in the key risk management areas of the ESG.

1. Supplier Access

We require suppliers to fill in the *Supplier Qualification Assessment Form (供應商資質評估表》)* before access and take environmental indicators such as passing environmental assessment and social indicators such as no forced labor and no child labor as necessary items for all supplier access assessment. Once suppliers fail to meet any of the above requirements, the Company will not include them in the consideration for access. We also assess and score suppliers for their performance in labor management, environmental impact, product quality and other aspects, selecting suppliers in priority that have clear management and governance structure, sound environmental protection management system and lower social risks. We are very concerned about sewage treatment, waste gas treatment, noise inhibition, solid waste treatment, chemicals treatment and other aspects and recommend suppliers to strengthen their management and control on this regard.

The Company adheres to the concept of green procurement, and values the green attributes of products that suppliers produced. Before cooperating with suppliers, we review their environmental protection qualifications, and propose environmental protection terms in the packaging consumables procurement contracts. We require suppliers of packaging carton consumables and envelope bags to use environmental friendly materials such as printing inks, recyclable cartons, and issue the *Environmental Impact Assessment Qualification Certification of Construction Project (《建設項目環境影響評價資質證書》)*, ISO system certification and other environmental certifications.

Upon reaching cooperation agreements, we require suppliers to sign and execute relevant agreements such as the *Anti-Commercial Bribery Agreement (《反商業賄賂協議》)*, in which we stipulate anti-bribery for suppliers, anti-interest conflicts and other aspects. In 2023, the Company's suppliers all have signed the *"Anti-Commercial Bribery Agreement"*.

As of December 31, 2023, the number and distribution region of the Company's suppliers are as follows:

Supply Chain Management Indicators[19]		**2023**
Number of suppliers by region	China (including Hong Kong, Macao and Taiwan)	304
	Other regions	0
Total number of suppliers		304

19 Number of suppliers refers to the number of suppliers in cooperation retained in the supplier management system, region refers to registered places of suppliers.

2. Supplier Assessment and Management

The Company has formulated the *Supplier Assessment and Rating System* (《供應商考核及評級制度》) to conduct hierarchical management and performance assessment on suppliers in terms of delivery quality, supply chain culture matching, environmental and social risks. We also implement the "Long-term Management" concept in the cooperation process with suppliers, formulating a mechanism of rectification, notification and recognition of suppliers. For suppliers who fabricate their qualification or have material environmental and social risks, we will blacklist them and permanently prohibit cooperation.

In order to improve our collaboration capability with suppliers and strengthen efficiency of supply chain management, the Company provides various types of trainings to suppliers according to the standards of the *Factory Introduction Review Report* (《工廠導入審核報告》), the *Factory Supply Chain Capability Review Report* (《工廠交付能力審核報告》). We actively assist suppliers to conduct scheduling production[20] training, identifying segments with low efficiency during the scheduling production to ensure on-time delivery of supplier tasks. We also conduct operational process training for suppliers in terms of quality check, order confirmation, delivery, synchronization of real-time inventory and factory resetting to strengthen the efficiency of communication and transparency of information with suppliers.

In order to help suppliers accurately understand our quality requirements and strategic goals, we hold quality seminars regularly, and carry out performance post-review and training for suppliers focusing on research and development capability, quality capability and production and delivery capability of key product category suppliers. On October 31, 2023, the fitness products supply chain department of the Company held on-line publicizing and implementation meeting with suppliers to publicize corporate culture and performance assessment standards of suppliers, in which the participation rate of suppliers amounted to 86%.

VIII. RESPONSIBLE OPERATION

We adhere to responsible operation by being committed to providing high quality products to users, improving service and information security protection ability, and improving intellectual property management system and implementing responsible marketing.

1. Comply with Business Ethics

We actively comply with the *Interim Provisions on Banning Commercial Bribery* (《關於禁止商業賄賂行為的暫行規定》), the *Anti-monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》) and other relevant laws and regulations, and abide by high level ethical standards in company development.

(a) Business Ethics System

The Company is committed to creating an atmosphere of integrity, openness and honesty, and adopts zero tolerance to any illegal commercial behaviors, including but not limited to corruption. The Company has formulated relevant internal anti-corruption management systems such as the *Anti-corruption System* (《反腐敗制度》), the *Employee Manual* (《員工手冊》), the *Integrity and Self-Discipline Manual* (《廉潔自律手冊》) and conduct regular review, making necessary amendments according to the updates of laws and regulations and business development to ensure the compliance with and adaptation to the policies. During the reporting period, the Company issued the *Conflicts of Interest Management System* (《利益衝突管理制度》), and further amended and improved the *Anti-corruption System* to clarify the processing criteria on commercial bribery, fraud and fake and other behaviors to strengthen the construction of anti-corruption management mechanism.

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20 Scheduling production refers to the procedures of arranging production plans to ascertain the number of output and manufacture date per process step, so as to ensure the product shipment and supply of the Company are normal.

Keep Integrity and Self-Discipline Manual

Keep has formed a risk management system of "Three Lines of Defense" with division and cooperation between business and function departments and all-round guarantee, which also effectively supports the establishment and implementation of the Company's anti-corruption prevention and control system:

Three Lines of Defense for Risk Management

Defense Line of Risk	Business	Duties
First line of defense	Business departments	Undertake the primary risk management and control responsibilities and take charge of comprehensive control of business risks before, in the middle of and after the incident.
Second line of defense	Relevant functional departments	Responsible for performing professional review and risk warning in different professional fields.
Third line of defense	Risk control department	Responsible for blocking business loopholes and preventing the occurrence of risks.

We also have joined the Trust and Integrity Enterprise Alliance and served as a member of decision-making committee. We actively advocate corporate integrity operation and promote the culture of integrity and compliance to jointly create a bright and transparent business environment.

(b) **Business Ethics Whistleblowing Mechanism**

The Company has established and continued to improve the whistleblowing procedure, adopted public multi-channel reporting methods, including telephone, mailbox, letters and online communication platform, etc., and posted them on the official website of the Company, ensuring that the anonymous and real-name whistleblowing channels for employees and other related parties work in a smooth and unblocked way. The Company encourages whistleblowers to leave their contact information for the ease of following up the investigation, while ensuring whistleblowers' information are strictly kept confidential, and any retaliation against whistleblowers are prohibited. Through internal and external reporting, internal investigation and control and other screening methods, the Company timely discovers potential malpractices, and the suspected cases are investigated independently by the supervision team. For cases verified, the Company will execute corresponding discipline actions including but not limited to warnings and dismissals, and those suspected of crimes will be reported to the juridical authorities for investigation of legal liability.

Keep Inc. Business Ethics Compliance Whistleblowing Channel
Email: jubao@keep.com
Address: Risk Control Department of Keep, Block D, Vanke Times Center, No. 9 Wangjing Street, Chaoyang District, Beijing

During the Reporting Period, the Company did not have material incidents that violated laws and regulations involving corruption.

(c) **Build Integrity Culture**

The Company is committed to preventing misconducts such as bribery, extortion, fraud and money-laundry, and requires employees to sign the *Employee Manual* and *Confirmation Letter of Company Regulatory Framework (《公司規章制度確認函》)*. We make sure that every employee understands the Company's requirements in anti-corruption while signing the labor contracts.

In order to ensure employees' compliant behaviors and strengthen the building of integrity culture, the Company conducts anti-corruption training for all employees including full-time employees and interns by various means, including orientation program, violation cases sharing, producing publicity posters and publication of subscription articles, etc. The Company requires every new employee to study the *Risk Control Guideline for Newcomer (新人風控指南)* online and complete corresponding exams, and requires new employees to participate in off-line anti-corruption training. The Company also conveys the relevant requirements of anti-corruption of the Company to directors by way of dispatching business ethics training materials, so as to ensure directors are aware of the Company's integrity standards.

During the reporting period, the Company carried out the study of conflicts of interest knowledge and the declaration on conflicts of interest for all employees and realized the signing of the *Letter of Commitment on Integrity and Self-discipline (《廉潔自律承諾書》)* and the *Receipt Confirmation Letter on Regulations (《規章制度簽收確認函》)* by all employees. The Company also conducted compliance knowledge presentation and compliance knowledge exams for all employees, with the participation rate and pass rate both reaching 100%.

We integrate the attitude of integrity and cooperation into daily contract management, append the *Anti-commercial Bribery Agreement (《反商業賄賂協議》)* to the contracts entered into with suppliers, which includes contents of prohibiting commercial bribery and conflicts of interest, and clarify the whistleblowing channels. We require new suppliers to sign the *On-site Review Integrity Statement of Suppliers (《供應商現場審核誠信聲明》)* at the stage of on-site access review, so as to allow them to know the Company's regulations such as the *Anti-Corruption System* before cooperation, effectively maintaining the moral behavior standards of both parties. Any suppliers with corrupted behaviors which hit the bottom line of integrity will all be blacklisted and disqualified for service.

2. Safeguard Information Security

The Company attaches great importance to information security and users' privacy protection, strictly complies with the *Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》)*, the *Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》)*, the *Measures for the Determination of the Collection and Use of Personal Information by Apps in Violation of Laws and Regulations (《App 違法違規收集使用個人信息行為認定方法》)* and other laws and regulations, improves the information security management system, continuously improves information security techniques, audit and contingency management level to safeguard users' privacy with all efforts.

In 2023, Keep system passed the retest of Information System Security Protection Level 3 and the annual review of the ISO 27001 Information Security Management System and ISO 27701 Privacy Information Management System. The ISO certification covers Keep software development and maintenance, keep intelligent hardware design and sales. In February 2023, we also became the member unit of the Zhuoxin Big Data Plan (卓信大數據計劃) of China Academy of Information and Communications Technology (CAICT), participating in data security governance in the industry.

(a) Information Security Management

The Company has established the Information and Data Security Management Committee to fully coordinate and promote the Company's information security management, and the Chairman of the Board and the Chief Executive Officer serves as the committee leader. The committee has a working group under the Information and Data Security Committee, which is responsible for implementing the guidance of the committee. The Company also sets up a person in charge of personal information and children information protection to coordinate and implement the Company's personal information security and minors' information protection work.

The Company continues to improve the internal data security and privacy protection policies, has formulated the *Privacy Policy (《隱私政策》)*[21], the *Minor User Agreement (《未成年用戶協議》)*[22], the *Juvenile Protection Agreement and Instructions for Guardians (《青少年守護協議及監護人須知》)*, the *Children Personal Information Protection Policy and Instructions for Guardians (《兒童個人信息保護政策及監護人須知》)*[23], the *General Principles for Data Security Management System (《數據安全管理制度總綱》)* and the *Data Use Specifications (《數據使用規範》)* and other systems, to standardize the management in personal information protection, minors information protection and other aspects.

The Company has formulated the *Supplier Safety Management System (《供應商安全管理制度》)*, clarifying the process and standards for supplier access and assessment. At the stage of access, the Company requires suppliers related to cybersecurity to fill in the *Supplier Security Review Form (《供應商安全審核表》)*. Before commencing service, the Company requires suppliers to sign data processing agreement and confidential agreement. During the service process, the Company assesses the information security risks of suppliers regularly to protect the data security of the Company and users.

(b) User Privacy Protection

In order to enhance our data security protection ability, we continue to increase resource investment, optimize cybersecurity technology system, and implement the full life cycle management and control strategy of data. Through Web user protection, host machine security anomaly monitoring, data encryption and desensitization, network access control and terminal security protection and other technologies, we have improved information security protection capability and reduced the risk of data leakage.

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21 "Privacy Policy": https://m.gotokeep.com/fd-page/document/show?param=privacy

22 "Minor User Agreement": https://show.gotokeep.com/minors

23 "Children Personal Information Protection Policy and Must Know for Guardians": https://show.gotokeep.com/children

The Company carries out internal and external audit for information security every year, conducts risk assessments for Keep App and application system from different dimensions such as compliance, level of cybersecurity, level of data security, availability and reliability for business, and carries out rectification timely. In 2023, the Company carried out 2 internal information security audits and 3 external information security audits.

Keep strictly follows the requirements of relevant laws and regulations, follows the principles of "legal and legitimate, clear purpose, choice consent, minimum enough for use and controllable throughout the process, dynamic control and consistent in rights and responsibilities (合法正當、目的明確、選擇同意、最小夠用、全程可控、動態控制及權責一致)", timely updates rules of data collection, prevents and withstands data security risks and protects users' privacy to the ultimate extent.

We respect users' legal rights, protect their rights to query, update, change, export, delete, withdraw their consent, and cancel their accounts on their personal information. We provide channels for users to access, query, and correct on their personal information in the App, while setting up email such as feedback@keep.com, privacy@keep.com, to respond to users' requests and protect their rights and interests thoroughly.

Keep continues to improve the life cycle security management system of data, clarifies the specific principles of users' personal information during the process of collection, transmission, storage, use, sharing, destruction, to build security shields.

- **Data collection:** The Company illustrates the scope of data collection, purpose and security management measures to the users, standardizes the channels, standards, process and methods of data collection to ensure the compliance of data collection.

- **Data transmission:** We use firewall and other security technologies, apply encryption algorithm to effectively ensure the security of tools and network during the process of data transmission. Meanwhile, we have formulated the *Data Classification and Rating Guideline 《數據分類分級指南》*, adopt different transmission methods to data with different ratings to reduce the risks of data loss or tempering.

- **Data storage:** We store the data by domain and classification according to factors such as security level, importance, magnitude and frequency of use. At the same time. We use encryption technology and authority control and other means for ensure the security of data storage.

- **Use of data:** The Company takes into account factors such as the role of the subject, business needs and timeliness, and specifies data access rights in accordance with the principle of minimization, and protects the security of data in the access, export and other use of the data by means of real-name authentication, access control and other means.

- **Data sharing:** We undertake not to share with, transfer, or disclose users' personal information without their authorization to third parties, unless we have users' prior authorization.

- **Data deletion and destruction:** The Company timely deletes personal information that has been canceled or deleted by users, and establishes a mechanism for evaluating the effectiveness of data destruction, and periodically conducts sampling to verify the effectiveness of the destruction, so as to reduce the risk of information leakage.

In response to the possible information leakage incidents, the Company has established security incident management system to continuously improve the handling capability for emergencies. In 2023, the Company did not have any incidents of data security and user privacy leakage.

- **Precaution:** We formulate the *Information Security Incident Management System (《信息安全事件管理制度》)*, the *Contingency Plan for Emergency on Internet (《網絡突發事件應急預案》),* the *Contingency Plan for Data Security Incident (《數據安全事件應急預案》)* and the special *Contingency Plan for Data Leakage (《數據洩露應急預案》)*, carry out security contingency drill on a semi-annual basis, continuously strengthening the capability to respond to emergencies. We have established Keep SRC (Keep Security Emergency Center), cooperated with external security personnels regularly to carry out data security risk assessment.

- **In-process handling:** Once sensitive data leakage is found, we will trace the points of data leakage as soon as possible, analyze the causes of the incident, investigate and repair system problems to prevent the recurrence of similar incidents.

The Company formulates annual security training plan in accordance with the *Security Training Management System (《安全培訓管理制度》)* to improve the information security awareness and skills of product personnel, technical personnel, management personnel and outsourced employees. In 2023, the Company carried out a total of 7 information security trainings.

- **New employee training:** We provide basic security knowledge training for all new employees in the induction training.

- **Training for all employees:** We take online publicity presentations as a major way of training, and explain to all employees about key data security incidents from time to time.

- **Specialized training:** In the form of "training plus examination", we carry out special training in instilling data security awareness, explanation on laws and regulations and technique improvement for personnel from key research and development departments, operation and maintenance departments and some business supporting departments.

3. Responsible Marketing

The Company actively implements the responsible marketing, attaches importance to the compliance publicity management, strictly complies with the *Advertising Law of the People's Republic of China (《中華人民共和國廣告法》)*, the *Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》),* the *Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》)* and other laws and regulations, formulated management norms such as the *Advertisement Review Work Principles (《廣告審核工作準則》)*. The Company conducts strict review in the aspects of advertisement design, material selection and launch and publicity, etc., to ensure the authenticity and compliance of the content of advertising and marketing and avoid any misleading advertisement and production description to users.

Keep strictly complies with industry standards such as *GB/T 8685-2008 Textiles Care Labelling Code Using Symbols (《GB/T 8685-2008 紡織品維護標籤規範符號法》)*, requires Keep's products to convey product information in the labels of products correctly and ensure the transparency and standardization of labelling information.

We also conduct regular advertising publicity training to business departments to improve their advertising compliance awareness. We publicize relevant knowledge of laws and regulations, explain new regulations in the industry and key points of business compliance and share spotlight cases in the industry to business departments in the form of monthlies and subscriptions to help employees understand the scope of the Company's advertising review obligation. Meanwhile, we carry out quarterly training on the requirements of special industries in advertising compliance for employees of advertising business department and carry out compliance training on the publicity and sales promotion of consumer goods for marketing related departments.

4. Protect Intellectual Property

Keep strictly complies with the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》) and other laws and regulations, formulates and continues to improve various management system in patent, trademark, copyright review, infringement complaint processing, including the *Intellectual Property Management System* (《知識產權管理制度》), the *Patent Management System* (《專利管理制度》), the *Trademark Management System* (《商標管理制度》), etc., gradually establishing an all-in-one intellectual strategy.

We implement intellectual property management in every operational segment of the Company, actively strengthen intellectual property management, organize publicity and training activities of intellectual property and respect the intellectual property achievements of third parties while maintaining the Company's own intellectual property and legal rights and interests.

The Company focuses on product technology innovation and innovative achievements application, regarding protection of intellectual property as a long-term development strategy of the enterprise. The Company has gradually established a multi-field integrated, three-dimensional combined intellectual property management system including patent, trademark, copyright, domain name, trade secret, data security and privacy protection.

We value the protection of our own intellectual property and safeguard the Company's legal rights and interests with an active and prudent attitude. We employ various methods such as software copyright and trade secret to protect our algorithm achievements. As a content production company, we have registered and protected our own courses, original IP, original design, etc., and accumulated a large number of quality original intellectual property assets.

As of the end of 2023, the Company had a total of 440 patents, among them, we had 95 newly added patents during the year. In terms of trademark management, the Company has carried out trademark protection plans at the beginning of product project approval according to the countries or regions where the target markets of products are located, and conducted trademark registration in regions where the products are planned to be promoted. Currently, the Company has trademark registration in various oversea countries and regions. During the year, the Company had 140 newly added trademarks, and a total number of trademarks of 1,167.

IP Indicators[24]

Indicators	Number of New Additions During the Reporting Period	Accumulated Quantity at the end of the Reporting Period
Patent	95	440
Trademark	140	1,167
Copyright	139	555
Software Program	3	60
Domain Name	1	31

We publish *Monthly Legal Affairs* (《法務月刊》) on the internal platform of the Company every month, including dynamics of laws and regulations in the industry, patent application in the industry, IP spotlights information in the industry and news on Keep's intellectual property, etc. In April 2023, we organized an event of "The World Intellectual Property Day" and carried out a series of activities, publicizing the importance of protecting intellectual property by way of recognizing excellent person and prize-giving quiz. In order to improve the awareness of intellectual property protection and passion for innovation of all employees, we also organized a patent training of *Patent Layout: From a Legal Rights Protection Perspective* in June 2023.

24 Data Source: publicly available data, prospectus, computer software copyright registration certificates and work registration certificates.

The Company has also established an internal feedback mechanism and an external inspection system, introduced electronic recording platform to record original work, monitored the infringement to the Company's intellectual property on every e-commerce platform and video platform, and cracked down such behaviors by means of complaining to the platform and legal proceedings to maintain the Company's brand image.

We respect intellectual property and take the initiative to avoid infringing upon the relevant rights and interests of third parties. At the early stage of product research and development, we search the ownership of techniques used by products or materials by a comprehensive use of commercial and official patent databases and provide design guidance for production and research and development departments to effectively reduce the infringement on intellectual property of product technology. Before using partners' pictures, musics, videos, fonts, patented technologies and trademarks, we will sign relevant agreements with them to obtain authorization for intellectual property. In the *Confidentiality Agreement《保密協議》* we signed with suppliers, we require them to obtain authorization from third parties for intellectual property before using their pictures and fonts, etc., so as to guarantee suppliers will not infringe the intellectual property and legal rights and interests of third parties. We also conduct regular monitoring and inspection on the online video and consumer goods on external platform. We removed a total of over 2,000 videos with infringement and disposed over 12,000 consumer goods with infringement during the year[25].

In 2023, Keep was accredited as "Beijing Intellectual Property Demonstration Unit (北京市知識產權示範單位)" and "ALB China Top 15 New Technology In-House Teams (ALB 通商十五佳新科技公司法務團隊)".

IX. CONTRIBUTE TO SOCIETY

With "Fueling Every Workout, Keep the Neighborhood Energetic" as new mission and vision, we are always committed to exploring the positive value of sports and helping more groups obtain happiness and health from sports. We actively devote ourselves into public welfare, and carry out various public welfare projects in the fields of advocating sport equality, concerning on environmental sustainability and conveying social care, etc., and convey a happy and healthy lifestyle to the public together with employees, users and partners in public welfare, so as to enhance the sense of happiness of society as a whole. During the year, we actively sorted out and promoted communities to participate in the formulation of policies, so as to ensure the public welfare projects fully meet the social needs.

To coordinate and promote social responsibility work, we have established standardized operation model of public welfare to promote the planning and implementation of various kinds of public welfare projects. Since 2016, we have set up the "Red Heart King (紅桃K)" special fund of public welfare, gathered revenue from snacks purchased by our employees in tea rooms and charity sales to make external donations, encouraging employees to participate in public welfare. In 2023, a total of approximately 72,172 person-time participated in the "Red Heart King".

During the year, Keep was awarded "Philanthropy Contribution Award in Education for 2023 (2023 年度教育公益貢獻獎)" and "Philanthropy Project Award for 2023 (2023年度公益項目獎)"at the 13th Philanthropy Festival of China. In 2023, the total amount of Keep's community investment amounted to RMB 440,000.

25 Infringing consumer goods refer to infringing e-commerce information and transfer of infringing course. Infringing e-commerce information refers to the infringement on trademark by using labels same or similar to Keep's labels without authorization by Keep or other behaviors which infringe Keep's brand and goodwill; transfer of infringing courses refers to copyright infringement by disseminating, publishing, reproducing Keep's work without authorization by Keep.

1. Advocate for Sports Equality

“Let everyone enjoy the joy of sports equally (讓每一個人都能平等地享受運動的快樂)” is the concept we always practice. We continue to pay attention to the fitness needs of every group, help groups without fitness conditions, such as children from underdeveloped areas and people with disabilities enjoy the joy of sports. We are also committed to encouraging Keep users to participate in public welfare activities, building the bridge between users and rural children.

Focusing on the health hazards caused by cracked and rigid cement playgrounds in rural areas, in 2016, we started the philanthropic program of “Dream Playground (夢想運動場)” for the first time, aiming to help poor and remote areas improve basic fitness facilities construction, and let more children to exercise in modern playgrounds. At the end of 2023, we have built 11 dream playgrounds in Qinghai, Xinjiang, Chongqing, Sichuan, Guangxi and Yunnan, benefiting more than 5,000 rural children.

Build a “ Dream Playground ” to help rural children realize their sports dreams

On June 24, 2023, we launched an online charity run with the theme of “Run! Sprint! Adventure Start!” jointly with Genshin Impact*.* We set up in-game rewards and awarded users co-branded medals to encourage them to participate in running activities. The event attracted nearly 1.3 million users to sign up. Through this activity, we donated multi-functional playgrounds and sports kits to children in remote areas, and created a public welfare model that combined offline activities with online donations. On August 21, 2023, we built the 11th Dream Playground in Kaihua Primary School (開化小學), Dawan Town, Zhongshan District, Liupanshui City, Guizhou Province. This project has improved the sports conditions of about 300 local students.

Comparison of Dream Playground before and after Construction in Dawan Kaihua Primary School

Donate rural sports classrooms to promote the development of inclusiveness of sports

We have actively utilized smart hardware to advance our cause of sport equity and inclusiveness, demonstrating the warmth of technology. In December 2023, we donated two *Keep Station* somatosensory sports hosts, two supporting dance blankets, and 600 Keep electronic counting ropes to Xinglong Primary School, Xinglong Miao Township, Dafang County, Guizhou Province (貴州省大方縣興隆苗族鄉興隆小學), to build the first rural sports classroom in the locality. The construction of sports classroom provides 585 students at Xinglong Primary School with richer physical education in class and more professional sports guidance and provides a new development direction for physical education in remote areas.

Rural Sports Classroom Established in Xinglong Primary School by Keep

2. Devote in Low-carbon Public Well-being

As a practitioner and an enabler, we have always adhered to the concept of green exercise and energy-saving lifestyle, and actively responded to green and low-carbon development initiatives. We call on users to walk, run and ride for travel and transportation in a green way, and advocate a low-carbon, environmental friendly and healthy lifestyle.

Advocate green travel and transportation, showing the love for the earth with "finger heart"

We have actively participated in social green environmental protection, and call on users to integrate into nature and adopt green ways of travel through the innovative concept of "weight loss drives carbon reduction". On April 22, 2023, on the occasion of the World Earth Day, we, together with Chinese National Geography • Camp (中國國家地理 • 營地), launched the "showing finger heart to Earth 2 • Earth Day Low-Carbon Cycling Challenge Competition (比心地球2 • 地球日低碳騎行挑戰賽)" to encourage users to sign up for cycling training and participate in offline cycling competitions to form low-carbon travel habits. A total of 6,781 Keep cycling users were attracted by the competition to cycle for 28,616 kilometers.

Build a recycling chain and realize the renovation of sports fields

In 2023, we launched the "Sports Fields Renovation Project (運動場換新計劃)" to encourage sports fans to donate idle used yoga mats for sports field construction. We screened the yoga mats collected during the event and handed them over to professional institutions for quality inspection, cleaning, cutting and shattering, and finally transformed them into basketball courts that meet the new national quality standards. In June 2023, the "Dream Playground" with idle used yoga mats as raw materials was completed in Xinglong Primary School, Xinglong Miao Township, Dafang County, Guizhou Province. While providing children with sports facilities, the project also improves the efficiency of resource utilization.

Users participated in the " Sports Fields Renovation Project" in offline Keepland gyms

Basketball courts using recycled yoga mats as raw materials

3. Spread Social Care

We continue to expand the scope of public welfare, turning the calories consumed by user exercises and the caring behavior of the Company's employees into public welfare donations, in which we pass on love, strength and hope.

The public welfare project of "Little Gloves Warming Hands in Winter" conveys the love and warmth of sports

We launched the public welfare project of "Little Gloves Warming Hands in Winter". Whenever Keep users burned calories through exercise and achieved the established goal, we would work with our public welfare partners to make donations to the China Youth Development Foundation and Shenzhen One Foundation to purchase gloves and other warming materials to deliver winter warmth to rural primary school children. By the end of 2023, the project had attracted nearly 650,000 users, warming up 2,660 students in six schools.

Distribution Ceremony of Winter Gift Packs in 2023 by Keep

Donation Scene in Yuquan Central Primary School of Acheng District, Harbin

X HKEX ESG INDICATOR INDEX

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements:	ESG Governance Structure
	(i) a disclosure of the board's oversight of ESG issues;	Statement of the Board
	(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	
	(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	Reporting Principles
	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope
"Comply or Explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development
KPI A1.1	The types of emissions and respective emissions data.	Environmental Key Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Key Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Key Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Key Performance

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Adhere to Green Operation
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development Adhere to Green Operation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Adhere to Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Adhere to Green Operation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Adhere to Green Operation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Key Performance

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Adhere to Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Create Green Products Build Green Warehousing and Logistics
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Respond to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Respond to Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protect Employees' Rights and Interests Support Employee Development

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Protect Employees' Rights and Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Protect Employees' Rights and Interests
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Care for Employees' Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Care for Employees' Health and Safety
KPI B2.2	Lost days due to work injury.	Care for Employees' Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Care for Employees' Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Support Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Support Employee Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Support Employee Development

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Protect Employees' Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protect Employees' Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Protect Employees' Rights and Interests
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supplier Access
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier Access
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Access Supplier Assessment and Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Access

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Upgrade Product Quality Responsible Marketing Protect Intellectual Property Safeguard Information Security
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Upgrade Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Protect Users' Rights and Interests
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protect Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Upgrade Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Safeguard Information Security
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Comply with Business Ethics

Requirements, Subject Areas, Aspects, General Disclosures and KPIs		Section of Disclosure or Remarks
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Comply with Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Comply with Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Comply with Business Ethics
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Contribute to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Contribute to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Contribute to Society

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF KEEP INC.
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Keep Inc. (the "Company") and its subsidiaries, including structured entities (the "Group") set out on pages 120 to 203, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Fair value measurement of financial assets or liabilities at fair value through profit or loss ("FVPL")

2. Impairment assessment of accounts receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Fair value measurement of financial assets and liabilities at FVPL	
Refer to Notes 2.8, 2.14, 3.3, 8, 20 and 34 to the consolidated financial statements. As at December 31, 2023, the Group's financial assets at FVPL amounted to RMB78,718,000. The Group recognized net fair value changes on the financial assets and liabilities credited in profit or loss and charged in other comprehensive income for the year ended December 31, 2023 amounted to RMB1,432,318,000 and RMB138,007,000, respectively. Management determined the fair value of the financial assets and liabilities at FVPL at the end of the reporting period as follows: • For investments in wealth management products, management determined the fair value of these investments based on the quotation by the financial institutions; • For investment in a private fund, the fair value of the private fund is determined based on the valuation supplied by the fund manager. The valuation is measured by the percentage of ownership of the private fund's net asset value, which is an unobservable input; and	Our procedures included: • Understanding, evaluating and testing the key controls implemented by the management over the fair value measurement of financial assets and liabilities recognized at FVPL, and considering the degree of estimation uncertainty and other inherent risk factors related to accounting estimates to assess the inherent risk of material misstatement; • Assessing the qualifications, capabilities and objectivity of the external valuer engaged by the Group; • Reviewing internal documentation and supporting materials related to the valuations, including the terms of engagement with the external valuer, to ensure that the independence and objectivity of the valuation process is not compromised; • Obtaining the valuation reports for such financial assets and liabilities, and with the assistance of valuation experts engaged by us: – Evaluating the appropriateness of the valuation method adopted by the management; – Comparing forecasts prepared in previous years with the actual performance obtained in current year to assess the reliability and historical accuracy of management's cash flow forecasts; and

Key Audit Matter	How our audit addressed the Key Audit Matter
• For convertible redeemable preferred shares and investment in an unlisted entity, the Group engaged external valuers to assist them to determine the fair value of these financial asset and liabilities, which involved significant judgements and estimates, including the adoption of appropriate valuation techniques (equity allocation model and market approach) and the use of key assumptions under equity allocation method (including discount cash flow forecast, revenue growth rates, and gross profit margins during the forecast period, terminal growth rates and discount rates) and the significant unobservable valuation inputs under market approach (including risk-free rate, discount rate for lack of marketability and volatility). We identify the fair value measurement of financial assets and liabilities at FVPL as a key audit matter due to the significance of the net fair value gains recognized during the year and the significant judgements and estimates involved in the fair value measurement of the financial assets and liabilities at FVPL, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the fair value measurement is considered significant due to uncertainty of significant assumptions and unobservable input used.	– Evaluating the reasonableness of the assumptions and unobservable inputs applied in the calculation by comparing them against the industry or market data to assess whether the assumptions and unobservable inputs applied were within the range of those adopted by comparable companies in the same industry. • Conducting sensitivity analysis on key assumptions and parameters in the valuation model to assess their impact on fair value measurements; and • Review the appropriateness of the disclosure in the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment of accounts receivables	
Refer to Notes 2.8, 3.1 and 21 to the consolidated financial statements. As at December 31, 2023, the Group's accounts receivables was amounting to RMB228,279,000. This balance in total accounted for 9% of the Group's total assets. As disclosed in note 3.1(b) to the consolidated financial statements, the management of the Group estimates the amount of lifetime expected credit losses ("ECL") of accounts receivables by grouping the accounts receivables based on shared credit risk characteristics and credit rating. The expected loss rates are based on the credit rating of counterparties, historical payment profiles and historical loss rates, adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We identify the impairment assessment of accounts receivables as a key audit matter due to the involvement of subjective judgement and management estimates in evaluating the ECL of the Group's accounts receivables at the end of the reporting period. As disclosed in note 21 to the consolidated financial statements, the Group's ECL were amounting to RMB29,422,000 as at December 31, 2023.	Our procedures included: • Understanding and evaluating management's processes and internal controls related to the assessment of ECL for accounts receivables and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of the inherent risk factors; • Assessing the reasonableness of management's judgement on the grouping of accounts receivables for the ECL provision assessment on the basis of shared credit risk characteristics by testing the data input, in a sample basis, including aging profile, historical payment profile and macroeconomic factors, if relevant; • Examining the application of significant increase in credit risk and defaults for accounts receivables by checking to historical payment record and past due days of the accounts receivables as defined by the management; • Evaluating the outcome of prior period assessment of ECL of accounts receivables, to assess the effectiveness of management's estimation process; • Challenging management's basis and judgement in determining credit loss allowance on accounts receivables with the assistance of auditor's valuation expert, including: – the estimation of loss rate for debtors; and – the basis of estimated loss rates applied. • Evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic condition against public available information; and • Compare new information or subsequent event during the audit process to assess their impact on the impairment assessment of accounts receivables, to determine if additional ECL is required.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Tak Man, Stephen.

RSM Hong Kong
Certified Public Accountants

March 28, 2024

Consolidated Statement of Profit or Loss

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Revenues	6	**2,137,834**	2,211,551
Cost of revenues		**(1,176,190)**	(1,311,171)
Gross profit		**961,644**	900,380
Fulfillment expenses		**(155,652)**	(201,586)
Selling and marketing expenses		**(569,266)**	(646,177)
Administrative expenses		**(209,287)**	(245,614)
Research and development expenses		**(449,700)**	(536,877)
Other income	7	**44,137**	6,509
Other gains/(losses), net	8	**2,539**	(65,375)
Operating loss		**(375,585)**	(788,740)
Finance income	10	**54,514**	27,536
Finance expenses	10	**(5,282)**	(7,313)
Finance income, net		**49,232**	20,223
Fair value changes of convertible redeemable preferred shares	34	**1,432,261**	664,969
Profit/(loss) before income tax		**1,105,908**	(103,548)
Income tax expense	11	**–**	(1,003)
Profit/(loss) for the year	12	**1,105,908**	(104,551)
Profit/(loss) for the year attributable to:			
Owners of the Company		**1,105,908**	(104,551)
Non-controlling interests		**–**	–
		1,105,908	(104,551)
Earnings/(loss) per share for the profit/(loss) attributable to the owners of the Company (expressed in RMB per share)	14		
Basic		**3.78**	(0.76)
Diluted		**3.50**	(0.76)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended December 31,	
		2023	2022
	Note	**RMB'000**	RMB'000
Profit/(loss) for the year		**1,105,908**	(104,551)
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Fair value change on convertible redeemable preferred shares due to own credit risk	34	**(138,007)**	(46,730)
Currency translation differences		**(260,551)**	(700,844)
Other comprehensive expense for the year, net of tax		**(398,558)**	(747,574)
Total comprehensive income/(expense) for the year		**707,350**	(852,125)
Total comprehensive income/(expense) for the year attributable to			
Owners of the Company		**707,350**	(852,125)
Non-controlling interests		**–**	–
		707,350	(852,125)

Consolidated Statement of Financial Position

	Note	As at December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property and equipment	15	**17,982**	30,603
Right-of-use assets	16	**62,256**	90,659
Intangible assets	17	**11,561**	9,316
Financial assets at fair value through profit or loss	20	**13,519**	15,000
Other non-current assets	18	**51,994**	58,763
		157,312	204,341
Current assets			
Inventories	23	**121,380**	167,737
Accounts receivables	21	**228,279**	251,676
Prepayments and other current assets	22	**174,842**	128,966
Financial assets at fair value through profit or loss	20	**65,199**	139,864
Short-term time deposits	24	**88,960**	68,740
Cash and cash equivalents	24	**1,612,769**	1,672,217
		2,291,429	2,429,200
Total assets		**2,448,741**	2,633,541
EQUITY/(DEFICIT IN EQUITY)			
Equity/(deficit in equity) attributable to owners of the Company			
Share capital	25	**168**	61
Other reserves	27	**8,187,464**	(89,833)
Accumulated losses		**(6,314,483)**	(7,420,391)
Equity/(deficit in equity) attributable to owners of the Company		**1,873,149**	(7,510,163)
Total equity/(deficit in equity)		**1,873,149**	(7,510,163)

	Note	As at December 31, 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	**32,453**	59,069
Convertible redeemable preferred shares	34	**–**	9,401,472
Other non-current liability		**10,968**	16,048
		43,421	9,476,589
Current liabilities			
Accounts payables	30	**157,417**	154,095
Accrued expenses	31	**177,355**	244,537
Other current liabilities	31	**57,838**	65,301
Contract liabilities	32	**93,280**	84,104
Borrowings	33	**10,009**	74,524
Lease liabilities	16	**36,272**	44,554
		532,171	667,115
Total liabilities		**575,592**	10,143,704
Total equity/(deficit in equity) and liabilities		**2,448,741**	2,633,541

Approved by the Board of Directors on March 28, 2024 and were signed on its behalf by:

Mr. Wang Ning
Director

Mr. Peng Wei
Director

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company			
	Note	Share capital (Note 25) RMB'000	Other reserves (Note 27) RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2023		**61**	**(89,833)**	**(7,420,391)**	**(7,510,163)**
Profit for the year		**–**	**–**	**1,105,908**	**1,105,908**
Other comprehensive income/ (expense)					
Fair value change on convertible redeemable preferred shares due to own credit risk	34	**–**	**(138,007)**	**–**	**(138,007)**
Currency translation differences		**–**	**(260,551)**	**–**	**(260,551)**
Total comprehensive income/ (expense) for the year		**–**	**(398,558)**	**1,105,908**	**707,350**
Transactions with owners in their capacity as owners					
Issuance of ordinary shares relating to initial public offering ("IPO")		**4**	**272,436**	**–**	**272,440**
Conversion of convertible redeemable preferred shares to ordinary shares	34	**103**	**8,372,484**	**–**	**8,372,587**
Share-based compensation	29	**–**	**30,935**	**–**	**30,935**
Total transactions with owners in their capacity as owners		**107**	**8,675,855**	**–**	**8,675,962**
Balance at December 31, 2023		**168**	**8,187,464**	**(6,314,483)**	**1,873,149**

	Note	Share capital (Note 25) RMB'000	Other reserves (Note 27) RMB'000	Accumulated losses RMB'000	Total RMB'000
		Attributable to owners of the Company			
Balance at January 1, 2022		47	555,142	(7,315,840)	(6,760,651)
Loss for the year		–	–	(104,551)	(104,551)
Other comprehensive expense					
Fair value change on convertible redeemable preferred shares due to own credit risk	34	–	(46,730)	–	(46,730)
Currency translation differences		–	(700,844)	–	(700,844)
Total comprehensive expense for the year		–	(747,574)	(104,551)	(852,125)
Transactions with owners in their capacity as owners					
Issuance of ordinary shares		14	(14)	–	–
Share-based compensation	29	–	102,613	–	102,613
Total transactions with owners in their capacity as owners		14	102,599	–	102,613
Balance at December 31, 2022		61	(89,833)	(7,420,391)	(7,510,163)

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash used in operations	35	**(318,734)**	(454,980)
Income tax paid		**–**	(1,003)
Net cash outflow from operating activities		**(318,734)**	(455,983)
Cash flows from investing activities			
Investments in financial assets at fair value through profit or loss	20	**(88,335)**	(380,201)
Proceeds from disposal of financial assets at fair value through profit or loss	20	**163,189**	487,827
Investments in short-term time deposits		**(153,532)**	(236,287)
Proceeds from maturity of short-term time deposits		**141,299**	595,209
Purchase of property and equipment		**(3,649)**	(13,201)
Purchase of intangible assets		**(3,027)**	(6,455)
Interest income received		**52,833**	28,589
Payment for long-term naming rights and sponsorship fees		**(6,000)**	(16,048)
Purchase of investments in non-current financial assets at amortized cost		**(206,649)**	–
Proceeds from disposal of investments in non-current financial assets at amortized cost		**206,649**	–
Proceeds from disposal of property and equipment		**479**	258
Loan to a third party		**–**	(5,000)
Repayment from a third party		**–**	5,000
Net cash inflow from investing activities		**103,257**	459,691
Cash flows from financing activities			
Proceeds from issuance of ordinary shares relating to initial public offering, net of sponsor fee and other issuance costs		**270,905**	–
Proceeds from bank borrowings		**50,708**	74,476
Repayment of bank borrowings		**(115,185)**	(87,472)
Bank borrowings interests paid		**(1,571)**	(2,312)
Payment for listing expenses		**(565)**	(3,526)
Repurchases of convertible redeemable preferred shares		**–**	(2,229)
Payments for principal elements and related interest of leases	16	**(48,037)**	(45,767)
Net cash inflow/(outflow) from financing activities		**156,255**	(66,830)
Net decrease in cash and cash equivalents		**(59,222)**	(63,122)
Cash and cash equivalents at the beginning of the year	24	**1,672,217**	1,653,517
Effects of exchange rate changes on cash and cash equivalents		**(226)**	81,822
Cash and cash equivalents at the end of the year	24	**1,612,769**	1,672,217

1. GENERAL INFORMATION

Keep Inc. (the "Company") was incorporated in the Cayman Islands on April 21, 2015 as an exempted company with limited liability. The Company's shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on July 12, 2023 (the "Listing Date") through global offering. The registered office is at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime TreeBay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "Group"), is primarily engaged in operating an integrated online and offline platform for fitness service and online retail of fitness related products in the People's Republic of China ("the PRC"). The principal activities of its subsidiaries including structured entities, are set out in note 13 to the consolidated financial statements.

Mr. Wang Ning is a single largest shareholder of the Company as at the date of the report.

2. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2.1.1 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of Preparation (Continued)

2.1.1 Adoption of new and revised IFRS Accounting Standards

(a) Application of new and revised IFRS Accounting Standards

The Group has applied the following new and amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the consolidated financial statements:

Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. IAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 2 to the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of Preparation (Continued)

2.1.1 Adoption of new and revised IFRS Accounting Standards (continued)

(b) Revised IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 16 – Lease Liability in a Sales and Leaseback	January 1, 2024
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The Group is in the process of making an assessment of what the impact of these amendments to standards and interpretation is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.1 Subsidiaries controlled through Contractual Arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its business operations within these areas in the PRC through a series of Contractual Arrangements entered into among the Company, its wholly-owned subsidiaries, and certain domestic entities that legally owned by certain management members of the Group ("Nominee Shareholders") authorised by the Group. The Contractual Arrangements include consulting and services agreement, option agreements, share pledge agreements, business cooperation agreement, spousal consents and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities;
- exercise equity holder voting rights of the PRC operating entities;
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by the wholly foreign-owned enterprise (the "WFOE");
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC operating entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these entities.

2.2.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment loss (if any). Cost includes directly attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries incorporated in Hong Kong and Singapore is United States dollar ("USD"). The Company's primary subsidiaries and structured entities are incorporated in the PRC and for these subsidiaries and structured entities, the renminbi ("RMB") is the functional currency. The Group's presentation currency is RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognized in other comprehensive income ("OCI").

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Foreign currency translation (Continued)

(c) Translation on consolidation

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rate on the dates of the transactions); and

- all resulting currency translation differences are recognized in OCI and accumulated in the foreign currency transaction reserve.

2.5 Property and equipment

Property and equipment are held for use in the production or supply of goods or services, or for administrative purpose. Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

- Electronic equipment — 3-5 years
- Office and fitness equipment — 3-5 years
- Leasehold improvements — the shorter of the term of the lease or the estimated useful lives of the assets

The residual values, useful lives and depreciation method of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated statement of profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Intangible assets

(a) *Domain names and software*

Separately acquired domain names and software are initially recognized and measured at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses (if any).

Costs associated with maintaining software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets, where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use or sale;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

(b) *Research and development*

Research expenditures are recognized as an expense as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use or sale; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalised as intangible assets during the year ended December 31, 2023.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Intangible assets (Continued)

(c) Amortization methods and periods

Length of estimated useful life is determined to be the shorter of the period of contractual rights or estimated period during which such intangible assets can bring economic benefits to the Group.

The Group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Domain name	3-20 years	The period of effective registration during which such domain name can bring economic benefits
Software	1-3 years	Shorter of the period of contractual rights or estimated period during which such software can bring economic benefits

2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value (either through OCI or through profit or loss); and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

See Note 19 for details of each type of financial assets.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Investments and other financial assets (Continued)

(b) Recognition and derecognition

Purchases and sales of financial assets are recognized on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are immediately expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are recognized in OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. Changes in fair value are recognized in profit or loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Investments and other financial assets (Continued)

(d) Impairment

While cash and cash equivalents, short-term time deposits with original maturities over three months but less than one year are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses ("ECL") to be recognized from initial recognition of the receivables, see Note 3.1(b) for details.

Impairment of other receivables that are included in prepayments and other current assets are measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

2.9 Inventories

Inventories are stated at the lower of cost or net realizable value. Costs are assigned to individual items of inventories on the basis of weighted average costs. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Accounts and other receivables

Accounts receivables are primarily amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year (or in the normal operating cycle of the business if longer) and therefore all classified as current assets.

Accounts receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. The Group holds the accounts receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less loss allowance.

Other receivables are recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

See Note 21 for further information about the Group's accounting for accounts receivables, Note 22 for further information about other receivables and Note 2.8(d) for a description of the Group's impairment policies.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Cash and bank balance

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, highly liquid investments placed in banks with original maturities of three months or less, cash held at third party payment platforms that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits (with original maturities of three months or less) with restriction on use held at bank were classified as cash and cash equivalents as long as the restrictions did not change the nature of the cash.

All time deposits held at bank with original maturities over three months and less than one year with corresponding interest receivables were classified as short-term time deposits.

2.12 Share capital

Ordinary shares are classified as equity.

The repurchase of ordinary shares held by certain shareholder is measured at fair value of ordinary shares and debited to share capital and other reserves accordingly. The difference between fair value of ordinary shares and the repurchase price was recognized as profit or loss.

2.13 Accounts and other payables

Accounts and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are generally paid within three months of invoice date. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2.14 Convertible redeemable preferred shares ("Preferred Shares")

Preferred Shares issued by the Company are redeemable at the option of the holder upon occurrence of certain events. These instruments can also be converted into ordinary shares of the Company at any time at the option of the holders, or automatically upon occurrence of an initial public offering ("IPO") of the Company. For details, refer to Note 34.

The Group designated the Preferred Shares as financial liabilities at FVPL. They are initially recognized at fair value. Any directly attributable transaction costs are recognized in profit or loss. Fair value changes relating to market risk are recognized in profit or loss, while, the component of fair value changes relating to the Company's own credit risk is recognized in OCI. If the treatment of the impact of changes in the financial liabilities' own credit risk will create or enlarge the accounting mismatch in profit or loss, the Group shall recognize the entire gains or losses of the financial liabilities (including the amount of impact of changes in its own credit risk) in profit or loss. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss, but are transferred to accumulated losses when realised.

The Preferred Shares were classified as non-current liabilities unless the Preferred Shares' holders can demand the Company to redeem the Preferred Shares within 12 months after the end of the reporting period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings costs are expensed in the period in which they are incurred.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.16 Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and structured entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realised or the deferred income tax liabilities is settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 Current and deferred income tax (Continued)

Deferred income tax (continued)

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognized in profit or loss, except to the extent that they relate to items recognized in OCI or directly in equity. In this case, the tax is recognized in OCI or directly in equity, respectively.

Tax incentives

Companies within the Group may be entitled to claim special tax deductions in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

2.17 Employee benefits

(a) Short-term obligations

Liabilities for wages, salaries, bonuses and other allowances that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations, which are included in accrued expenses in the consolidated statement of financial position.

(b) Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Employee benefits (Continued)

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and measured at the amounts expected paid when they are settled.

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37") and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.18 Share-based compensation

The Group operates three Share Incentive Plans, under which it receives services from employees in exchange for equity instruments of the Company.

(a) Share options

The fair value of options granted under the Share Incentive Plans is recognized as share-based compensation over the requisite service period, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted to employees on grant date by using binomial option-pricing models:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.18 Share-based compensation (Continued)

(b) Restricted shares units (“RSUs”)

For RSUs, the total amount to be expensed is determined by reference to the fair value of the Company’s shares at the grant date. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, using graded vesting method.

The Group recognizes share-based compensation expenses in its consolidated statement of profit or loss based on awards ultimately expected to vest, after considering estimated forfeitures of the Group. The number of share options or RSUs granted expected to vest has been reduced to reflect historical experience of forfeiture of certain percentage of options or RSUs granted prior to completion of vesting period and accordingly the share-based compensation expense has been adjusted.

2.19 Revenue recognition

The Group primarily derives revenue from (1) sales of self-branded fitness products, (2) online membership and paid content service, and (3) advertising service. The Group recognizes revenue when or as the control of the promised goods or services is transferred to a customer, net of value-added taxes (“VAT”), rebates and certain sales incentives. If control of the services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

2.19.1 The accounting policy for the Group’s principal revenue sources

(a) Sales of self-branded fitness products

The Group derives revenue from sale of self-branded fitness products, including smart fitness devices such as bikes, wristbands, smart scale and treadmills, and complementary fitness products such as fitness gears, apparels and fitness food, including delivery services. The Group’s revenue are primarily derived from (i) sales of the Group’s products to end customers directly through the Group’s online stores run on third party’s ecommerce platforms and through the online platform operated by the Group and (ii) sales of the Group’s products to third-party wholesale channels who then sell to end customers.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Revenue recognition (Continued)

2.19.1 The accounting policy for the Group's principal revenue sources (continued)

(a) Sales of self-branded fitness products (continued)

(i) Sales of the Group's products to end customers directly through the Group's online stores run on third party's ecommerce platforms and through the online platform operated by the Group

Most of the Group's sales of self-branded fitness products derived from online stores. The Group sets up online stores on third party's ecommerce platforms to sell the Group's products to end customers. The platforms provide services to the Group to support the operations of the online stores including processing sales orders and collecting cash consideration from end customers. The platforms charge the Group service fees based on the Group's sales through these online stores. The Group enters into sales contracts directly with the end customers. The platforms do not take control of the goods and have no sales contract with end customers. The Group is responsible for selling and fulfilling all obligations according to its sales contracts with end customers, including delivering products and providing customer support. Therefore, the Group determines that the end customers are the Group's customers. The sales contracts with end customers usually include a customer's right to return products within 7 days after receipt of goods.

The Group identifies its performance obligation to end customers as to transfer the control of the ordered products to end customers. Contracts with customers may include multiple performance obligations if there is a need to split one customer order into multiple deliveries. Under these circumstances, transaction prices will be allocated to different performance obligations based on relative standalone selling prices. Sales from the end customers through the Group's online platform are prepaid and recorded as contract liabilities. The Group recognizes revenue from sales to end customers upon delivery of the product to end customers in an amount equal to the contract sales prices less estimated sales allowances for sales returns and sales incentives.

(ii) Sales of the Group's products to third-party wholesale channels who then sell to end customers

The third-party wholesale channels purchase products from the Group and then resell the products to end customers. Subject to the underlying agreements with the wholesale channels, there are mainly two types of arrangements with wholesale channels. Under type I arrangements, the wholesale channels take control of the products upon delivery of the products to the wholesale channels' warehouses and accepted by the wholesale channels. Under type II arrangements, the wholesale channels take control of the products when orders are placed by end customers and the products are subsequently delivered out of wholesale channels' warehouse to end customers. The wholesale channels are entitled to rights of return and price protection rebates. After taking control of the products, the wholesale channels are responsible for selling and fulfilling all obligations in their sales contracts with end customers, including delivering the products and providing customer support. Therefore, the Group determines that the wholesale channels are the Group's customers. Under the distribution agreement, the Group has a sale contract with their wholesale channels and has no sales contract with the end customers.

Sales to the Group's wholesale channels are on credit terms which is usually less than three months. The Group recognizes revenue and receivables from sales to the wholesale channels upon transferring the control of the products to the wholesale channels in an amount equal to the contract sales prices less estimated sales allowances for sales returns and price protection rebates.

The Group provides price protection rebates to certain wholesale channels to effectively compensate the wholesale channels when the wholesale channels offer discount to end customers, which are accounted for as variable consideration. The Group estimates these amounts based on the expected amount to be provided to the third-party wholesale channels considering the contracted rebate rates and estimated sales volume based on historical pattern, and account for it as a reduction of the transaction price.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Revenue recognition (Continued)

2.19.1 The accounting policy for the Group's principal revenue sources (continued)

(b) Online Membership and paid content service

The Group's membership subscriptions provide unlimited access to content on its online platform of live streaming classes and on-demand fitness classes. The contract period for the membership subscription ranges from one month to one year. All membership subscriptions are non-refundable. The Group has one stand ready obligation to provide its subscribing members with access to content on its online platform, fitness classes and related membership benefits throughout the subscription period. Therefore, revenue is recognized ratably over the contract period as the membership subscription services are delivered. The Group collects membership subscription in advance and records it as contract liabilities.

Online paid content service primarily includes the virtual sports events service. The Groups arranges virtual sports events on its own platform. Revenue is primarily generated from event entry fees charged to event participants. Entry fees are paid in advance and non-refundable after the event participants complete the events or after the end of the virtual sports event. The performance obligation is satisfied over the service period, as the services are delivered.

(c) Advertising services

Advertising revenue is derived from online advertising, most of which is in the form of display advertisement. Display advertising arrangements allow customers, primarily advertising agencies, to place advertisements on particular areas of the Group's online platform in particular formats and over particular periods of time. The Group recognizes revenue from advertising services ratably over the periods during which the advertising services are provided.

Certain customers may receive rebates, which are accounted for as variable consideration. The Group estimates rebates based on expected revenue volume with reference to their historical results and account for such as a reduction of revenue.

2.19.2 Contract balances

When either party to a customer contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. Contract balances include accounts receivables and contract liabilities.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Payment terms and conditions vary by contract and service type. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Revenue recognition (Continued)

2.19.3 Practical expedients and exemptions

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less, as substantially all of the Group's contracts have duration of one year or less.

The revenue standard requires the Group to recognize an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Group has determined that sales commission for sales personnel meet the definition of incremental costs of obtaining a contract. The Group generally expenses sales commissions when incurred because the amortization period is generally one year or less. These costs are recorded within selling and marketing expenses.

2.19.4 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group has applied the practical expedient of not to adjust any of the transaction prices for the time value of money.

2.20 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

(a) the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and

(b) by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

(a) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

(b) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.21 Leases

The Group, as a lessee, leases office buildings and fitness centers. Lease contracts are typically made for fixed periods of several months to six years. Lease is recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. The Group uses the incremental borrowing rate, for the implicit rate cannot be readily determined, which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group makes adjustments uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by them.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.21 Leases (Continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

(a) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a fitness center. For certain fitness centers including fixed and variable rental payment terms, the variable lease payments that depend on sales are recognized in the consolidated statement of profit or loss in the period in which the condition that triggers those payments occurs.

(b) Modification of lease

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

(i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liabilities, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

For partial or full termination of the lease for lease modifications that decrease the scope of the lease, decreasing the carrying amount of the right-of-use asset. The Group recognize in the consolidated statement of profit or loss of any gain or loss relating to the partial or full termination of the lease.

2.22 Fulfillment expenses

Fulfillment expenses primarily consist of product delivering expenses paid to third party couriers, packaging expenses, warehousing expenses and salaries and benefits paid to relevant personnel.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.23 Government grants

Grants from the government are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants provided to the Group mainly related to financial assistance from the local government in the PRC. There are no unfulfilled condition or other contingencies relating to these grants.

2.24 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 8 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.25 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognized as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.27 Event after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency other than the functional currency of the Group's entities. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and control these exposures through entering into foreign exchange forward contracts, when necessary.

The Group's foreign exchange risk primarily arises from cash and cash equivalents and short-term deposits denominated in USD held by subsidiaries whose functional currency is RMB, and cash and cash equivalents denominated in RMB held by subsidiaries whose functional currency is USD. If USD had strengthened/weakened by 5% against RMB with all other variables held constant, the estimated changes of profit/(loss) before income tax for the years ended December 31, 2023 and 2022 are listed in below table:

Profit/(loss) before income tax	**Year ended December 31,**	
	2023	2022
	RMB'000	RMB'000
Increase 5%	**191**	204
Decrease 5%	**(191)**	(204)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk primarily arises from borrowings, short-term time deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, short-term time deposits, accounts receivables and other receivables included in prepayments and other current assets. The carrying amount of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

Accounts receivables and other receivables included in prepayments and other current assets are managed on a group basis. The finance team is responsible for managing and analyzing the credit risk for each new customer/debtor before standard credit payment terms are offered. The Group assesses the credit quality of its customers and other debtors by taking into account various factors including their financial position, past operational and financial performance and forward-looking factors.

Cash and cash equivalents and short-term time deposits are mainly placed with reputable financial institutions in the PRC and international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The expected credit loss is not material.

(ii) Impairment of financial assets

Accounts receivables

The Group applies the IFRS 9 simplified approach to measuring ECL under which the lifetime ECL for all accounts receivables are estimated. To measure the ECL, accounts receivables have been grouped based on shared credit risk characteristics and credit rating.

The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified factors such as the Gross Domestic Products of the PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Accounts receivables (continued)

On that basis, the loss allowances of accounts receivables as at December 31, 2023 and 2022 were determined as follows:

	As at December 31,	
	2023	2022
	RMB	RMB
	in thousands, except for percentages	
Expected loss rate	**11.42%**	2.67%
Gross carrying amount	**257,701**	258,576
Loss allowance provision	**29,422**	6,900

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty. The amounts of accounts receivables written off during the years ended December 31, 2023 and 2022 were nil and RMB2,684,000, respectively (Note 21).

Impairment losses on accounts receivables are presented as "administrative expenses" in the consolidated statement of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables included in prepayments and other current assets

Impairment on other receivables included in prepayments and other current assets is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables included in prepayments and other current assets based on historical settlement records and past experience.

On that basis, the loss allowances of other receivables included in prepayments and other current assets as at December 31, 2023 and 2022 were immaterial.

Others

While cash and cash equivalents and short-term time deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents, short-term time deposits and investments in wealth management products and foreign currency forward contracts linked to an exchange rate or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group recognizes the financial instruments issued to investors at FVPL. Accordingly, the financial instruments issued to investors are managed on a fair value basis rather than by maturing dates.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023					
Accounts payables	**157,417**	**–**	**–**	**–**	**157,417**
Accrued expenses (excluding accrued payroll related expenses)	**90,639**	**–**	**–**	**–**	**90,639**
Other current liabilities (excluding tax payables)	**26,639**	**–**	**–**	**–**	**26,639**
Borrowings	**10,075**	**–**	**–**	**–**	**10,075**
Lease liabilities	**37,519**	**27,115**	**6,208**	**–**	**70,842**
Total	**322,289**	**27,115**	**6,208**	**–**	**355,612**
As at December 31, 2022					
Accounts payables	154,095	–	–	–	154,095
Accrued expenses (excluding accrued payroll related expenses)	108,454	–	–	–	108,454
Other current liabilities (excluding tax payables)	32,815	–	–	–	32,815
Borrowings (Note)	75,882	–	–	–	75,882
Lease liabilities	46,973	34,873	25,871	–	107,717
Total	418,219	34,873	25,871	–	478,963

Note: As at December 31, 2022, borrowings amounting to RMB61,521,000 were secured. See details in Note 33.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and other reserves) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

The externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the 25% threshold of public float should be complied with throughout the period from the Listing Date to the end of the reporting period.

3.3 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 inputs: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL				
– Wealth management products	–	29,929	–	29,929
– Investment in a private fund	–	–	35,270	35,270
– Investment in an unlisted entity	–	–	13,519	13,519
Total	–	29,929	48,789	78,718

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at FVPL				
– Wealth management products	–	139,864	–	139,864
– Investment in an unlisted entity	–	–	15,000	15,000
Total	–	139,864	15,000	154,864
Liabilities				
Preferred Shares	–	–	9,401,472	9,401,472
Total	–	–	9,401,472	9,401,472

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability ("DLOM"), market multiples, etc.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (continued)

Level 3 instruments of the Group's assets and liabilities include investment in an unlisted entity, investment in a private fund and Preferred Shares.

The fair value changes in level 3 instruments of Preferred Shares for the years ended December 31, 2023 and 2022 are presented in the Note 34. The fair value changes in level 3 instruments of the investment in a private fund and investment in an unlisted entity for the years ended December 31, 2023 and 2022 are presented in the Note 20.

Investment in an unlisted entity

At December 31, 2023

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted entity	**Risk-free interest rate**	**2.35%**	**The higher the risk-free interest rate, the lower the fair value**
	DLOM	**20.00%**	**The higher the DLOM, the lower the fair value**
	Volatility	**47.84%**	**The higher the expected volatility, the lower the fair value**

On December 1, 2022, the Group acquired certain ordinary shares with preferential rights of an unlisted entity with consideration of RMB15,000,000 and measured the investment at financial assets at FVPL (Note 20). The consideration was close to its fair value as at December 31, 2022.

The Company engaged a third-party valuation firm to manage the valuation of level 3 instruments of the unlisted entity for financial reporting purposes in 2023.

As at December 31, 2023, the market approach method was used to determine the fair value of the investment in the unlisted entity. Unobservable inputs under market approach method included risk-free interest rate, DLOM and expected volatility.

If the Company's unobservable inputs used to determine the fair value of the investment of an unlisted entity had increased/decreased by 10% with all other variables held constant, the estimated fair value changes from carrying amount are listed in below table.

	As at December 31, 2023		
Fair value of the unlisted entity	**Expected volatility RMB'000**	**DLOM RMB'000**	**Risk-free interest rate RMB'000**
Increase 10%	**(576)**	**(313)**	**(59)**
Decrease 10%	**595**	**301**	**59**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (continued)

Investment in a private fund

The Group's private fund categories in Level 3 were managed by an independent fund manager who applied various investment strategies to accomplish their respective investment objectives. The fair value of the private fund is recognized based on the valuation supplied by the fund manager. The valuation is measured by the percentage of ownership of the private fund's net asset value, which is an unobservable input. The fund manager estimated the fair value of the underlying investments based on the direct market quote for level 1 financial instruments. For other investments, the fund manager applies appropriate valuation techniques such as latest transaction price, discounted cash flow, or any other appropriate valuation techniques suitable for the underlying investments. The models are calibrated regularly and tested using prices from any observable current market transactions in the same instruments or based on any available observable market data.

If the net assets value used to determine the fair value of the investment of a private fund had increased/ decreased by 10% with all other variables held constant, the estimated fair value changes from carrying amount are listed in below table.

Fair value of the private fund	**As at December 31, 2023 Net assets value RMB'000**
Increase 10%	**3,527**
Decrease 10%	**(3,527)**

Preferred Shares

At December 31, 2022

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Preferred Shares	Risk-free interest rate	4.11%	The higher the risk-free interest rate, the lower the fair value
	DLOM	5%	The higher the DLOM, the lower the fair value
	Volatility	63.5%	The higher the expected volatility, the lower the fair value

The Company engaged a third-party valuation firm to manage the valuation of level 3 instruments of Preferred Shares for financial reporting purposes. At least once every year, the valuation firm would use valuation techniques to determine the fair value of the Group's level 3 instruments. All of Preferred Shares were converted to ordinary shares upon completion of the Listing on July 12, 2023.

As at December 31, 2022, the discounted cash flow method was used to determine the total equity value and the equity allocation model was adopted to determine the fair value of the Preferred Shares. Unobservable inputs under discounted cash flow method included risk-free interest rate, DLOM and expected volatility.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3 (continued)

Preferred Shares (continued)

For the Preferred Shares, risk-free interest rates are determined based on the yield of USD Treasury Strips with a maturity life equal to the expected time to a liquidation/redemption event as at each of the valuation dates. DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the private-held-share can be sold, was considered as a basis to determine DLOM. Volatility was estimated at the valuation dates based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation/redemption date. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the Preferred Shares on each valuation date.

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of the Preferred Shares issued by the Company. The changes in unobservable inputs including risk free rate, DLOM and expected volatility will result in a significantly higher or lower fair value measurement. The increase in the fair value of the Preferred Shares would increase the loss of fair value change in the consolidated statement of profit or loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs.

If the Company's key valuation assumptions used to determine the fair value of the Preferred Shares had increased/decreased by 10% with all other variables held constant, the estimated fair value changes from carrying amount are listed in below table (assuming the change of key factors would not have significant impact on fair value change attributable to credit risk):

	As at December 31, 2022		
Fair value of the Preferred Shares	Expected volatility RMB'000	DLOM RMB'000	Risk-free interest rate RMB'000
Increase 10%	(1,130)	(7,105)	(281)
Decrease 10%	1,051	7,105	284

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2023 and 2022.

The carrying amounts of the Group's financial assets that are not measured at fair value, including cash and cash equivalents, short-term time deposits, accounts receivables, other receivables including in prepayments and other current assets, and the Group's financial liabilities that are not measured at fair value, including borrowing, accounts payables, accrued expenses and other current liabilities, approximate their fair values due to their short maturities.

4. CRITICAL JUDGMENTS AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognized in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Significant increase in credit risk

As explained in notes 2.8(d) and 3.1(b), ECL are measured as an allowance equal to 12-month ECL or lifetime ECL. An asset moves to lifetime ECL when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(b) Contractual arrangements

As disclosed in Note 2.2.1, the Group exercises control over certain structured entities and has the right to recognize and receive substantially all the economic benefits from them through the Contractual Arrangements. The directors consider that the Group controls these structured entities notwithstanding that it does not have direct or indirect legal ownership in equity of these entities as the Group has power over the financial and operating policies of these entities and receives substantially all the economic interest returns generated from the business activities of these entities through these Contractual Arrangements. Accordingly, all these structured entities are accounted for as controlled structured entities and their financial statements have also been consolidated by the Company throughout the reporting period.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the structured entities. Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the structured entities. Significant judgement is involved in determining whether the Group is able to control these entities through these Contractual Arrangements. The directors of the Company, after taking into account of the advice from its external legal advisors, consider that the Contractual Arrangements entered into by the Group are in compliance with the relevant PRC laws and regulations and are therefore legally binding and enforceable.

4. CRITICAL JUDGMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Recognition of share-based compensation expenses

The Group set up the Share Incentive Plans and granted options to employees and other qualifying participants. The fair value of the options granted to the employees is determined by the binomial option pricing model at the grant date, and is expected to be expensed over the respective vesting periods. Significant estimates and assumptions, including forfeiture rate, risk-free interest rate, expected volatility and dividend yield, are made by the directors (Note 29).

(b) Estimation of the fair value of financial liabilities

The Preferred Shares issued by the Company are not traded in an active market, and the respective fair value is determined by using valuation techniques. The Group applied the discounted cash flow method to determine the total equity value of the Company and equity allocation model to determine the fair value of the Preferred Shares. Key assumptions such as risk-free interest rate, DLOM and volatility based on the Group's best estimates, which is disclosed in Note 3.3.

(c) Current and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences or tax losses are recognized when management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. As at December 31, 2023, the Group did not recognize deferred tax assets in respect of cumulative tax losses that can be carried forward against future taxable income (Note 11). The outcome of their actual utilization may be different from management's estimation.

(d) Impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment (if any). In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The net carrying amount of property and equipment and right-of-use assets as at December 31, 2023 were RMB17,982,000 (2022:RMB30,603,000) and RMB62,256,000 (2022: RMB90,659,000) respectively.

4. CRITICAL JUDGMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(e) Allowance for inventories

Allowance for inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. As at December 31, 2023, allowance for inventories, net of reversal, was recognized of RMB6,366,000 (2022:RMB14,237,000).

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on current market conditions and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer's taste and competitor's actions in response to severe industry cycles. The Group will reassess the estimates by the end of each reporting period.

5 SEGMENT INFORMATION

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. The Group evaluated its operating segments separately or aggregately, and determined that it has reportable segments as follows:

- Self-branded fitness products
- Online membership and paid content
- Advertising and others

The CODM assesses the performance of the operating segments mainly based on revenues and gross profit of each operating segment. Thus, segment result would present revenues, cost of revenues and gross profit, which is in line with CODM's performance review.

The cost of revenues for the self-branded fitness products primarily consists of material costs, manufacturing cost and related costs that are directly attributable to the cost of products sold. The cost of revenues for the online membership and paid content primarily consists of payment channel fees paid to third-party application stores and other payment channels, salaries and benefits paid to employees and content related cost, and cost of virtual sports events. The cost of revenues for the advertising and others primarily consists of advertising production cost.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As at December 31, 2023 and 2022, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

5 SEGMENT INFORMATION (CONTINUED)

There were no material inter-segment sales during the years ended December 31, 2023 and 2022. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statement of profit or loss.

The segment results for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023			
	Self-branded fitness products RMB'000	**Online membership and paid content RMB'000**	**Advertising and others RMB'000**	**Total RMB'000**
Revenue	**946,087**	**995,760**	**195,987**	**2,137,834**
Cost of revenues	**(683,876)**	**(370,085)**	**(122,229)**	**(1,176,190)**
Gross profit	**262,211**	**625,675**	**73,758**	**961,644**

	Year ended December 31, 2022			
	Self-branded fitness products RMB'000	Online membership and paid content RMB'000	Advertising and others RMB'000	Total RMB'000
Revenue	1,136,971	894,167	180,413	2,211,551
Cost of revenues	(816,883)	(409,082)	(85,206)	(1,311,171)
Gross profit	320,088	485,085	95,207	900,380

6 REVENUES

The breakdown of revenues for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Self-branded fitness products		
– Online retail sales	**680,715**	886,106
– Wholesale channels sales	**265,372**	250,865
Online membership and paid content	**995,760**	894,167
Advertising and others	**195,987**	180,413
Total	**2,137,834**	2,211,551

6 REVENUES (CONTINUED)

Timing of revenue recognition is as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue recognized at a point in time	**976,837**	1,200,022
Revenue recognized over time	**1,160,997**	1,011,529
Total	**2,137,834**	2,211,551

All the revenues derived from a single external customer was less than 10% of the Group's total revenues for the years ended December 31, 2023 and 2022.

7 OTHER INCOME

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Government grants (Note)	**40,832**	1,815
Value-added tax deduction	**3,305**	4,694
Total	**44,137**	6,509

Note: For the year ended December 31, 2023, government grants of RMB40,832,000 (2022: RMB1,815,000) mainly for rewarding the Group's past contribution to the local economic growth. The grants, at the discretion of the relevant authorities, were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, an amount of RMB40,832,000 (2022: RMB1,815,000) was recognized in the consolidated statement of profit or loss when the grants were received.

8 OTHER GAINS/(LOSSES), NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Net losses on disposal of property and equipment	**(1,231)**	(65)
Net fair value gains on financial assets at FVPL (Note 20)	**57**	1,164
Net fair value losses on financial liabilities at FVPL	**–**	(67,271)
Net foreign exchange gains/(losses)	**1,401**	(582)
Others	**2,312**	1,379
Total	**2,539**	(65,375)

9 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**450,046**	535,130
Share-based compensation expenses	**30,965**	94,703
Retirement benefit – defined contribution plans	**50,705**	51,768
Other social security costs, housing benefits and other employee benefits	**108,066**	85,226
Total	**639,782**	766,827

(a) Pension costs – defined contribution plans

The Group contributes to defined contribution retirement plans which are available for eligible employees in the PRC.

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "PRC Retirement Schemes"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

During the years ended December 31, 2023 and 2022, the Group had no forfeited contributions under the PRC Retirement Scheme and which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at December 31, 2023 and 2022 under the PRC Retirement Scheme which may be used by the Group to reduce the contribution payable in future years.

(b) Five highest paid individuals

One of the five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023 and 2022 was a director of the Company. The emoluments payable to the remaining 4 individuals (2022: 4) for the year ended December 31, 2023 are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**7,221**	7,477
Share-based compensation expenses	**14,793**	39,935
Retirement benefit – defined contribution plans	**266**	215
Other social security costs, housing benefits and other employee benefits	**356**	319
Total	**22,636**	47,946

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended December 31,	
	2023	2022
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	2
HK$4,500,001 to HK$5,000,000	**1**	–
HK$13,500,001 to HK$14,000,000	**1**	–
HK$14,500,001 to HK$15,000,000	**–**	1
HK$33,500,001 to HK$34,000,000	**–**	1
Total	**4**	4

(c) Benefits and interests of directors

The remuneration of every director and the chief executive officer is set out below:

For the year ended December 31, 2023:

Name	Fees RMB'000	Wages and salaries RMB'000	Bonuses RMB'000	Share-based compensation expenses RMB'000	Retirement benefits scheme contributions RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Mr. Wang Ning	–	1,476	350	–	79	89	1,994
Mr. Peng Wei	–	1,565	380	–	59	89	2,093
Mr. Liu Dong	–	1,564	380	6,773	63	89	8,869
Mr. Li Haojun	–	–	–	–	–	–	–
Ms. Ge Xin (Note)	150	–	–	–	–	–	150
Mr. Shan Yigang (Note)	150	–	–	–	–	–	150
Mr. Wang Haining (Note)	150	–	–	–	–	–	150
Total	450	4,605	1,110	6,773	201	267	13,406

Note: The appointment of Ms. Ge Xin, Mr. Shan Yigang and Mr. Wang Haining as independent non-executive directors take effect from July 12, 2023.

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Benefits and interests of directors (Continued)

For the year ended December 31, 2022:

Name	Fees RMB'000	Wages and salaries RMB'000	Bonuses RMB'000	Share-based compensation expenses RMB'000	Retirement benefits scheme contributions RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Mr. Wang Ning	–	1,414	500	–	58	81	2,053
Mr. Peng Wei	–	1,505	559	–	42	75	2,181
Mr. Liu Dong	–	1,524	499	11,389	58	81	13,551
Mr. Li Haojun	–	–	–	–	–	–	–
Total	–	4,443	1,558	11,389	158	237	17,785

Mr. Wang Ning is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

No director and chief executive officer of the Company waived any emoluments during the years ended December 31, 2023 and 2022.

(i) Benefits and interests of directors

Except for benefits and interests disclosed above, there is no other benefits and interests offered to the directors.

(ii) Directors' termination benefits

No director's termination benefit subsisted at the end of the period or at any time during the years ended December 31, 2023 and 2022.

(iii) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of the period or at any time during the years ended December 31, 2023 and 2022.

(iv) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors was subsisted at the end of the period or at any time during the years ended December 31, 2023 and 2022.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the period or at any time during the years ended December 31, 2023 and 2022.

10 FINANCE INCOME, NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Finance income:		
Interest income from bank deposits	**54,514**	27,536
Finance expenses:		
Interest expenses from lease (Note 16)	**(2,932)**	(4,657)
Interest expenses from borrowings	**(1,533)**	(2,248)
Interest expenses from other liability	**(817)**	(408)
Total	**49,232**	20,223

11 INCOME TAX EXPENSE

Income tax has been recognized in profit or loss as following:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Withholding tax in PRC		
Current tax-provision for the year	**–**	1,003

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) Hong Kong Income Tax

No provision for Hong Kong Profits Tax for the years ended December 31, 2023 and 2022 have been made as there is no assessable profit subject to Hong Kong Profits Tax.

(c) PRC Enterprise Income Tax ("EIT")

In accordance with the Enterprise Income Tax Law ("EIT Law"), Foreign Investment Enterprises ("FIEs") and domestic companies are subject to EIT at a uniform rate of 25%. Beijing Calorie Information Technology Co., Ltd. ("BJ IT") and Beijing Calorie Technology Co., Ltd. ("BJ Tech") were qualified as a High and New Technology enterprise ("HNTE") since 2017 and 2018 respectively and enjoyed a preferential tax rate of 15% for the years ended December 31, 2023 and 2022. From December 2020 to December 2022, Shenzhen Calorie Technology Co., Ltd. ("Shenzhen Calorie") was qualified as a HNTE and enjoyed a preferential tax rate of 15% for the year ended December 31, 2022. Shenzhen Calorie is subject to EIT at a rate of 25% for the year ended December 31, 2023. The other entities incorporated in the PRC are subject to an enterprise income tax at a rate of 25%.

11 INCOME TAX EXPENSE (CONTINUED)

(c) PRC Enterprise Income Tax ("EIT") (Continued)

According to the regulations promulgated by the State Tax Bureau of the PRC that was effective from March 2021 to September 2022, enterprises engaging in research and development activities were entitled to claim 175% of their research and development activities incurred when determining their tax assessable profits for that year ("Super Deduction"). The State Tax Bureau announced to increase the Super Deduction rate to 200% of their research and development expenses from October 1, 2022 to December 31, 2022. The State Tax Bureau further announced in March 2023 that enterprises engaging in research and development activities would be entitled to claim 200% of their research and development expenses as Super Deduction from January 1, 2023 onwards.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules of the EIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its entities registered outside of the PRC should be considered as resident enterprises for the PRC tax purposes.

(d) Withholding tax ("WHT") in Mainland China

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company incorporated, does not have such tax treaty with China. According to the arrangement between the mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to WHT at a rate of no more than 5% (if the immediate holding company in Hong Kong is the beneficial owner of the FIE and owns directly at least 25% of the shares of the FIE). In accordance with accounting guidance, all undistributed earnings are presumed to be transferred to the parent company and WHT should be accrued accordingly. All FIEs are subject to the WHT from January 1, 2003. The presumption may be overcome if the Group has sufficient evidence to demonstrate that the undistributed dividends will be re-invested and the remittance of the dividends will be postponed indefinitely.

The undistributed earnings and reserves of the Group entities located in the PRC are considered to be indefinitely reinvested, because the Group does not have any present plan to pay any cash dividends on its ordinary shares in the foreseeable future and intends to retain most of its available funds and any future earnings for use in the operation and expansion of its business. Accordingly, no deferred tax liability on 10% WHT of aggregate undistributed earnings and reserves of the Company's entities located in the PRC has been accrued that would be payable upon the distribution of those amounts to the Company as at December 31, 2023. As at December 31, 2023 and 2022, the Company did not record any WHT on the retained earnings of its subsidiaries and structured entities in the PRC as they were still in accumulated deficit position.

11 INCOME TAX EXPENSE (CONTINUED)

(d) Withholding tax ("WHT") in Mainland China (Continued)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) before income tax	**1,105,908**	(103,548)
Tax calculated at applicable tax rate of 25%	**(276,477)**	25,887
Tax effects of:		
– Effect of different tax rates in other jurisdictions	**351,476**	148,112
– Effect of preferential income tax rates of certain subsidiaries	**(12,988)**	(31,025)
– Tax losses and temporary deductible timing differences for which no deferred tax assets was recognized	**(79,571)**	(150,107)
– Expenses not deductible for income tax purposes	**(7,835)**	(25,648)
– Super deduction for research and development expenses	**25,395**	32,781
– WHT of royalty fee (Note)	**–**	(1,003)
Income tax expense	**–**	(1,003)

Note: The Group's subsidiary outside of PRC recognized WHT for royalty fee income from the PRC entity.

(e) Deferred tax assets not recognized

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Tax losses and timing difference		
– Deductible temporary differences	**716,061**	706,308
– Deductible cumulative tax losses (Note)	**2,445,955**	2,035,548
	3,162,016	2,741,856
Unrecognized deferred tax assets:	**536,211**	456,640

Note: At the end of the reporting period, the Group has unused tax losses of RMB2,445,955,000 (2022: RMB2,035,548,000) available for offset against future profits. No deferred tax asset has been recognized due to the unpredictability of future profit streams. Included in unrecognized tax losses are losses of RMB2,438,091,000 (2022: RMB2,035,548,000) that will expire in 5-10 years from the year of assessment they related to. Other tax losses may be carried forward indefinitely.

12 PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging/(crediting) the following:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of self-branded fitness products sold	**663,838**	790,571
Cost of virtual sports events	**190,443**	163,674
Share-based compensation expenses – non-employee	**(30)**	7,910
Depreciation of right-of-use assets (Note 16)	**38,107**	40,008
Depreciation of property and equipment (Note 15)	**13,838**	14,522
Amortization of intangible assets (Note 17)	**4,422**	2,451
Credit loss allowances on financial assets (Note 21)	**22,522**	7,293
Provision for impairment of inventories (Note 23)	**3,930**	6,226
Listing expenses	**31,077**	41,084
Auditor's remuneration	**7,431**	310
– Audit fee	**7,360**	39
– Non-audit fee	**71**	271

13 SUBSIDIARIES

The Company's subsidiaries (including controlled and structured entities) as at December 31, 2023 and 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name	Place of incorporation/ establishment and operation and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/registered capital	Effective interest held by the owner As at December 31, 2023	2022	Principal activities	Note
Subsidiaries							
Directly held:							
Calorie Technology HK Company Limited ("卡路里科技香港有限公司")	Hong Kong, limited liability company	May 7, 2015	HKD1	**100%**	100%	Investment holding and investment	
Keep Sports PTE. Ltd.	Singapore, limited liability company	August 25, 2021	SGD50,000	**100%**	100%	Sales of self-branded fitness products	
Keep Technology PTE. Ltd.	Singapore, limited liability company	August 25, 2021	SGD50,000	**100%**	100%	Dormant	
Indirectly held:							
Beijing Calorie Information Technology Co., Ltd. ("北京卡路里信息技術有限公司")	Beijing, China, limited liability company	July 7, 2015	USD400,000,000	**100%**	100%	Development of software	b, c
Shanghai Leranka Information Technology Co., Ltd. ("上海樂燃卡信息技術有限公司")	Shanghai, China, limited liability company	May 27, 2021	RMB8,000,000	**100%**	100%	Investment	b, c
Beijing Calorie Blue Technology Co., Ltd. ("北京卡路里藍科技有限公司")	Beijing, China, limited liability company	August 25, 2021	RMB2,000,000	**100%**	100%	Provision of other services	c
Beijing Calorie Blue Sports Management Co., Ltd. ("北京卡路里藍體育管理有限公司")	Beijing, China, limited liability company	September 7, 2021	RMB1,000,000	**100%**	100%	Provision of other services	c
Guangzhou Calorie Blue Sports Management Co., Ltd. ("廣州卡路里藍體育管理有限公司")	Guangzhou, China, limited liability company	August 18, 2022	RMB1,000,000	**100%**	100%	Provision of other services	c
Hainan Calorie Red Technology Co., Ltd. ("海南卡路里紅科技有限公司")	Hainan, China, limited liability company	October 27, 2021	RMB2,000,000	**100%**	100%	Production of online contents	c
Hangzhou Calorie Sports Co., Ltd. ("杭州卡路里體育有限公司")	Hangzhou, China, limited liability company	November 5, 2021	RMB10,000,000	**100%**	100%	Sales of self-branded fitness products	c
Shenzhen Calorie Sports Technology Co., Ltd. ("深圳卡路里體育技術有限公司")	Shenzhen, China, limited liability company	November 18, 2021	RMB10,000,000	**100%**	100%	Development of self-branded fitness products	c
Hangzhou Calorie Purple Technology Co., Ltd. ("杭州卡路里紫科技有限公司")	Hangzhou, China, limited liability company	November 5, 2021	RMB2,000,000	**100%**	100%	Provision of advertising services	c
Beijing Calorie Orange Management Consulting Co., Ltd. ("北京卡路里橙管理諮詢有限公司")	Beijing, China, limited liability company	December 5, 2022	RMB500,000	**100%**	100%	Investment	c

13 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment and operation and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/registered capital	Effective interest held by the owner As at December 31, 2023	2022	Principal activities	Note
Structured entities:							
Beijing Calorie Technology Co., Ltd. ("北京卡路里科技有限公司")	Beijing, China, limited liability company	September 26, 2014	RMB2,480,000	**100%**	100%	Provision of online membership and paid content services	a, c
Shenzhen Calorie Technology Co., Ltd. ("深圳卡路里科技有限公司")	Shenzhen, China, limited liability company	August 29, 2017	RMB10,000,000	**100%**	100%	Inactive	a, c
Beijing Calorie Sports Co., Ltd. ("北京卡路里體育有限公司")	Beijing, China, limited liability company	November 7, 2017	RMB1,000,000	**100%**	100%	Inactive	a, c
Shanghai Calorie Sports Co., Ltd. ("上海卡路里體育有限公司")	Shanghai, China, limited liability company	November 28, 2018	RMB1,000,000	**100%**	100%	Inactive	a, c
Calorie Sports Management (Beijing) Co., Ltd. ("卡路里體育管理(北京)有限公司")	Beijing, China, limited liability company	June 29, 2018	RMB1,000,000	**100%**	100%	Inactive	a, c

Note a: As described in Note 2.2.1, the Company does not have direct or indirect legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with these structured entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over these structured entities, receive variable returns from its involvement in these structured entities, and have the ability to affect those returns through its power over these structured entities. As a result, they are presented as structured entities of the Company.

Note b: Registered as a WFOE under PRC law.

Note c: English translations of the name is for identification purposes only.

None of the subsidiaries (including structured entities) had issued debt securities at the end of the reporting period.

14 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share for the years ended December 31, 2023 and 2022 are calculated by dividing the profit/(loss) attributable to the Company's owners by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2023	2022
Net profit/(loss) attributable to owners of the Company (RMB'000)	**1,105,908**	(104,551)
Weighted average number of ordinary shares in issue (thousand shares)	**292,302**	138,363
Basic earnings/(loss) per share (expressed in RMB per share)	**3.78**	(0.76)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended December 31,	
	2023	2022
Net profit/(loss) attributable to owners of the Company (RMB'000)	**1,105,908**	(104,551)
Weighted average number of ordinary shares in issue (thousand shares)	**292,302**	138,363
Adjustments for RSUs and share options (thousand shares)	**23,667**	–
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings/(loss) per share (thousand shares)	**315,969**	138,363
Diluted earnings/(loss) per share (expressed in RMB per share)	**3.50**	(0.76)

As the Company incurred loss for the year ended December 31, 2022, the potential ordinary share was not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amount of diluted loss per share for the year ended December 31, 2022 was the same as basic loss per share.

15 PROPERTY AND EQUIPMENT

The detailed information of property and equipment for the years ended December 31, 2023 and 2022 is as below:

	Leasehold improvements RMB'000	Electronic equipment RMB'000	Office and fitness equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Cost					
At January 1, 2022	53,681	24,040	6,184	–	83,905
Additions	28	5,522	3,540	4,366	13,456
Disposal	–	(970)	(399)	–	(1,369)
Transfers	4,366	–	–	(4,366)	–
At December 31, 2022	**58,075**	**28,592**	**9,325**	**–**	**95,992**
Additions	**–**	**884**	**840**	**1,203**	**2,927**
Disposal	**(499)**	**(3,096)**	**(1,314)**	**–**	**(4,909)**
Transfers	**1,203**	**–**	**–**	**(1,203)**	**–**
At December 31, 2023	**58,779**	**26,380**	**8,851**	**–**	**94,010**
Accumulated depreciation					
At January 1, 2022	(38,459)	(10,692)	(2,762)	–	(51,913)
Charge for the year	(6,751)	(6,330)	(1,441)	–	(14,522)
Disposal	–	868	178	–	1,046
At December 31, 2022	**(45,210)**	**(16,154)**	**(4,025)**	**–**	**(65,389)**
Charge for the year	**(5,685)**	**(6,598)**	**(1,555)**	**–**	**(13,838)**
Disposal	**–**	**2,757**	**442**	**–**	**3,199**
At December 31, 2023	**(50,895)**	**(19,995)**	**(5,138)**	**–**	**(76,028)**
Net carrying amount					
At December 31, 2023	**7,884**	**6,385**	**3,713**	**–**	**17,982**
At December 31, 2022	12,865	12,438	5,300	–	30,603

15 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expenses have been charged to the consolidated statement of profit or loss as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Research and development expenses	**5,385**	5,739
Cost of revenues	**2,781**	3,708
Selling and marketing expenses	**2,736**	2,558
Administrative expenses	**2,936**	2,517
Total	**13,838**	14,522

16 LEASES

(a) Items recognized in the consolidated statement of financial position

Right-of-use assets	**Office Buildings**	**Fitness Centers**	**Total**
	RMB'000	RMB'000	RMB'000
At January 1, 2022	86,158	12,755	98,913
Additions	30,460	1,294	31,754
Depreciation	(32,892)	(7,116)	(40,008)
At December 31, 2022	**83,726**	**6,933**	**90,659**
Additions	**7,347**	**2,357**	**9,704**
Depreciation	**(31,990)**	**(6,117)**	**(38,107)**
At December 31, 2023	**59,083**	**3,173**	**62,256**

16 LEASES (CONTINUED)

(a) Items recognized in the consolidated statement of financial position (Continued)

Lease liabilities	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**37,519**	46,973	**36,272**	44,554
More than one year, but not exceeding two years	**27,115**	34,873	**26,540**	33,923
More than two years, but not more than five years	**6,208**	25,871	**5,913**	25,146
	70,842	107,717	**68,725**	103,623
Less: Future finance charges	**(2,117)**	(4,094)	**N/A**	N/A
Present value of lease obligations	**68,725**	103,623	**68,725**	103,623
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(36,272)**	(44,554)
Amount due for settlement after 12 months			**32,453**	59,069

The weighted average incremental borrowing rate applied to the lease liabilities was 3.5% per annum during the year ended December 31, 2023 and 2022.

16 LEASES (CONTINUED)

(b) Items recognized in the consolidated statement of profit or loss:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Depreciation of right-of-use assets		
– Office buildings	**31,990**	32,892
– Fitness centers	**6,117**	7,116
Losses on lease modification	**788**	–
Losses on breach of lease contracts	**–**	297
Covid-19-related rent concessions from lessors	**(285)**	(840)
Interest expense (included in finance expenses) (Note 10)	**2,932**	4,657
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	**2,130**	3,914
Total	**43,672**	48,036

The Group leased few fitness centers which contain variable lease payment terms that are based on certain percentages of monthly sales generated from the fitness centers and minimum monthly lease payment terms whichever is higher. During the year ended December 31, 2023, the Group only paid for the minimum monthly lease payments and no variable lease payment was paid. The Group did not lease any fitness center which contain variable lease payment terms during the year ended December 31, 2022.

(c) Items recognized in the consolidated statement of cash flows

The total cash outflows in financing activities for the years ended December 31, 2023 and 2022 are as below:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Principal elements of lease payments	**45,105**	41,110
Related interest paid	**2,932**	4,657
Total	**48,037**	45,767

17 INTANGIBLE ASSETS

The detailed information of intangible assets for the years ended December 31, 2023 and 2022 is as below:

	Domain name RMB'000	Software RMB'000	Total RMB'000
Cost			
At January 1, 2022	6,943	5,628	12,571
Additions	–	2,911	2,911
Disposal	–	(1,716)	(1,716)
Currency translation differences	624	–	624
At December 31, 2022	**7,567**	**6,823**	**14,390**
Additions	**91**	**6,480**	**6,571**
Currency translation differences	**125**	**–**	**125**
At December 31, 2023	**7,783**	**13,303**	**21,086**
Accumulated amortization			
At January 1, 2022	(1,160)	(2,192)	(3,352)
Amortization for the year	(365)	(2,086)	(2,451)
Disposal	–	849	849
Currency translation differences	(120)	–	(120)
At December 31, 2022	**(1,645)**	**(3,429)**	**(5,074)**
Amortization for the year	**(421)**	**(4,001)**	**(4,422)**
Currency translation differences	**(29)**	**–**	**(29)**
At December 31, 2023	**(2,095)**	**(7,430)**	**(9,525)**
Net carrying amount			
At December 31, 2023	**5,688**	**5,873**	**11,561**
At December 31, 2022	5,922	3,394	9,316

17 INTANGIBLE ASSETS (CONTINUED)

Amortization expenses have been charged to the consolidated statement of profit or loss as follow:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Research and development expenses	**2,185**	1,149
Administrative expenses	**2,033**	778
Selling and marketing expenses	**204**	524
Total	**4,422**	2,451

18 OTHER NON-CURRENT ASSETS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Long-term royalty licenses, naming rights and sponsorship fees and other long-term service fees (Note)	**40,322**	41,782
Deposits on lease	**11,672**	13,437
Prepayments for intangible assets	**–**	3,544
Total	**51,994**	58,763

Note: As at December 31, 2023, the balance of long-term royalty licenses, naming rights and sponsorship fees mainly included RMB29,724,000 (2022: RMB38,012,000) of naming rights and sponsorship fees and RMB6,843,000 (2022: RMB3,770,000) of royalty licenses, of which the contract periods are more than one year. These royalty licenses, naming rights and sponsorship will be fully utilized in 2 to 10 years (2022: 2 to 5 years).

Other non-current assets are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**45,685**	55,453
USD	**6,309**	3,310
Total	**51,994**	58,763

19 FINANCIAL INSTRUMENTS BY CATEGORY

The detailed information of financial instruments by categories at December 31, 2023 and 2022 is as below:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Financial assets		
Financial assets measured at FVPL:		
– Wealth management products	**29,929**	139,864
– Investment in a private fund	**35,270**	–
– Investment in an unlisted entity	**13,519**	15,000
Financial assets measured at amortized costs:		
– Accounts receivables	**228,279**	251,676
– Receivable from short-term rental and other deposits (included in prepayments and other current assets)	**6,248**	5,564
– Deposits on lease (included in other non-current assets)	**11,672**	13,437
– Short-term time deposits	**88,960**	68,740
– Cash and cash equivalents	**1,612,769**	1,672,217
Total	**2,026,646**	2,166,498

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Financial liabilities		
Financial liabilities measured at FVPL:		
– Preferred Shares	**–**	9,401,472
Financial liabilities measured at amortized cost:		
– Accounts payables	**157,417**	154,095
– Accrued expenses (excluding accrued payroll related expenses)	**90,639**	108,454
– Other current liabilities (excluding tax payables)	**26,639**	32,815
– Borrowings	**10,009**	74,524
– Lease liabilities	**68,725**	103,623
Total	**353,429**	9,874,983

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20 FINANCIAL ASSETS AT FVPL

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Current assets		
– Wealth management products (Note a)	**29,929**	139,864
– Investment in a private fund (Note a)	**35,270**	–
	65,199	139,864
Non-current assets		
– Investment in an unlisted entity (Note b)	**13,519**	15,000
	13,519	15,000
Total	**78,718**	154,864

Note a: Investments in wealth management products and private fund were mainly the investment products purchased from international financial institutions. The returns on all of these products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at FVPL. The company classified current and non-current assets based on the expiration date or lockup period of the products.

Note b: During the year ended December 31, 2022, the Group acquired certain ordinary shares with preferential rights of an unlisted entity representing 15% equity interest, for consideration of RMB15,000,000. The Group has the right to require and demand the investee to redeem all of the shares held by the Group upon redemption events which are out of control of issuers. The investment is measured at FVPL. The company has no plans to sell investment in one year, and it is classified as non-current assets.

Movements in financial assets at FVPL are as below:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**154,864**	255,949
Additions	**88,335**	380,201
Disposal	**(163,189)**	(487,827)
Change in FVPL (Note 8)	**57**	1,164
Currency translation differences	**(1,349)**	5,377
At the end of the year	**78,718**	154,864

20 FINANCIAL ASSETS AT FVPL (CONTINUED)

Movements in financial assets at FVPL in level 3 are as below:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**15,000**	–
Additions	**36,940**	15,000
Change in FVPL	**(2,700)**	–
Currency translation differences	**(451)**	–
At the end of the year	**48,789**	15,000

21 ACCOUNTS RECEIVABLES

The detailed information of accounts receivables is as below:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Accounts receivables	**257,701**	258,576
Less: credit loss allowances	**(29,422)**	(6,900)
Total	**228,279**	251,676

The Group generally allows a credit period of three months to its customers. Aging analysis of accounts receivables based on recognition date is as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Up to 3 months	**152,530**	135,423
3 to 6 months	**35,947**	48,144
6 to 9 months	**9,149**	21,137
9 months to 1 year	**3,967**	11,466
Over 1 year	**56,108**	42,406
Total	**257,701**	258,576

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value and were denominated in RMB.

Information about the impairment of accounts receivables and the Group's exposure to credit risk can be found in Note 3.1.

21 ACCOUNTS RECEIVABLES (CONTINUED)

Movements on the Group's allowance for credit loss of accounts receivables are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**(6,900)**	(2,291)
Provision of credit loss allowance	**(22,522)**	(7,293)
Receivables written off as uncollectable	**–**	2,684
At the end of the year	**(29,422)**	(6,900)

22 PREPAYMENTS AND OTHER CURRENT ASSETS

The detailed information of prepayments and other current assets is as below:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Deductible VAT	**106,701**	69,849
Prepayments for products procurement	**19,994**	3,178
Prepayments for promotion fees	**10,731**	7,481
Royalty licenses	**6,131**	9,827
Deferred payment channel fees (Note)	**7,312**	6,870
Short-term rental and other deposits	**6,248**	5,564
Software license fees	**1,898**	3,916
Prepayments for listing expenses	**–**	5,597
Others	**15,827**	16,684
Total	**174,842**	128,966

Note: The Group amortized the deferred payment channel fees during the membership period which is usually up to one year.

The Group applies the IFRS 9 to measuring ECL for other receivables included in prepayments and other current assets. For detailed information about the methods, refer to Note 3.1.

Prepayments and other current assets are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**163,444**	123,136
USD	**11,398**	5,830
Total	**174,842**	128,966

23 INVENTORIES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Raw materials	**521**	716
Components	**7,645**	12,563
Finished goods	**119,580**	168,695
	127,746	181,974
Less: provision for impairment (Note)	**(6,366)**	(14,237)
Total	**121,380**	167,737

Note: Provision for impairment was recognized for the amount by which the carrying amount of the inventories exceeds its net realizable value and was recorded in cost of revenues in the consolidated statement of profit or loss.

Provision for impairment movements for the years ended December 31, 2023 and 2022 are as below:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**(14,237)**	(8,011)
Provision for impairment	**(3,930)**	(6,226)
Written off of provision for impairment	**11,801**	–
At the end of the year	**(6,366)**	(14,237)

Inventories recognized as cost of revenues during the years ended December 31, 2023 and 2022 amounted to RMB854,281,000 and RMB954,245,000, respectively.

24 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash at bank and in hand	**1,528,558**	1,426,480
Time deposits with initial terms within three months	**75,289**	232,203
Cash held at third party payment platforms	**8,922**	13,534
Total	**1,612,769**	1,672,217

Cash and cash equivalents are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**1,012,901**	1,357,777
USD	**561,853**	314,162
Hong Kong dollar ("HKD")	**37,942**	–
Singapore dollar ("SGD")	**73**	278
Total	**1,612,769**	1,672,217

(b) Short-term time deposits

Short-term time deposits are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
USD	**72,208**	43,217
RMB	**16,206**	25,523
SGD	**546**	–
Total	**88,960**	68,740

The short-term time deposits consist of RMB86,871,000 (2022: RMB68,333,000) in principal and RMB2,089,000 (2022: RMB407,000) in interest receivables as at December 31, 2023.

As at December 31, 2023, no short-term time deposit is pledged to the bank borrowings of the Group.

24 CASH AND BANK BALANCES (CONTINUED)

(b) Short-term time deposits (Continued)

As at December 31, 2022, the short-term time deposit of RMB68,333,000 are pledged to the bank borrowings of the Group as set out in Note 33.

As at December 31, 2023, cash and bank balances of the Group denominated in RMB amounting to RMB1,012,750,000 (2022: RMB1,357,475,000) were deposited in PRC. The RMB is not freely convertible in the PRC into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposits rates. The bank balances, time deposits and short-term time deposits are deposited with creditworthy banks with no recent history of default.

Cash and cash equivalents and short-term time deposits of the Group carry interest at market rates per annum as follows:

	As at December 31,	
	2023	2022
Cash and cash equivalents	**0.05% – 5.99%**	0.05% – 4.63%
Short-term time deposits	**2.15% – 6.00%**	1.50% – 3.40%

25 SHARE CAPITAL

Authorised	**Number of ordinary shares** '000	**Nominal value of ordinary shares** USD'000
Ordinary share of USD0.00005 each		
At December 31, 2021 and 2022	**684,165**	**34**
Conversion of Preferred Shares to ordinary shares (Note)	**315,835**	**16**
At December 31, 2023	**1,000,000**	**50**

25 SHARE CAPITAL (CONTINUED)

Issued	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
	’000	USD’000	RMB’000
As at January 1, 2022	153,793	8	47
Issuance of ordinary shares	45,205	2	14
At December 31, 2022	**198,998**	**10**	**61**
Issuance of ordinary shares relating to initial public offering (Note)	**10,839**	**1**	**4**
Conversion of Preferred Shares to ordinary shares (Note)	**315,835**	**16**	**103**
At December 31, 2023	**525,672**	**27**	**168**

Note:

In July 2023, the Company completed its IPO of 10,838,600 shares at HK$28.92 per share on the Main Board of the Stock Exchange.

The issuance of ordinary shares relating to IPO, net of sponsor fee and other issuance costs amounting to RMB270.9 million, led to an increase of share capital and capital reserve by RMB4 thousand and RMB272.4 million, respectively.

Upon the Listing Date, the Preferred Shares were automatically converted into ordinary shares and were reclassified from liabilities to equity, which led to an increase of share capital and capital reserve by RMB103 thousand and RMB8,372.5 million, respectively. Key terms of the Preferred Shares have been set out in Note 34.

26 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	As at December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	13	**4,541,802**	4,488,868
Intangible assets		**5,471**	5,749
		4,547,273	4,494,617
Current assets			
Prepayments and other current assets		**–**	5,830
Financial assets at FVPL		**29,929**	139,864
Short-term time deposits		**72,208**	–
Cash and cash equivalents		**409,493**	74,760
		511,630	220,454
Total assets		**5,058,903**	4,715,071
EQUITY/(DEFICIT IN EQUITY) AND LIABILITIES			
Equity/(Deficit in equity) attributable to owners of the Company			
Share capital		**168**	61
Other reserves	26(b)	**8,391,469**	48,523
Accumulated losses		**(3,345,688)**	(4,755,032)
Total equity/(deficit in equity)		**5,045,949**	(4,706,448)
LIABILITIES			
Non-current liabilities			
Preferred Shares		**–**	9,401,472
		–	9,401,472
Current liabilities			
Accrued expenses		**9,453**	16,426
Other current liabilities		**3,501**	3,621
		12,954	20,047
Total liabilities		**12,954**	9,421,519
Total equity/(deficit in equity) and liabilities		**5,058,903**	4,715,071

Approved by the Board of Directors on March 28, 2024 and were signed on its behalf by:

Mr. Wang Ning
Director

Mr. Peng Wei
Director

26 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserves movement of the Company

	Treasury stock RMB'000	Capital reserve RMB'000	Share-based compensation (Note 29) RMB'000	Currency translation differences RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2022	(5)	2,923	197,612	237,099	628	438,257
Issuance of ordinary shares	(14)	–	–	–	–	(14)
Share-based compensation	–	–	102,613	–	–	102,613
Currency translation differences	–	–	–	(445,603)	–	(445,603)
Fair value change on Preferred Shares due to own credit risk	–	–	–	–	(46,730)	(46,730)
As at December 31, 2022	**(19)**	**2,923**	**300,225**	**(208,504)**	**(46,102)**	**48,523**
Issuance of ordinary shares relating to initial public offering (Note 25)	**–**	**272,436**	**–**	**–**	**–**	**272,436**
Conversion of Preferred Shares to ordinary shares (Note 25)	**–**	**8,372,484**	**–**	**–**	**–**	**8,372,484**
Share-based compensation	**–**	**–**	**30,935**	**–**	**–**	**30,935**
Currency translation differences	**–**	**–**	**–**	**(194,902)**	**–**	**(194,902)**
Fair value change on Preferred Shares due to own credit risk	**–**	**–**	**–**	**–**	**(138,007)**	**(138,007)**
As at December 31, 2023	**(19)**	**8,647,843**	**331,160**	**(403,406)**	**(184,109)**	**8,391,469**

27 OTHER RESERVES

The following table shows a breakdown of the consolidated statement of financial position line item "other reserves" and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Treasury stock (Note a) RMB'000	Capital Reserve (Note b) RMB'000	Share-based compensation (Note 29) RMB'000	Currency translation differences (Note c) RMB'000	Others (Note d) RMB'000	Total RMB'000
As at January 1, 2022	(5)	29,584	197,612	327,323	628	555,142
Issuance of ordinary shares	(14)	–	–	–	–	(14)
Share-based compensation	–	–	102,613	–	–	102,613
Currency translation differences	–	–	–	(700,844)	–	(700,844)
Fair value change on Preferred Shares due to own credit risk	–	–	–	–	(46,730)	(46,730)
As at December 31, 2022	**(19)**	**29,584**	**300,225**	**(373,521)**	**(46,102)**	**(89,833)**
Issuance of ordinary shares relating to initial public offering	**–**	**272,436**	**–**	**–**	**–**	**272,436**
Conversion of Preferred Shares to ordinary shares	**–**	**8,372,484**	**–**	**–**	**–**	**8,372,484**
Share-based compensation	**–**	**–**	**30,935**	**–**	**–**	**30,935**
Currency translation differences	**–**	**–**	**–**	**(260,551)**	**–**	**(260,551)**
Fair value change on Preferred Shares due to own credit risk	**–**	**–**	**–**	**–**	**(138,007)**	**(138,007)**
As at December 31, 2023	**(19)**	**8,674,504**	**331,160**	**(634,072)**	**(184,109)**	**8,187,464**

Note a: In June 2021, the Company issued and allotted 14,440,000 ordinary shares to Calorie Fortune Limited controlled by the Company and 990,000 ordinary shares to Bulldog Group Limited controlled by one founder at the par value of USD0.00005 each. With respect to the 14,440,000 ordinary shares issued to Calorie Fortune Limited, the Company has the power to direct the grant of awards associated with these shares, has exposure or rights to variable returns from its involvement with the award scheme, and has the ability to use its power over the award scheme to affect the amount of the Company's return.

On March 31, 2022, the Company issued 45,205,300 ordinary shares to Calorie Partner Limited, which are reserved for satisfying awards granted or to be granted to participants of the Company's employee share award scheme who are not close associates of the Company. Calorie Partner Limited is a trust company that is wholly-owned by a trust in which the Company is the settlor, Futu Trustee Limited acts as the trustee, and the beneficiaries are participants of the Company's share option plans who are not close associates of the Company. As trustee, Futu Trustee Limited exercises the voting and other rights attached to the shares as instructed by an advisory committee established by the Company.

Therefore, the 60,635,300 ordinary shares were regarded as treasury shares and presented as a deduction in equity as "Other reserves".

27 OTHER RESERVES (CONTINUED)

Note b: Capital reserve mainly represent the share premium of the Company. Under the Companies Law of the Cayman Islands, where a company issue shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on their shares shall be transferred to share premium account. The application of the share premium account is governed by the Companies Law of the Cayman Islands. Share premium of the Company is distributable to shareholders subject to the provisions of the Company's Memorandum and Articles of Association and provided that immediately following the distribution the Company is able to pay its debts as they fall due in the ordinary course of business.

Note c: Currency translation difference represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the reporting currency of RMB for the financial statements of the Company and the Group.

Note d: Other represents the accumulated effect of the component of fair value changes of Preferred Shares relating to the Company's own credit risk that recognized in the OCI.

28 DIVIDENDS

No dividends have been paid or declared by the Company during each of the years ended December 31, 2023 and 2022.

29 SHARE-BASED COMPENSATION

In January 2016, the board of the directors of the Company approved the establishment of 2016 Employee's share option plan (the "2016 ESOP") with the purpose of providing incentives and rewards to its management, employees and non-employees. The maximum number of ordinary shares available for issuance pursuant to the 2016 ESOP shall be 35,536,640 ordinary shares (after share split).

In March 2021, the Company approved the establishment of a 2021 Employee's share option plan (the "2021 ESOP") with the purpose of providing incentives and rewards to its management, employees and non-employees. The maximum number of ordinary shares available for issuance pursuant to the 2021 ESOP shall be 25,108,660 ordinary shares (after share split).

On June 12, 2023, the board of the directors of the Company approved the Post-IPO Share Incentive Plan (the "2023 Plan"), which was effective upon the Listing Date. Under the Scheme Mandate Limit of the 2023 Plan, the maximum number of ordinary shares available for grant under the 2023 Plan is 52,567,199. Shares issued and underlying ungranted awards under the Pre-IPO Share Incentive Plans (the 2016 ESOP and the 2021 ESOP) will be used to fund share options and share awards granted under the 2023 Plan and will be counted towards the total scheme limit of the 2023 Plan.

29 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options

With respect to the service conditions, there are 8 types of vesting schedule, which are:

- Type (i) 25% of the total granted share options shall become vested on each anniversary of the vesting commencement date for 4 years thereafter;
- Type (ii) 50% of the share options shall become vested on the second anniversary of the vesting commencement date and 25% of the total granted share options are vested on the third and fourth anniversary of the vesting commencement date;
- Type (iii) 50% of the total granted share options shall become vested on each anniversary of the vesting commencement date for 2 years thereafter;
- Type (iv) 75% of the total granted share options shall become vested on the first anniversary of the vesting commencement date and 25% of the total granted share options shall become vested on the second anniversary of the vesting commencement date;
- Type (v) 33% of the total granted share options shall become vested on each anniversary of the vesting commencement date for 3 years thereafter;
- Type (vi) 100% of the total granted share options shall become vested on the vesting commencement date;
- Type (vii) 100% of the total granted share options shall become vested on the third anniversary of the vesting commencement date;
- Type (viii) 100% of the total granted share options shall become vested on the first anniversary of the vesting commencement date;

Certain types of share options are exercisable at any time after the qualified initial public offering (“QIPO”), provided these types of options have vested. The QIPO means a fully underwritten initial public offering by the Company acceptable to the board of directors, with a minimum pre-offering Company valuation and aggregate IPO proceeds to the Company agreed among the shareholders pursuant to the Company’s memorandum of association. The options are exercisable for a maximum period of 10 years after the date of grant.

29 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options (Continued)

Movements in the number of share options granted and their related weighted average exercise prices (taking into account the effect of share split as described above) are as follows (all share options are presented as after share split):

	Number of share options	Weighted average exercise price per share option (USD)
Outstanding as at January 1, 2023	**40,154,825**	**1.29**
Granted during the year	**290,000**	**2.96**
Forfeited during the year	**(2,848,750)**	**2.58**
Outstanding as at December 31, 2023	**37,596,075**	**1.21**
Exercisable as at December 31, 2023	**31,638,225**	**1.05**
Outstanding as at January 1, 2022	38,612,500	1.21
Granted during the year	4,707,500	2.65
Forfeited during the year	(3,165,175)	2.30
Outstanding as at December 31, 2022	40,154,825	1.29
Exercisable as at December 31, 2022	10,050,000	0.19

The weighted-average remaining contract life for outstanding share options was 5.16 years and 6.32 years as at December 31, 2023 and 2022, respectively.

The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares before initial public offering. Key assumptions, such as projections of future performance, are determined by the Group with best estimate.

29 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options (Continued)

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

	Year ended December 31,	
	2023	2022
Fair value per share (USD)	**3.69~3.87**	3.78~4.09
Risk-free interest rates	**3.39%**	2.32%~3.84%
Dividend yield	**0%**	0%
Expected volatility	**55.2%**	53.2%~54.3%
Expected terms	**10 years**	10 years

The weighted-average fair value of granted share options was USD2.17 (2022: USD2.37) per share for the year ended December 31, 2023.

(b) RSUs

During the year ended December 31, 2023, the Company granted a total of 337,200 RSUs to grantees in accordance with the terms of the 2023 Plan, subject to acceptance by the grantees. For RSUs, the total amount to be expensed is determined by reference to the fair value of the Company's shares at the grant date.

The vesting schedules of the RSUs are:

- Type (i) 50% of the RSUs shall become vested on the second anniversary of the vesting commencement date and 25% of the total granted RSUs are vested on the third and fourth anniversary of the vesting commencement date.

- Type (ii) 100% of the RSUs shall become vested on the first anniversary of the vesting commencement date.

The movement of the RSUs during the year ended December 31, 2023 was as follow:

	Number of RSUs	**Weighted average grant date fair value (HKD)**
Unvested as at January 1, 2023	**–**	**–**
Granted during the year	**337,200**	**29.30**
Forfeited during the year	**(48,700)**	**29.30**
Unvested as at December 31, 2023	**288,500**	**29.30**

29 SHARE-BASED COMPENSATION (CONTINUED)

(c) Share-based compensation expenses

The share-based compensation expenses have been charged to the consolidated statement of profit or loss for the years ended December 31, 2023 and 2022 as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Administrative expenses	**22,233**	68,230
Research and development expenses	**3,224**	21,279
Selling and marketing expenses	**2,896**	11,091
Cost of revenues	**1,536**	1,691
Fulfillment expenses	**1,046**	322
Total	**30,935**	102,613

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Share-based compensation expenses		
– Related to share options	**30,281**	102,613
– Related to RSUs	**654**	–
Total	**30,935**	102,613

30 ACCOUNTS PAYABLES

Accounts payables and their aging analysis based on invoice date are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Up to 3 months	**157,417**	154,095

Accounts payables are unsecured and are generally paid within three months of invoice date.

The carrying amounts of accounts payables are considered to be the same as their fair values, due to their short-term nature, and are substantially denominated in RMB.

31 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The breakdown of accrued expenses and other current liabilities are as follows:

(a) Accrued expenses

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Accrued payroll related expenses	**86,716**	136,083
Accrued promotion fees	**49,272**	46,969
Accrued transportation fees	**21,113**	33,132
Accrued professional service fees and unpaid issuance cost	**14,518**	21,913
Accrued office facilities fees	**3,160**	3,224
Others	**2,576**	3,216
Total	**177,355**	244,537

Accrued expenses are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**167,906**	228,111
USD	**9,449**	16,426
Total	**177,355**	244,537

31 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES (CONTINUED)

(b) Other current liabilities

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Tax payables	**31,199**	32,486
Deposits	**4,505**	11,643
Payable to joint strategic partners	**6,042**	7,467
Others	**16,092**	13,705
Total	**57,838**	65,301

Other current liabilities are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**57,676**	65,196
USD	**162**	105
Total	**57,838**	65,301

32 CONTRACT LIABILITIES

The breakdown of contract liabilities are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Contract liabilities from online membership and paid content service	**81,507**	72,933
Contract liabilities from advertising and others service	**6,757**	6,922
Contract liabilities from self-branded fitness products sales	**5,016**	4,249
Total	**93,280**	84,104

The above-mentioned contract liabilities represented the contract liabilities in connection with the advances for the purchase of self-branded fitness products and advanced cash receipt for services including online membership and paid content customers and advertising and others. Revenue recognized from the contract liabilities balance as at January 1, 2023 and 2022 in each year of 2023 and 2022 was RMB84,104,000 and RMB86,959,000, respectively.

All the contract liabilities are expected to be recognized as revenue within one year.

33 BORROWINGS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Bank borrowings – secured	**–**	61,521
Bank borrowings – unsecured	**10,009**	13,003
Total	**10,009**	74,524

The term of bank borrowings as of December 31, 2023 and 2022 are within one year. The weighted average interest rate for the outstanding borrowings, as at December 31, 2023 and 2022 was 2.9% and 3.3%, respectively.

All the bank borrowings are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

As at December 31, 2023, the unsecured bank borrowing of RMB10,009,000 was guaranteed by a subsidiary.

As at December 31, 2022, the secured bank borrowings of RMB61,521,000 were secured by deposits of RMB68,333,000 which included in short-term time deposits.

The carrying amounts of the Group's borrowings are denominated in RMB.

The directors estimate that the carrying amounts of the Group's borrowings are not materially different from their fair value at December 31, 2023.

34 CONVERTIBLE REDEEMABLE PREFERRED SHARES

Since the date of incorporation, the Company has completed several rounds of financing by issuing Preferred Shares to investors, namely, series A Preferred Shares, series B Preferred Shares, series C Preferred Shares, series C-1 Preferred Shares, series D Preferred Shares, series E Preferred Shares, series F Preferred Shares and series F-1 Preferred Shares.

The details of the issuance and repurchase are set out in the table below (after taking into consideration of share split and share repurchase):

	Date of Issuance/ Repurchase	Purchase/ (Repurchase) Price (USD/Share)	Number of Shares	Total consideration	
				USD'000	RMB'000
Series A Preferred Shares	June 8, 2015	USD0.13	40,000,000	5,000	30,603
Series B Preferred Shares	September 21, 2015	USD0.28	35,293,880	9,988	63,532
Series C Preferred Shares	April 20, 2016	USD0.62	51,926,960	31,987	206,569
Series C-1 Preferred Shares	June 29, 2016	USD0.70	14,946,080	10,522	69,786
Series D Preferred Shares	July 5, 2018	USD2.06	39,873,000	82,019	542,800
Series E Preferred Shares	December 13, 2019 and April 14, 2020	USD2.42	34,497,140	83,345	583,374
Series E Preferred Shares – repurchase	March 4, 2021	(USD4.10)	(827,760)	(3,392)	(21,967)
Series F Preferred Shares	December 11, 2020	USD4.10	86,628,120	355,002	2,321,891
Series F-1 Preferred Shares	December 3, 2021	USD5.19	13,497,767	70,000	446,166
			315,835,187	644,471	4,242,754

The key terms of the Preferred Shares pursuant to the Company's memorandum of association at December 3, 2021 are summarized as follows:

(a) Dividends rights

Holders of Preferred Shares of later series have preference to receive any declaration or payment of any cash or non-cash dividends in the following sequence: series F-1 Preferred Shares, series F Preferred Shares, series E Preferred Shares, series D Preferred Shares, series C-1 Preferred Shares, series C Preferred Shares, series B Preferred Shares, series A Preferred Shares and ordinary shares, cumulative dividends at a simple rate of ten percent (10%) per annum of the original issue price of such Preferred Shares on each such Preferred Share held by such holder, payable when, as and if declared by the board.

34 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

(b) Conversion feature

All of the Preferred Shares are convertible, at the option of the holders at any time after the original issue date of the relevant series of Preferred Shares into such number of fully paid ordinary shares. The Series A, B, C, C-1, F and F-1 Preferred Shares shall automatically be converted into ordinary shares at the then effective conversion price upon the closing of a QIPO or upon the written consent of the holders of two-thirds (Series C & C-1 voting together as a single class and to the exclusion of other classes and series of Shares; Series F & F-1 voting together as a single class and to the exclusion of other classes and series of Shares). The Series D and E Preferred Shares shall automatically be converted into ordinary shares at the then effective conversion price upon the closing of a QIPO or upon the written consent of the holders of 51%.

The conversion ratio for each Preferred Share shall be determined by dividing the issue price by the then conversion price, in effect at the time of the conversion. The initial conversion price of each series of Preferred Share shall be its respective subscription price and shall be subject to adjustment in the event of the issuance of additional ordinary shares at a per share price less than the conversion price.

(c) Redemption feature

Upon the occurrence of any redemption event as described below, the Company shall, at the written request of any holder of the Preferred Shares, redeem all or any of the issued and outstanding Preferred Shares held and as elected by such holder of the Preferred Shares.

"Redemption Event" means the occurrence of any of the followings events: (i) If the Company has not consummated a qualified public offering at the 5th anniversary of the issuance date of series F-1 Preferred Shares; or (ii) The occurrence of any material breach or violation by the Company or any holder of the ordinary shares; or (iii) The occurrence of a change in the regulatory environment pursuant to which the Company can no longer conduct their respective businesses under the control documents and the existing variable interest entity structure.

The series A Preferred Shares' redemption price shall be equal to the issue price compounded with an interest rate of 10% per annum plus all declared but unpaid dividends thereon up to the date of redemption. The series B, C and C-1 Preferred Shares' redemption price shall be equal to 130%, 150% and 150% of the respective Preferred Shares' issue price plus all declared but unpaid dividends thereon up to the date of redemption. The series D, E, F and F-1 Preferred Shares' redemption price shall be equal to the issue price compounded with an interest rate of 8% per annum plus all declared but unpaid dividends thereon up to the date of redemption.

34 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

(d) Liquidation preferences

Upon the occurrence of any liquidation event, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution shall be distributed to the shareholders in the following order and manner:

Holders of Preferred Shares of later series have preference to the distribution of assets or funds over holders of Preferred Shares of earlier series and holders of ordinary shares, in the following sequence: series F-1 Preferred Shares, series F Preferred Shares, series E Preferred Shares, series D Preferred Shares, series C-1 Preferred Shares, series C Preferred Shares, series B Preferred Shares, series A Preferred Shares and ordinary shares. The amount of liquidation will be equal to 120% of the issuance price plus all accrued or declared but unpaid dividends.

Liquidation events include a liquidation, winding-up or dissolution of the Company, or a merger, acquisition or sale of voting control of the Company in which its shareholders do not retain a majority of the voting power in the surviving entity, a sale of all or substantially all of the Company's assets or the exclusive licensing of substantially all of the Company's intellectual property, including without limitation.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at FVPL with the changes in the fair value recorded in the consolidated statement of profit or loss.

In March 2021, the Company entered into share repurchase agreement with one selling shareholder in connection with the sale and repurchase of 827,760 issued and outstanding series E preferred shares (after share split) held by the selling shareholder at an aggregate repurchase price of RMB22 million, which was fully paid as at December 31, 2022. The difference between the fair value and repurchase consideration amount was recorded in fair value changes of Preferred Shares in the consolidated statement of profit or loss.

34 CONVERTIBLE REDEEMABLE PREFERRED SHARES (CONTINUED)

The movements of the Preferred Shares are set out as below:

	RMB'000
At January 1, 2023	**9,401,472**
Change in fair value	**(1,432,261)**
Change in fair value due to own credit risk	**138,007**
Currency translation differences	**265,369**
Transfer to ordinary shares	**(8,372,587)**
At December 31, 2023	**–**
At January 1, 2022	9,201,503
Change in fair value	(664,969)
Change in fair value due to own credit risk	46,730
Currency translation differences	818,208
At December 31, 2022	9,401,472

On July 12, 2023, the Company completed its initial public offering on the Main Board of the Stock Exchange. Upon listing, all the Preferred Shares were automatically converted into ordinary shares and were reclassified from liabilities to equity accordingly. The fair value of each of Preferred Shares is equal to the fair value of each of ordinary shares on the conversion date, which is the offer price in the Listing.

The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the Preferred Shares. Key assumptions are set in Note 3.3.

Changes in fair value of Preferred Shares were recorded in fair value changes of Preferred Shares in the consolidated statement of profit or loss and OCI, and the fair value changes in the Preferred Shares that are attributable to changes of credit risk of this liability are recorded in OCI.

35 CASH FLOW INFORMATION

(a) Cash used in operations

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Profit/(Loss) before income tax	**1,105,908**	(103,548)
Adjustments for:		
Adjustments to reconcile net profit/(loss) to net cash used in operating activities:		
Depreciation of property and equipment	**13,838**	14,522
Share-based compensation expenses	**30,935**	102,613
Amortization of intangible assets	**4,422**	2,451
Depreciation of right-of-use assets	**38,107**	40,008
Net fair value (gains)/losses on financial assets or liabilities at FVPL	**(57)**	66,107
Foreign exchange gains on short-term time deposits	**(9)**	(11,295)
Provision for impairment of inventories	**3,930**	6,226
Net losses on disposal of property and equipment	**1,231**	65
Losses on lease modification	**788**	–
Credit loss allowances on accounts receivables	**22,522**	7,293
Fair value changes of Preferred Shares	**(1,432,261)**	(664,969)
Finance income, net	**(49,232)**	(20,223)
Covid-19-related rent concessions from lessors	**(285)**	(840)
Operating loss before working capital changes	**(260,163)**	(561,590)
Decrease in accounts receivables	**875**	51,399
Increase in prepayments and other current assets	**(47,364)**	(38,621)
Decrease in inventories	**42,427**	24,800
Decrease in other non-current assets	**3,225**	1,283
Increase in accounts payables	**3,322**	13,088
(Decrease)/increase in accrued expenses and other current liabilities	**(70,232)**	57,516
Increase/(decrease) in contract liabilities	**9,176**	(2,855)
Cash used in operations	**(318,734)**	(454,980)

35 CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities generated from financing activities

	Liabilities from financing activities			
	Preferred Shares RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Total RMB'000
Liabilities from financing activities as at January 1, 2023	**9,401,472**	**103,623**	**74,524**	**9,579,619**
Cash flows	**–**	**(48,037)**	**(66,048)**	**(114,085)**
Fair value changes of Preferred Shares	**(1,432,261)**	**–**	**–**	**(1,432,261)**
Interest expenses	**–**	**2,932**	**1,533**	**4,465**
Fair value change on Preferred Shares due to own credit risk	**138,007**	**–**	**–**	**138,007**
Conversion of Preferred Shares to ordinary shares	**(8,372,587)**	**–**	**–**	**(8,372,587)**
Currency translation differences	**265,369**	**–**	**–**	**265,369**
Covid-19-related rent concessions from lessors	**–**	**(285)**	**–**	**(285)**
Leases adjustments, net of additions and modification	**–**	**10,492**	**–**	**10,492**
Liabilities from financing activities as at December 31, 2023	**–**	**68,725**	**10,009**	**78,734**

	Liabilities from financing activities			
	Preferred Shares RMB'000	Lease liabilities RMB'000	Borrowings RMB'000	Total RMB'000
Liabilities from financing activities as at January 1, 2022	9,201,503	113,819	87,584	9,402,906
Cash flows	(2,229)	(45,767)	(15,308)	(63,304)
Fair value changes of Preferred Shares	(664,969)	–	–	(664,969)
Interest expenses	–	4,657	2,248	6,905
Fair value change on Preferred Shares due to own credit risk	46,730	–	–	46,730
Payables to repurchase Preferred Shares	2,229	–	–	2,229
Currency translation differences	818,208	–	–	818,208
Covid-19-related rent concessions from lessors	–	(840)	–	(840)
Leases adjustments, net of additions and breach contract	–	31,754	–	31,754
Liabilities from financing activities as at December 31, 2022	9,401,472	103,623	74,524	9,579,619

36 COMMITMENTS

The Group did not have any material commitments as at December 31, 2023 and 2022.

37 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years ended December 31, 2023 and 2022. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Key management personnel compensation

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages and salaries	**6,531**	6,349
Bonuses	**1,576**	2,152
Share-based compensation expenses	**16,737**	37,831
Retirement benefit-defined contribution plans	**264**	215
Other social security costs, housing benefits and other employee benefits	**357**	319
Total	**25,465**	46,866

The key management personnel compensation is determined by the directors of the Company having regard to the performance of individual and marker trends.

As at December 31, 2023, included in accrued payroll related expenses was an amount of RMB2,175,000 (2022: RMB2,745,000) being accrued wages, salaries and bonuses, retirement benefit and other social security costs, housing benefits and other employee benefits in relation to key management personnel which is unsecured, interest-free and settled in cash.

38 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after December 31, 2023.

39 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The change included reclassification of other non-current assets to financial assets at FVPL.

Definitions

In this annual report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"2016 Plan"	the Amended and Restated 2016 Employee's Stock Option Plan adopted in June 2021
"2021 Plan"	the Amended and Restated 2021 Employee's Stock Option Plan adopted in June 2021
"2023 Plan" or "Post-IPO Share Incentive Plan"	the post-IPO share incentive plan adopted by our Company immediately before the Listing
"5Y Capital"	collectively, Morningside China TMT Fund IV, L.P., Morningside China TMT Fund IV Co-Investment, L.P., Morningside China TMT Special Opportunity Fund II, L.P., Evolution Special Opportunity Fund I, L.P., and Evolution Fund I Co-investment, L.P., each of which is one of the Pre-IPO Investors of our Company
"AGM"	the annual general meeting of the Company
"Articles of Association"	the articles of association of our Company conditionally adopted on June 12, 2023 with effect from the Listing Date
"Audit Committee"	the audit committee of the Company
"Auditor"	RSM Hong Kong, the auditor of the Company
"Board" or "the Board of Directors"	the board of Directors
"Board Committee(s)"	the Audit Committee, the Remuneration Committee and the Nomination Committee
"Calorie Technology" or "Onshore Holdco"	Beijing Calorie Technology Co., Ltd. (北京卡路里科技有限公司), a limited liability company established under the laws of the People's Republic of China on September 26, 2014 and a Consolidated Affiliated Entity
"Company", "our Company", "the Company", "we", "us", "our", or "Keep"	Keep Inc., an exempted company with limited liability incorporated in the Cayman Islands on April 21, 2015, its subsidiaries and its Consolidated Affiliated Entities
"Consolidated Affiliated Entities"	Calorie Technology and its subsidiaries and affiliated entities
"Contractual Arrangement(s)"	the series of contractual arrangements entered into between, among others, the WFOE, the Onshore Holdco and the Registered Shareholders

"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"COVID-19"	the Coronavirus Disease 2019
"Director(s)"	the director(s) of our Company
"GGV Capital"	collectively, GGV Capital Select L.P., GGV Capital V L.P., GGV Capital V Entrepreneurs Fund L.P. and GGV VII Investments Pte. Ltd., each of which is one of the Pre-IPO Investors of our Company
"Global Offering"	the global offering of the Company
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the contractual arrangements) from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entities, such subsidiaries and Consolidated Affiliated Entities as if they were subsidiaries and Consolidated Affiliated Entities of our Company at the relevant time
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK\$", "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"JenCap"	collectively, JenCap Squad and JenCap Squad I L.P., each of which is one of the Pre-IPO Investors of our Company
"Latest Practicable Date"	April 15, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	the date, Wednesday, July 12, 2023, on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

Definitions

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"PRC"	the People's Republic of China
"Pre-IPO Investor(s)"	the pre-IPO investors of our Company
"Pre-IPO Share Incentive Plans"	collectively, the 2016 Plan and the 2021 Plan
"Prospectus"	the prospectus of the Company, dated June 30, 2023, in relation to its Global Offering
"Registered Shareholders"	the registered shareholders of the Onshore Holdco from time to time; the current registered shareholders are identified in "Contractual Arrangements"
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the People's Republic of China
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the shares in the share capital of our Company with a par value of US$0.00005 each, as the context so requires
"Shareholder(s)"	holder(s) of our Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"WFOE"	Beijing Calorie Information Technology Co., Ltd. (北京卡路里信息技術有限公司), a limited liability company established under the laws of the PRC on July 7, 2015 and a wholly-owned subsidiary of our Company
"%"	percentage

Reference is made to the Prospectus. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Prospectus.

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