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Keep Inc.

(A company incorporated in the Cayman Islands with limited liability)

(Stock Code: 3650)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

INTERIM RESULTS HIGHLIGHTS

	Six months ended June 30,		Year-on-year change (%)
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenues	1,037,343	984,656	5.4
Gross profit	477,322	423,671	12.7
Gross profit margin (%)	46.0	43.0	3.0 p.p
(Loss)/profit for the period	(163,353)	1,195,124	N/M ⁽¹⁾
Adjusted net loss for the period (Non-IFRS measure) ⁽²⁾	(160,690)	(223,143)	(28.0)
Adjusted net loss margin (%)	(15.5)	(22.7)	7.2 p.p

Notes:

- (1) Not meaningful for comparison due to a non-recurring gain of RMB1.4 billion from the fair value changes of convertible redeemable preferred shares for the six months ended June 30, 2023. We did not record any further fair value changes of the convertible redeemable preferred shares after the Listing as the liabilities of preferred shares were redesignated and reclassified from liabilities to equity after the automatically converting of preferred shares into ordinary shares upon the Listing. For more details, please refer to “Financial Review – Non-IFRS Measures” in this announcement.
- (2) We define adjusted net loss as (loss)/profit for the Reporting Period, 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.

The board (the “**Board**”) of directors (the “**Directors**”) of Keep Inc. (the “**Company**” or “**Keep**”) is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and the consolidated affiliated entities (collectively, the “**Group**”) for the six months ended June 30, 2024 (the “**Reporting Period**”). The contents of this interim results announcement have been prepared in accordance with applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in relation to preliminary announcements of interim results.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2024, China’s macroeconomic recovery continued, and we are pleased to witness the increasing enthusiasm for sports and fitness, especially as the Summer Olympic Games is reviving the appetite for athletic activities. We are observing an upward trend for outdoors activities, and increased usage of fitness data and analytical tools, reflecting on the ever-deepening market perception of healthy fitness routines as well as sports and leisure activities. These positive trends reinforce our confidence in the long-term prospects of Keep. During the Reporting Period, our core business execution is on track, as we actively supported users in pursuing healthy and active lifestyles in full, and followed the positive trend by further launching marketing campaigns to strengthen the appeal of our brand. We delivered healthy and balanced growth during the Reporting Period, accomplished by improvements in both users and business operation scales. In addition, our loss narrowed further as we continued to adjust operational efficiency across user base and scale expansion with prudent cost management. We continue to elevate our user experience, expand our portfolio of services and benefits, optimize our marketing strategy across online fitness services, smart fitness devices, and complementary fitness products to highlight our unique value proposition, and enhance user trust and consumer sentiment in the Keep brand. During the Reporting Period, we conducted and expanded our share repurchase program to strengthen the value of our shareholders (the “**Shareholders**”). With the growing enthusiasm in sports and fitness activities throughout China, we are confident in our long-term growth prospects.

Business Review

Key Operating Data

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

	Six months ended June 30,	
	2024	2023
Average monthly active users (“ MAU(s) ”) (<i>in thousand</i>)	29,660	29,549
Average monthly revenues per MAU (<i>in RMB</i>)	5.8	5.6
Average monthly subscribing members (<i>in thousand</i>)	3,282	3,017
Membership penetration rate	11.1%	10.2%

Overview

The first half of 2024 saw a revitalization of the sports and fitness industry across multiple fronts as the overall macro environment continued to recover. We remain committed to implementing our corporate strategies to meet the evolving needs of our user communities and consumers, while proactively exploring emerging dynamics across our fitness ecosystem. During the Reporting Period, we meticulously balanced the foundation of our business with cost reductions and commercialization efficiency improvements, striving to promote a steady and engaged user base while gradually elevating user value. By adopting these initiatives, while consolidating our leading position in the industry, we are striving for balanced improvement in both business scale and commercialization efficiency. We are currently on track for steady recovery and are committed to sustaining high-quality development.

Our total revenues for the six months ended June 30, 2024 were RMB1,037.3 million, representing a 5.4% year-over-year increase, primarily due to increased resilience and scale of our monetization solutions across self-branded fitness products, online membership subscription, and advertising sales. Our gross profit margin continued to improve in the first half of 2024, expanding to 46.0% from 43.0% in the same period last year. Adjusted net loss (non-IFRS measure) considerably narrowed by 28.0% year-over-year to RMB160.7 million in the first half of 2024, compared to RMB223.1 million during the same period last year. Adjusted net loss margin (non-IFRS measure) narrowed to 15.5% in the first half of 2024, compared to 22.7% in the same period last year. These financial achievements reflect the progress we have made in our laser-focused strategic execution and efficiency performance, contributing to our expanded scale and commercialization strengths. These approaches underscore our goal of generating sustained revenues from an engaged user base, enriched content and functionality across our platform, enhanced market share of self-branded products, as well as improved margin profile via effective supply chain management, extended scalability and enhanced operational efficiency. Following the upgrading of Keep App 8.0 version, we are committed to improving user fitness experience and elevating the commercial value of user. Meanwhile, in the process of scaling down certain non-core business operations, we are also optimizing and discovering new endeavors, such as adjusting our virtual sports events business, and building a portfolio of AI-driven fitness app for the overseas markets. In addition, our share repurchase program reflects our commitment to enhancing Shareholders' value and confidence in our future business prospects, and we will continue to strategically invest in initiatives that building momentum for long-term sustainable growth.

Our average MAUs and average monthly subscribing members were 29.7 million and 3.3 million for the six months ended June 30, 2024, respectively, compared to 29.5 million and 3.0 million in the same period in 2023, delivering growth in both MAUs and monthly subscribing members, thus reinforcing our leading position in the industry and reflecting the strengthened the value of each user as we scale our business, which is evidenced by improvement in our average monthly revenue per MAU with 5.0% year-over-year increase. At the end of March 2024, we rolled out the upgraded Keep App 8.0 version, with a primary focus on providing an enhanced fitness experience. We are encouraged to see that user activities and usages across our core users captured various new trends, indicating a growing outdoor-related user base and heightened engagement driven by the expanded outdoor offerings. Furthermore, we are gradually observing positive impact on wider usage stemming from the value of tools and data within the Keep App. These enhancements in online content and offerings, categories expansion, and elevated data functionality have facilitated an improvement in the membership penetration rate, which increased from 10.2% in the first half of 2023 to 11.1% in the first half of 2024.

Expanding Online Fitness Offerings

We consistently launch innovative and multifaceted online offerings to cater to users' evolving notions and needs regarding fitness and sports. In March 2024, we launched Keep App 8.0 version, featuring a major upgrade aimed at offering users a more diversified fitness experience along with an elevated value proposition. This upgrade enhanced our online portfolio with expansive and easy-to-use features and accessibility, more exposure to outdoor and interest-driven activities, integrated immersive gameplay and interactions, as well as intelligent data-driven functionality to boost athletic performance. This innovative upgrade is a reflection of our new mission to "Fuel every workout, Keep the neighborhood energetic." We are optimistic that the more diversified and interactive fitness experience, combined with the seamless integration of our hardware and online portfolio, will bode well for enhancing the overall value of our offerings across our one-stop fitness ecosystem. Key features of Keep App 8.0 version include:

- **Extended sports categories and third-party hardware integration:** Keep App 8.0 version now offers a wide variety of over 60 sports categories, including running, cycling, ball games, skiing, while incorporating more leisure and trendy activities, as interest-driven fitness and sports have quickly emerged as a popular trend. Our platform can now also seamlessly integrate and synchronize with over 50 intelligent devices to make activity tracking easier and more convenient.
- **Expanded outdoor exposure:** We continue to expand outdoor-related activities, with a special focus on the running categories, by providing additional running routes, sophisticated functionalities for professional runners in collaboration with race organizers, tools and gameplay to broadly engage users who are passionate of outdoors running. Keep App has covered over 100,000 running routes spanning more than 300 cities across China for users to select based on their needs.
- **Enhanced user experience with interactive engagement and fitness data value:** We have upgraded the user community engagement and interaction, while also strengthening data-driven value to enhance the user experience. Specifically, we upgraded the group activity function, launching about 200 themed-activities per week on average, and revamped more than 140 clubs to encourage Keepers to meet challenges and enjoy fitness and sports together. Meanwhile, we kept exploring and enriching fitness data value by providing analytical tools and data-driven intelligent functionalities, tapping into data-centric benefits to improve user workout experiences and reinforce the foundation for our continuous upgrades in AI offerings.

With the continuous expansion of our online portfolios, we are devoted to fulfilling the diverse needs of different users and to gradually improving membership conversion efficiency. This goal is further implemented by the following approaches: on the one hand, we remain committed to enriching our member-exclusive content library, covering more categories across a comprehensive range of fitness experiences, from niche to popular categories, from entry-level to advanced offerings, presented by dedicated in-house team and trendy influential creators; on the other hand, we continue to introduce diversified benefits that gain traction with conversion, including (i) upgrading our outdoor offerings; (ii) discovering and further building up capabilities in data-driven fitness functionalities and experience. Through these approaches, we have managed to promote online membership conversion and increase membership penetration rate on a year-over-year basis. Furthermore, our continuous operation measures have resulted in increased levels of fitness activity among our members. Some detailed developments during the Reporting Period are set out below:

- **Expanding online member-exclusive content library.** With the expansion of categories for both indoor and outdoor, we are primarily focusing on professional and trendy contents by constantly improving the advancement and professionalism of the courses. We are gradually expanding our library of in-house developed member-exclusive courses, as well as extending partnerships with top fitness influencers (including Pamela Reif, Aurora Ouyang, April Han, and Anna Engelschall), thus reinforcing our content stronghold through diversified and professional offerings. As a result, the total number of member-exclusive courses available on our platform increased to 5,595 as of June 30, 2024, compared to 2,366 as of June 30, 2023. During the first half of 2024, the number of workout sessions completed by members following these courses increased by over 70% from the same period of 2023.
 - **Newly-launched and updated in-house developed courses:** Expansion of new and creative content such as Body Shaping with No Equipment (徒手塑形訓練), At-Home Weight Training (小器械力量訓練), Aerobics Combo (有氧／混氧), Drills (操課), Warm-Ups and Cool-Down for Relaxation (熱身放鬆), and Girl Group Fat Burning Dance Series(女團燃脂舞系列) among others.
 - **Innovative member-exclusive content developed with fitness influencers:** Some of these popular classes include Upper Body Shaping: T15 Black Technology Series by Pamela Reif (帕梅拉上肢塑形: T15 黑科技系列), 1+1 Thinning Arms: Upgraded Four-Episodes/Slimming Legs for Beginners by April Han(韓小四 1+1 瘦手臂: 升級四件套／小白首選瘦腿聖經), Anna Engelschall (also known as: growingannanas 安娜). In addition, we extended cooperation with well-known IPs to create immersive course experiences, such as Keep × Arknights: Chongyue Martial Arts Fat Burning (Keep × 明日方舟: 重岳武術燃脂). This course utilizes 3D motion capture and modeling technology to combine the beloved game characters with martial arts elements for in-depth immersive experiences that tend to motivate game fans for sports participation.
- **Enhancing member-exclusive outdoor category experience.** Our fun run feature now can generate advanced 8km instruction, compared to only 3km and 5km availability last year. This 8km option can easily be used by novice runners to master the advanced running capabilities with scientifically and safely designed training instructions.
- **Exploring and enriching the value of fitness tools and data.** With a growing usage base for fitness and exercise data, we are actively assessing different methodologies to enriching data dimensions and analytical capabilities, in order to empower users to better record, measure and analyze their physical performance and changing athletic attributes, to accurately guide them towards appropriate fitness training and performance for the next step. Some of our data-driven offerings include:
 - **Body assessment (身體評估):** Based on our previously launched full-body assessment, we have expanded coverage to include more body parts during the first half of 2024, including legs, foot arch, abdomen & waist, neck and shoulders. We aim to facilitate users with accurate assessments of their respective physical status, and subsequently put together a targeted fitness plan for improvement based on the detailed and straightforward assessment.

- Running performance assessment (跑步能力評估): We provide novice runners with a more user-friendly, intuitive and detailed interpretation of their running capabilities by generating multiple scores in professional metrics, including aerobic capability, lactic acid tolerance, anaerobic endurance, and sprint ability, which can be used to personalize training programs and give suggestions for future advancements on a scientific basis.

Prospecting and Developing Offline Activities

Through our services spanning online offerings and e-commerce fitness product sales, we have accumulated keen insights into online users and fitness population, positioning ourselves to capture new market opportunities. Over the past years, we have successfully laid the foundation for sports events program, by establishing the user preference for Keep virtual sport events that combines professional endorsement and trendy themes, and connects online and offline outreach. As we entered 2024, we are actively adapting to users' growing demand for offline activities and optimizing our sports events business structurally, where we now intend to prioritize on stimulating user engagement and exploring more synergetic opportunities across our ecosystem through both online and offline presence over the long term, rather than solely relying on consumer-end (C-end) online monetization solutions. To this end, we have launched a series of activities aimed at driving users' engagement for sports and fitness workout, and are committed to continuously mobilizing participation from diversified user demographic groups, such as widening the event pricing packages range to RMB9.9 to RMB269, as well as introducing small-ticket event merchandise and accessories, etc. With our track records in providing users more enjoyable, relaxed and engaging sports events experiences, we have been experimenting with more avenues during the first half of 2024. These efforts include rolling out new gameplays, strengthening the price to value of our products, improving the operational capabilities of our in-house IP events, and transforming supply chain management. Simultaneously, along with the expansion of our offline and outdoor presence, by leveraging our advertising proficiency, we have enhanced our monetization capabilities both across the offline sphere and for business-end customers (B-end). Furthermore, we are actively exploring alternatives to widen the range of activity types, tapping into more enthusiasts of niche segments, such as Anime Comic Games (ACG), marathon runners, cycling enthusiasts, and those interested in trendy sports, for potential channel expansion beyond our Keep App.

To cater to the increasingly diverse demand of users for offline and outdoor activities, we are expanding our portfolio of offline activities. Previously, our outdoor categories primarily focused on running, walking, and cycling. With the upgrade of Keep App 8.0 version, we have added more exposure to offline and outdoor activities and expanded our outdoor portfolio across online solutions, offline events and self-branded products. Keep's popular activities complement the sports themes, such as *K-MARS* (城市K馬) city-themed road races which gathers local runners through a series of races, and the *Good Riding Festival* (好騎節) which integrates indoor and outdoor cycling scenes, bringing spinning bike users, outdoor cycling enthusiasts and daily commuters together. These diverse activities not only enrich users' outdoor experience, but also broaden our avenues for exploring offline monetization through novel advertising formats. Furthermore, we actively utilize our expertise in sports technology to empower professional events such as marathons and cycling races:

- In May 2024, we sponsored the prestigious *Desafío China by La Vuelta – Beijing Changping* (環西自行車中國挑戰賽•北京昌平站), attracting nearly 2,600 elite cyclists from 28 countries and regions. In this event, we simulated an online same-theme virtual cycling event that mimics the actual route with authentic scenic view, as well as co-developed the identical medal with La Vuelta for online participants and offline contestants for the first time, attracting a cumulative number of online participants of over 20,000.

- In May 2024, we served as the race technology service provider for the renowned *Lanzhou Marathon* (蘭州馬拉松). We facilitated participants in enjoying a more innovative running experience, by introducing online team formation and full-route real-time visualization of the official pacers through our technological expertise.

We intend to inspire users' enthusiasm for sports, actively evaluate opportunities to promote users' mentality and provide diverse sports experiences. Our trendy sports label "*Cool Sports Laboratory* (酷運動實驗室)" focuses on exploring novel methods and engaging recreation for traditional sports and discovering new trendy sports activities, and integrates offline social scenarios with fresh, popular and interesting activities. In April 2024, "Cool Sports Laboratory held a sport-themed market "Sports XIU (Show) Court (運動 XIU 場)" in Beijing, where we released novel sports courses, including Baduanjin & Tai Chi (八段錦&太極), fat-burning parties, Zumba, Kabaddi and barbell, in collaboration with eight renowned brands. Users are encouraged to try niche activities and sports experiences through our offline events. Consequently, owing to our leading position as the largest online fitness platform by user base, our ability to empower users by fulfilling their pursuit of healthy and active lifestyles through integrated online-and-offline events constitutes a unique advantage. This advantage serves as a catalyst for the growth of our advertising business, attracting a broader spectrum of advertisers and leading to increased advertising sales in the first half of 2024.

Self-branded Fitness Products

Amid the overall recovery in China's retail consumption market, consumption in sports and fitness products is growing at a faster pace. Our self-branded fitness products rebounded in the first half of 2024, solidifying our leading market position as the preferred choice for intelligent and professional sports products. We continue to gain market share across our core categories, with solid growth momentum from complementary fitness products as we progressively enriched our products offerings from indoor to outdoor. This is mainly due to the wide recognition of our product quality and functionality, as well as the continuous improvement of operational efficiency, which has driven the improvement of segment revenue and gross profit margin.

- **Smart devices:** We strengthened the operating performance of our flagship products in core categories. As an example, the classic B4 wristband successfully extended its product life cycle, showcasing sustained product strengths and improved commercial efficiency. The technical knowhow and application capabilities in wearable products accumulated through our wristband for sports activities serve as a fundamental foundation for our future pipeline development. In 2024, we are focusing on in-house research and development capabilities for wearable products, and we are delighted to release the very first smart watch in August, featuring expanded sports activities and application. In addition, we are deepening integration between software and hardware in terms of gameplay within our ecosystem, creating a differentiated interactive experience. For instance, Keep Bike's library of themed outdoor cycling routes expanded to over 90 at the end of June 2024 (compared to over 40 at the end of June 2023), and now offers more scenic and prestigious routes such as *The Thousand Islet Lake Series*, *Desafío China by La Vuelta*, *The Three Grand Tours*, *Xinjiang Series*, *Cityride Series*, *China Mountains and Seas Series* (環千島湖系列、環西中國挑戰賽、世界三大環賽、新疆系列、Cityride 系列、華夏山海系列). We also introduced a new professional racing mode to offer users a fully immersive, competitive and realistic experience.

- **Complementary fitness products:** As we successively expand our offerings from indoor to outdoor equipment, we continue to offer users a diverse array of choices at reasonable prices. As a result, our core categories such as strength, running, and outdoor-related gears experienced solid growth momentum. For instance, strength training items, such as dumbbells and kettlebells, maintained positive growth trends; running apparel rolled out in 2023 experienced elevated customers reviews and increased sales contribution in the first half of 2024; new products such as floor-friendly soft rubber kettlebells, elbow-supported ab rollers, and multi-colored dumbbells, are showing varying degrees of rapid growth. Our outdoor offerings are also gaining momentum as they cater to diverse user demands and trends, primarily complementing essential items for outdoor activities, including swimming caps, swimming goggles, running socks, hiking bags, and hats.

We have deepened our efforts to refine operations, further enhance efficiency in supply chain management and research and development. These achievements have effectively bolstered our agility and flexibility as our business scale continues to increase. As the scale effect continues, along with ongoing enhancement in operational efficiency, we are gradually driving improvement in both high-quality revenue and profitability. As a result, gross profit margin for self-branded fitness products increased to 31.5% in the first half of 2024, compared to 27.9% in the first half of 2023.

Outlook

2024 will mark a year of comprehensive upgrades for Keep platform with continued execution of our strategies. We will continue to promote synchronized improvements in scale and efficiency. Although overall consumer confidence is still gradually recovering, with opportunities and challenges coexisting, we actively respond to market changes and remain optimistic about the long-term development prospects. We are committed to optimizing service and product experience, which are key elements of our business fundamental, as well as focusing on commercialization efficiency improvement. To this end, we will continue to invest in the following fronts: (i) concentrate on enhancing overall online offerings; (ii) further explore the outdoor category by enriching member privileges, exploring the value of tools and data, and actively expanding offline presence; (iii) actively expand AI-driven overseas fitness app portfolio for innovative fitness experience; (iv) further promote the expansion of self-branded fitness products. In addition, we will continue to be vigilant and proactive in cooperation opportunities along the industry chain, in order to build momentum for business growth via synergistic collaboration, and elevate commercial value across our ecosystem for a sustainable long-term development.

Financial Review

Revenues

Total revenues were RMB1,037.3 million for the six months ended June 30, 2024, representing a 5.4% increase from RMB984.7 million for the six months ended June 30, 2023, which was primarily due to the increased revenues from self-branded fitness products and advertising and others. The following table breaks down our revenues by types of services or products for the periods presented:

	Six months ended June 30,		Year-on-year change (%)
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	
Revenues:			
Self-branded fitness products	501,477	466,355	7.5
Online membership and paid content	436,996	448,864	(2.6)
Advertising and others	98,870	69,437	42.4
Total:	1,037,343	984,656	5.4

Revenues from self-branded fitness products were RMB501.5 million for the six months ended June 30, 2024, representing a 7.5% increase from RMB466.4 million for the six months ended June 30, 2023, which was mainly attributable to the increase in wholesale channels sales, as well as the increased sales of fitness gear and apparel products.

Revenues from online membership and paid content were RMB437.0 million for the six months ended June 30, 2024, representing a 2.6% decrease from RMB448.9 million for the six months ended June 30, 2023, which was mainly attributable to the decreased revenues generated from virtual sports events, and partially offset by the increased revenues from online membership.

Revenues from advertising and others were RMB98.9 million for the six months ended June 30, 2024, representing a substantial increase of 42.4% from RMB69.4 million for the six months ended June 30, 2023, which was mainly attributable to online to offline integrated advertising services.

Cost of revenues

Cost of revenues was RMB560.0 million for the six months ended June 30, 2024, representing a slight decrease of 0.2% from RMB561.0 million for the six months ended June 30, 2023, which was primary due to a decrease in cost of online membership and paid content, partially net off by an increase in cost of advertising and others.

	Six months ended June 30,		
	2024	2023	Year-on-year change
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
	(Unaudited)	(Unaudited)	
Cost of revenues:			
Self-branded fitness products	343,301	336,259	2.1
Online membership and paid content	140,368	179,423	(21.8)
Advertising and others	76,352	45,303	68.5
	<hr/>	<hr/>	
Total:	<u>560,021</u>	<u>560,985</u>	(0.2)

Cost of self-branded fitness products was RMB343.3 million for the six months ended June 30, 2024, representing a 2.1% increase from RMB336.3 million for the six months ended June 30, 2023, which was mainly attributable to the increase in sales of fitness products. Due to economies of scale, the growth rate of costs is lower than the growth rate of revenues.

Cost of online membership and paid content was RMB140.4 million for the six months ended June 30, 2024, representing a 21.8% decrease from RMB179.4 million for the six months ended June 30, 2023, which was mainly attributable to decreases of (i) RMB14.4 million costs associated with virtual sports events in corresponding with the decrease in revenue of virtual sports events; (ii) RMB9.8 million in content related costs as we optimized our IP cost associated with our partnership with third party influencers; and (iii) RMB5.4 million in employee benefit costs (including related share-based compensation expenses) mainly due to the fluctuation of share-based compensation expenses.

Cost of advertising and others was RMB76.4 million for the six months ended June 30, 2024, representing a 68.5% increase from RMB45.3 million for the six months ended June 30, 2023, which was mainly attributable to an increase of RMB23.9 million in advertising production costs due to increase of advertising services offered and relatively higher cost of certain offline advertising activities.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit was RMB477.3 million for the six months ended June 30, 2024, representing a 12.7% increase from RMB423.7 million for the six months ended June 30, 2023.

Gross profit margin was 46.0% for the six months ended June 30, 2024, representing a 3.0 percentage points increase from 43.0% for the six months ended June 30, 2023, mainly attributable to an increase in gross profit margin from online membership and paid content and self-branded fitness products.

Gross profit of self-branded fitness products increased by 21.6% from RMB130.1 million for the six months ended June 30, 2023 to RMB158.2 million for the six months ended June 30, 2024, which was mainly attributable to the increase in the sales of self-branded fitness products and improvement of gross profit margin.

Gross profit of online membership and paid content increased by 10.1% from RMB269.4 million for the six months ended June 30, 2023 to RMB296.6 million for the six months ended June 30, 2024, as we generated higher sales from membership subscription with optimized content related cost.

Gross profit of advertising and others decreased by 6.7% from RMB24.1 million for the six months ended June 30, 2023 to RMB22.5 million for the six months ended June 30, 2024, primarily due to the relatively higher cost of certain offline advertising activities.

Fulfillment expenses

Fulfillment expenses were RMB61.9 million for the six months ended June 30, 2024, representing a 25.8% decrease from RMB83.4 million for the six months ended June 30, 2023, primarily due to optimized warehousing, packaging and delivery expenses.

Selling and marketing expenses

Selling and marketing expenses were RMB323.4 million for the six months ended June 30, 2024, representing a 25.8% increase from RMB257.1 million for the six months ended June 30, 2023, primarily due to an increase of RMB65.4 million in promotion and advertising expenses due to more marketing activities for brand promotion and user acquisition.

Administrative expenses

Administrative expenses were RMB90.5 million for the six months ended June 30, 2024, representing a 19.3% decrease from RMB112.0 million for the six months ended June 30, 2023, primarily attributable to decreases of (i) RMB14.6 million in expected credit loss in accounts receivables because we optimized our receivables management measures; and (ii) RMB7.2 million in administrative personnel costs (including related share-based compensation expenses) mainly due to the fluctuation of share-based compensation expenses.

Research and development expenses

Research and development expenses were RMB195.7 million for the six months ended June 30, 2024, representing a 19.6% decrease from RMB243.4 million for the six months ended June 30, 2023, primarily attributable to decreases of (i) RMB39.6 million in research and development personnel costs (including related share-based compensation expenses); (ii) RMB4.6 million in cloud computing service fees; and (iii) RMB2.1 million in outsourcing and other labor costs, as we optimized the above related expenses.

Fair value changes of convertible redeemable preferred shares

Fair value changes of convertible redeemable preferred shares was RMB1.4 billion for the six months ended June 30, 2023. The change in the fair value of convertible redeemable preferred shares was primarily attributable to the 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 of the shares of the Company on the Main Board of the Stock Exchange (the “**Listing**”) as preferred shares liabilities were redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon the Listing.

(Loss)/profit for the period

As a result of the foregoing, the loss for the six months ended June 30, 2024 was RMB163.4 million, compared with a profit of RMB1.2 billion for the six months ended June 30, 2023. The profit for the six months ended June 30, 2023 was primarily due to fair value changes of convertible redeemable preferred shares. Adjusted net loss (non-IFRS measure) was RMB160.7 million and RMB223.1 million for the six months ended June 30, 2024 and 2023, respectively.

Non-IFRS Measures

To supplement our consolidated financial information, which are presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 (loss)/profit for the period, 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 on July 12, 2023, being the date on which the shares of the Company were listed on the Main Board of the Stock Exchange. 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 the Listing.

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is (loss)/profit for the six months ended June 30, 2024 and 2023:

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of (loss)/profit to adjusted net loss		
(Non-IFRS measure):		
(Loss)/profit for the period	(163,353)	1,195,124
<i>Adjustments for:</i>		
Share-based payment expenses	2,663	13,994
Fair value changes of convertible redeemable preferred shares	<u>—</u>	<u>(1,432,261)</u>
Adjusted net loss for the period (Non-IFRS measure)	<u>(160,690)</u>	<u>(223,143)</u>

Liquidity and capital resource

For the six months ended June 30, 2024, we funded our cash requirements primarily from historical equity financing activities. Our cash and cash equivalents primarily consist of cash at bank, highly liquid deposits 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 RMB1.4 billion as of June 30, 2024, as compared to RMB1.6 billion as of December 31, 2023. The decrease was primarily due to the use of cash for operating and financing activities. Most of the cash and cash equivalents and time deposits of the Group were denominated in Renminbi and U.S. dollars.

Significant investments

As at June 30, 2024, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

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

We did not have any material acquisitions and/or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future plans for material investments and capital assets

As of the date of this announcement, we did not have specific future plans for material investments and capital assets.

Employee and remuneration

As of June 30, 2024, the number of our full-time employees was 920. The total employee benefit expenses for the six months ended June 30, 2024, including share-based payment expenses, were RMB282.0 million, as compared to RMB335.2 million for the six months ended June 30, 2023.

We offer competitive wages and other benefits to the employees and provide discretionary performance bonus as a further incentive. We have also improved career development pathways and talent training systems for employees to facilitate their self-growth. The Group's remuneration policies are formulated based on the performance of individual employees and 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.

Bank borrowings and gearing ratio

As of June 30, 2024, we did not have outstanding bank borrowings.

As of June 30, 2024, the Group's gearing ratio (i.e. total liabilities divided by total assets) was 0.27 (as of December 31, 2023: 0.24).

Contingent liabilities

As of June 30, 2024, we did not have any material contingent liabilities or guarantees.

Pledge of assets

As of June 30, 2024, there was no material pledge of assets.

Interest rate risk and foreign exchange risk

We are exposed to insignificant interest rate risk. This is primarily attributable to the fact that we 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.

We operate mainly in the PRC with most of the transactions settled in Renminbi. 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 the Group denominated in currencies other than the respective functional currencies of our operating entities.

During the six months ended June 30, 2024, exchange gains and losses from those foreign currency transactions denominated in a currency other than the functional currency were insignificant and we did not hedge against any fluctuation in foreign currency.

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended June 30,	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenues	5	1,037,343	984,656
Cost of revenues		<u>(560,021)</u>	<u>(560,985)</u>
Gross profit		<u>477,322</u>	<u>423,671</u>
Fulfillment expenses		(61,921)	(83,431)
Selling and marketing expenses		(323,412)	(257,103)
Administrative expenses		(90,455)	(112,044)
Research and development expenses		(195,690)	(243,371)
Other income		3,809	10,312
Other gains, net	6	<u>2,531</u>	<u>3,320</u>
Operating loss		<u>(187,816)</u>	<u>(258,646)</u>
Finance income		25,834	24,755
Finance expenses		<u>(1,371)</u>	<u>(3,246)</u>
Finance income, net		24,463	21,509
Fair value changes of convertible redeemable preferred shares		<u>–</u>	<u>1,432,261</u>
(Loss)/profit before income tax		(163,353)	1,195,124
Income tax expense	7	<u>–</u>	<u>–</u>
(Loss)/profit for the period	8	<u>(163,353)</u>	<u>1,195,124</u>
(Loss)/earnings per share (expressed in RMB per share)			
Basic	9	<u>(0.35)</u>	<u>8.64</u>
Diluted		<u>(0.35)</u>	<u>(0.52)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended June 30,	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
(Loss)/profit for the period		(163,353)	1,195,124
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value change on convertible redeemable preferred shares due to own credit risk		–	(138,007)
Currency translation differences		7,518	(296,868)
Other comprehensive income/(loss) for the period, net of tax		7,518	(434,875)
Total comprehensive (loss)/income for the period		(155,835)	760,249

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property and equipment		13,076	17,982
Right-of-use assets		44,503	62,256
Intangible assets		9,869	11,561
Financial assets at fair value through profit or loss		52,167	13,519
Other non-current assets		55,312	51,994
		174,927	157,312
Current assets			
Inventories		182,057	121,380
Accounts and notes receivables	11	264,636	228,279
Prepayments and other current assets		202,316	174,842
Financial assets at fair value through profit or loss		69,111	65,199
Short-term time deposits		56,760	88,960
Cash and cash equivalents		1,376,029	1,612,769
		2,150,909	2,291,429
Total assets		2,325,836	2,448,741

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Note</i>	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
EQUITY			
Share capital		168	168
Other reserves		8,170,955	8,187,464
Accumulated losses		(6,477,836)	(6,314,483)
Total equity		1,693,287	1,873,149
LIABILITIES			
Non-current liabilities			
Lease liabilities		14,940	32,453
Other non-current liabilities		5,505	10,968
		20,445	43,421
Current liabilities			
Accounts payables	12	233,674	157,417
Accrued expenses		209,285	177,355
Other current liabilities		40,144	57,838
Contract liabilities		97,633	93,280
Borrowings		–	10,009
Lease liabilities		31,368	36,272
		612,104	532,171
Total liabilities		632,549	575,592
Total equity and liabilities		2,325,836	2,448,741

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 registered office is at the offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay 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**”).

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

This condensed consolidated interim financial information for the six months ended June 30, 2024 has been reviewed, not audited.

2 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard 34, “Interim financial reporting” issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards issued by the IASB. IFRS Accounting Standards comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards (“**IAS**”); and Interpretations. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of this unaudited condensed consolidated interim financial information are consistent with those used in the annual financial statements of the Group for the year ended December 31, 2023.

3 Adoption of new and revised IFRS accounting standards

The Group has applied the following amendments for the first time from January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1.

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting other amended standards. The Group has not early adopted any of the forthcoming new or amended standards in preparing this unaudited condensed consolidated interim financial information.

4 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by 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 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, content related cost, cost of virtual sports events and salaries and benefits paid to employees. 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 June 30, 2024 and December 31, 2023, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

There were no material inter-segment sales during the six months ended June 30, 2024 and 2023. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the condensed consolidated statement of profit or loss.

The segment results for the six months ended June 30, 2024 and 2023 are as follows:

	Six months ended June 30, 2024			
	Self-branded fitness products RMB'000 (Unaudited)	Online membership and paid content RMB'000 (Unaudited)	Advertising and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	501,477	436,996	98,870	1,037,343
Cost of revenues	(343,301)	(140,368)	(76,352)	(560,021)
Gross profit	<u>158,176</u>	<u>296,628</u>	<u>22,518</u>	<u>477,322</u>
	Six months ended June 30, 2023			
	Self-branded fitness products RMB'000 (Unaudited)	Online membership and paid content RMB'000 (Unaudited)	Advertising and others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	466,355	448,864	69,437	984,656
Cost of revenues	(336,259)	(179,423)	(45,303)	(560,985)
Gross profit	<u>130,096</u>	<u>269,441</u>	<u>24,134</u>	<u>423,671</u>

5 Revenues

The breakdown of revenues for the six months ended June 30, 2024 and 2023 is as follows:

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Self-branded fitness products		
– Online retail sales	337,647	350,302
– Wholesale channels sales	163,830	116,053
Online membership and paid content	436,996	448,864
Advertising and others	98,870	69,437
	<hr/>	<hr/>
Total	1,037,343	984,656
	<hr/> <hr/>	<hr/> <hr/>

6 Other gains, net

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net losses on disposal of property and equipment	(877)	(585)
Net fair value gains on financial assets at fair value through profit or loss	4,266	2,737
Net foreign exchange (losses)/gains	(775)	300
Investment gain from financial assets at amortized cost	334	–
Others	(417)	868
	<hr/>	<hr/>
Total	2,531	3,320
	<hr/> <hr/>	<hr/> <hr/>

7 Income tax expense

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.

No provision for PRC Enterprise Income Tax (“EIT”) has been made because the group companies, including structured entities, operating in the PRC either (i) no estimated assessable profit subject to EIT; or (ii) had unused tax losses available to offset against their estimated assessable profits subject to EIT for the six months ended June 30, 2024 and 2023.

No provision for Hong Kong Profits Tax or taxes in other jurisdictions has been made for the six months ended June 30, 2024 and 2023 as there were no estimated assessable profit subject to Hong Kong Profits Tax or taxes in other jurisdictions.

8 (Loss)/profit for the period

The Group's (loss)/profit for the period is stated after charging the following:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefit expenses	282,011	335,236
Cost of self-branded fitness products sold	329,503	326,782
Cost of virtual sports events	70,920	85,308
Depreciation of property and equipment	5,685	7,222
Depreciation of right-of-use assets	16,637	19,373
Amortisation of intangible assets	1,938	2,144
Credit loss allowances on accounts and notes receivables (<i>Note 11</i>)	449	15,079
Provision for impairment of inventories	5,989	4,091
Listing expenses	–	29,365
	<u> </u>	<u> </u>

9 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the six months ended June 30, 2024 and 2023 are calculated by dividing the (loss)/profit attributable to the Company's owners by the weighted average number of ordinary shares in issue during the period.

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Net (loss)/profit attributable to owners of the Company (RMB'000)	(163,353)	1,195,124
Weighted average number of ordinary shares in issue (thousand shares)	<u>469,109</u>	<u>138,363</u>
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.35)</u>	<u>8.64</u>

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Company incurred loss for the six months ended June 30, 2024, 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 six months ended June 30, 2024 was the same as basic loss per share.

The diluted loss per share for the six months ended June 30, 2023 is as follows:

	Six months ended June 30, 2023 (Unaudited)
Net profit attributable to owners of the Company (RMB'000)	1,195,124
Adjustments for fair value change of convertible redeemable preferred shares (RMB'000)	<u>(1,432,261)</u>
Loss used to determine diluted loss per share (RMB'000)	<u>(237,137)</u>
Weighted average number of ordinary shares in issue (thousand shares)	138,363
Adjustments for convertible redeemable preferred shares (thousand shares)	<u>315,835</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share (thousand shares)	<u>454,198</u>
Diluted loss per share (expressed in RMB per share)	<u><u>(0.52)</u></u>

10 Dividends

No dividends have been paid or declared by the Company during each of the six months ended June 30, 2024 and 2023.

11 Accounts and notes receivables

The detailed information of accounts and notes receivables is as below:

	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Accounts and notes receivables	290,055	257,701
Less: credit loss allowances	<u>(25,419)</u>	<u>(29,422)</u>
Total	<u>264,636</u>	<u>228,279</u>

The Group generally allows a credit period of three months to its customers. Aging analysis of accounts and notes receivables based on recognition date is as follows:

	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Up to 3 months	195,120	152,530
3 to 6 months	20,955	35,947
6 to 9 months	19,553	9,149
9 months to 1 year	8,777	3,967
Over 1 year	<u>45,650</u>	<u>56,108</u>
Total	<u>290,055</u>	<u>257,701</u>

Movements on the Group's allowance for credit loss of accounts and notes receivables are as follows:

	Six months ended June 30, 2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
As at January 1	(29,422)	(6,900)
Provision of credit loss allowance	(449)	(15,079)
Receivables written off as uncollectable	<u>4,452</u>	<u>-</u>
As at June 30	<u>(25,419)</u>	<u>(21,979)</u>

12 Accounts payables

Accounts payables and their aging analysis based on invoice date are as follows:

	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Up to 3 months	<u>233,674</u>	<u>157,417</u>

Accounts payables are unsecured and are generally paid within three months of invoice date.

13 Events occurring after the reporting period

There are no material subsequent events undertaken by the Company or by the Group after June 30, 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company was incorporated in the Cayman Islands on April 21, 2015 with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on July 12, 2023.

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. Save as disclosed below, the Company has complied with all the applicable code provisions set out in the corporate governance code contained in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”) throughout the Reporting Period.

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.

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 by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code throughout the Reporting Period.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, the Company repurchased a total of 5,256,200 shares of the Company (the “**Shares Repurchased**”) on the Stock Exchange at the aggregate consideration of HK\$35,494,410.52 before expenses. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
April 2024	1,599,500	8.27	4.04	9,809,529.53
May 2024	1,568,100	8.94	7.33	12,367,102.99
June 2024	2,088,600	7.87	5.82	13,317,778.00
Total	5,256,200			35,494,410.52

As of June 30, 2024, 1,745,600 of the Shares Repurchased are held as treasury shares by the Company, and 3,510,600 of the Share Repurchased are to be cancelled. Subject to compliance with the Listing Rules, the Company may consider using the treasury shares for funding its share incentive schemes, future resales, transfers or cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. With terms of reference in compliance with the Listing Rules, 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), with Ms. Ge Xin (葛新) (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 and agreed on the accounting treatment adopted by the Company. It meets regularly with the management, the external auditor and the internal accounting and audit personnel to discuss the accounting principles and practices adopted by the Company and internal control and financial reporting matters.

The Company’s independent external auditor, RSM Hong Kong, has reviewed the unaudited condensed consolidated interim financial information for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Significant Events after the Reporting Period

The Company is not aware of any significant event that might affect the Group since June 30, 2024 and up to the date of this announcement.

Use of Proceeds

With the shares of the Company 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 had been and will continue to be utilized for the purposes as set out in the prospectus of the Company dated June 30, 2023 (the “**Prospectus**”). As of the date of this announcement, 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 will place the net proceeds as short-term deposits, cash and cash equivalents only at licensed banks or financial institutions. For details of the breakdown of the use of proceeds, please refer to the interim report of the Company for the six months ended June 30, 2024 to be published in due course.

Interim Dividend

The Board did not recommend the distribution of any interim dividend for the six months ended June 30, 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://keep.com>. The interim report of the Company for the six months ended June 30, 2024 will be dispatched to the Shareholders (if necessary) and made available on the same websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board

Keep Inc.

Wang Ning

Chairman, Executive Director and Chief Executive Officer

Hong Kong, August 23, 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Ning, Mr. Peng Wei and Mr. Liu Dong; the non-executive Director of the Company is Mr. Li Haojun; and the independent non-executive Directors of the Company are Ms. Ge Xin, Mr. Shan Yigang and Mr. Wang Haining.