



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

Interim Report 中期報告 2024

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Definitions

In this 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 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
“Audit Committee”	the audit committee of the Company
“Auditor”	RSM Hong Kong, the auditor of the Company
“Board”	the board of Directors
“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
“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”	September 14, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this interim 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
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC”	the People’s Republic of China

Definitions

“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”
“Reporting Period”	the six months ended June 30, 2024
“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

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

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Central, Hong Kong

REGISTERED OFFICE

ICS Corporate Services (Cayman) Limited

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P.O. Box 30746, Seven Mile Beach

Grand Cayman KY1-1203

Cayman Islands

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Chaoyang District

Beijing, China

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

COMPANY WEBSITE

<https://keep.com/>

STOCK CODE

3650

Financial 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 preferred share liabilities 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 report.
- (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.

Management Discussions 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. 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)") (in thousand)	29,660	29,549
Average monthly revenues per MAU (in RMB)	5.8	5.6
Average monthly subscribing members (in thousand)	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.

Management Discussions and Analysis

- **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.

Management Discussions and Analysis

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.

Management Discussions and Analysis

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
	2024	2023	change
	RMB'000	RMB'000	(%)
	(Unaudited)	(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,		Year-on-year change (%)
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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
Total:	560,021	560,985	(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.

Management Discussions and Analysis

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	–	(1,432,261)
Adjusted net loss for the period (Non-IFRS measure)	(160,690)	(223,143)

Management Discussions and Analysis

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 report, 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 well as share options and share awards under our share incentive plans as further incentives. We have also provided and continue to improve 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.

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 had been and will continue to be utilized for the purposes as set out in the Prospectus.

As of the Latest Practicable Date, 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 (the “**Intended Use**”), and the Group will continue to utilize the net proceeds of the Global Offering in accordance with the Intended Use. 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.

Management Discussions and Analysis

The table below sets out the planned allocations of the net proceeds and actual usage up to June 30, 2024:

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	Net proceeds unutilized as of January 1, 2024	Utilized net proceeds during the six months ended June 30, 2024	Net proceeds unutilized as of June 30, 2024	Expected timeline of full utilization of the net proceeds ⁽¹⁾
For research and development to advance our technological capabilities and drive product innovation:	HK\$67.2 million	35%	HK\$67.2 million	0	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%	HK\$28.8 million	0	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%	HK\$19.2 million	0	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%	HK\$19.2 million	0	HK\$19.2 million	
For the development and diversification of our fitness content:	HK\$57.6 million	30%	HK\$57.6 million	0	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%	HK\$23.0 million	0	HK\$23.0 million	
(b) to expand our fitness content library and enrich users' experience through other innovative initiatives	HK\$17.3 million	9%	HK\$17.3 million	0	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%	HK\$11.5 million	0	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%	HK\$5.8 million	0	HK\$5.8 million	

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	Net proceeds	Utilized net	Net proceeds	Expected timeline of full utilization of the net proceeds ⁽¹⁾
			unutilized as of January 1, 2024	proceeds during the six months ended June 30, 2024	unutilized as of June 30, 2024	
For the investment in branding and promotion	HK\$48.0 million	25%	HK\$48.0 million	0	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%	HK\$23.0 million	0	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%	HK\$19.2 million	0	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%	HK\$5.8 million	0	HK\$5.8 million	
For general corporate purposes and working capital needs	HK\$19.2 million	10%	HK\$19.2 million	0	HK\$19.2 million	Before December 31, 2025

Note:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

Corporate Governance and Other Information

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

As at June 30, 2024, 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 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 in controlled corporation	8,909,312	1.69%
	Beneficial owner	1,500,000	0.29%
Mr. Peng Wei ⁽²⁾	Interest in controlled corporation	10,621,480	2.02%
	Beneficial owner	1,500,000	0.29%
Mr. Liu Dong ⁽³⁾	Interest in controlled corporation	5,561,499	1.06%
	Beneficial owner	1,510,000	0.29%

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, Mr. Wang is beneficially interested in 1,500,000 Shares, which underlines the outstanding RSUs granted to him under the Post-IPO Share Incentive Plan. For details, please refer to the circular of the Company dated May 28, 2024.
- (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 Pacinson 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. Additionally, Mr. Peng is beneficially interested in 1,500,000 Shares, which underlines the outstanding RSUs granted to him under the Post-IPO Share Incentive Plan. For details, please refer to the circular of the Company dated May 28, 2024.
- (3) Mr. Liu Dong ("**Mr. Liu**") is beneficially interested in 1,510,000 Shares, which underlines the 1,500,000 outstanding RSUs and 10,000 outstanding options granted to him under the Post-IPO Share Incentive Plan and 2016 Plan, respectively. 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 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. For details, please refer to the circular of the Company dated May 28, 2024.
- (4) As at June 30, 2024, the total number of issued Shares (including treasury shares) was 525,671,987. The above calculation is based on the total number of Shares (including treasury shares) as of June 30, 2024.

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 June 30, 2024.

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

As at June 30, 2024, 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 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 shareholders group	Nature of interest	Number of Shares and underlying Shares held	Approximate percentage of interest in the Company
Mr. Wang Ning⁽¹⁾	Beneficial owner	1,500,000	0.29%
	Interest in controlled corporations	87,379,118	16.62%
Lightmap Limited	Beneficial owner	8,909,312	1.69%
Persistent Courage Holdings Limited	Beneficial owner	78,469,806	14.93%
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⁾	Custodian	751,748	0.14%
	Trustee	53,470,452	10.17%
Calorie Partner Limited	Beneficial interest	42,779,100	8.14%
Calorie Fortune Limited*	Beneficial interest	10,691,352	2.03%
SVF II Calorie Subco (DE) LLC⁽⁴⁾			
SVF II Calorie Subco (DE) LLC	Beneficial owner	44,929,680	8.55%

Corporate Governance and Other Information

Name of shareholders group	Nature of interest	Number of Shares and underlying Shares held	Approximate percentage of interest in the Company
5Y Capital⁽⁶⁾	Interest in controlled corporations	33,515,942	6.38%
Morningside China TMT Fund IV, L.P.*	Beneficial owner	25,738,306	4.90%
Morningside China TMT Fund IV Co-Investment, L.P.*	Beneficial owner	2,669,782	0.51%
Morningside China TMT Special Opportunity Fund II, L.P.*	Beneficial owner	959,463	0.18%
Evolution Special Opportunity Fund I, L.P.*	Beneficial owner	3,607,298	0.69%
Evolution Fund I Co-investment, L.P.*	Beneficial owner	541,093	0.10%
JenCap⁽⁶⁾	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⁽⁷⁾			
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. For the avoidance of doubt, any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.
- (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 and in which Mr. Wang is the settlor and sole beneficiary. Accordingly, Mr. Wang, 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. Additionally, Mr. Wang is beneficially interested in 1,500,000 Shares, which underlines the outstanding RSUs granted to him under the Post-IPO Share Incentive Plan.
- (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 and Hans Tung.
- (3) Futu Trustee Limited is the trustee of the trusts which hold 100% of the interest 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. Additionally, Futu Trustee Limited is interested in 751,748 Shares in its capacity as custodian.

- (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. 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 Calorie Subco (DE) LLC 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) 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.

- (7) 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.

- (8) As at June 30, 2024, the total number of issued Shares (including treasury shares) was 525,671,987. The above calculation is based on the total number of Shares (including treasury shares) as at June 30, 2024.

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 June 30, 2024.

Corporate Governance and Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above or otherwise disclosed in this report, at no time during the Reporting Period and up to the Latest Practicable Date, 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.

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 Pre-IPO Share Incentive Plans are not subject to Chapter 17 of the Listing Rules and will not involve the grant of awards or options by our Company to subscribe for new shares after Listing. Since Listing, we have not made and will continue not to make any new grants of awards or options 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 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 Pre-IPO Share Incentive Plans have been issued to Calorie Partner Limited. Such 10,000 Shares, 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

There are no options and awards available for grant under the Pre-IPO Share Incentive Plans upon Listing.

The maximum aggregate number of Shares which may be issued underlying all awards and options pursuant to the 2016 Plan is 35,536,640 Shares, and the maximum aggregate number of Shares which may be issued underlying all awards and options pursuant to the 2021 Plan is 25,108,660 Shares. As at the Latest Practicable Date, an aggregate of 16,867,850 Shares underlie options that remain outstanding under the Pre-IPO Share Incentive Plans, of which (a) 16,857,850 Shares were issued to Calorie Partner Limited, which are reserved for satisfying options 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 the 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 Latest Practicable Date, the remaining life of the 2016 Plan and the 2021 Plan was about six years and nine months and six years and nine 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 on the application or acceptance of the outstanding options granted.

Details of Movements in the Options Granted under Pre-IPO Share Incentive Plans during the Six Months Ended June 30, 2024

Participant	Outstanding as of January 1, 2024	Granted during the Reporting Period ⁽¹⁾	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of June 30, 2024	Date of Grant	Exercise price (per Share)	Vesting period	Exercise period	Share	Weighted
											closing price immediately before the date of grant of share options	average share closing price of the shares immediately before the exercise dates
Mr. Liu Dong (Director)	10,000	Nil	Nil	Nil	Nil	10,000	April 22, 2021	US\$0.80	Note 2	Note 4	N/A ^{Note 5}	N/A
Other grantees	22,156,075	Nil	2,426,200	Nil	735,650	18,994,225	March 7, 2016 – February 14, 2023	US\$0.005 – US\$4.098	Note 3	Note 4	N/A ^{Note 5}	HKD6.588

Corporate Governance and Other Information

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) 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.
- (3) Please refer to Note 20 to the condensed consolidated interim financial information for the vesting schedule.
- (4) The exercise period of these options commences from the vesting date of the relevant options and end on the tenth anniversary of the grant date thereof.
- (5) 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.
- (6) The vesting 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.
- (7) Rule 17.07(3) of the Listing Rules is not applicable since no Shares would be issued in respect of the options granted during the six months ended June 30, 2024 under the Pre-IPO Share Incentive Plans.

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 Post-IPO Share Incentive Plan was 32,618,649. As at the Latest Practicable Date, a total of 19,948,550 share awards granted upon the Listing and up to the Latest Practicable Date was outstanding under the Post-IPO Share Incentive Plan. No option was 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 issued and underlying ungranted awards under Pre-IPO Share Incentive Plans, which have been issued to Calorie Partner Limited before Listing, will be used to fund share options and share awards granted under the Post-IPO Share Incentive Plan. 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 5.81% of the total issued share capital of the Company (excluding treasury shares).

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	<p>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:</p> <ul style="list-style-type: none">(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.

Corporate Governance and Other Information

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 numbers of awards available for grant under the scheme limit as at January 1, 2024 and June 30, 2024 were 52,278,699 and 34,008,349, respectively. The numbers of awards available for grant under the service provider participants sub-limit at the date of January 1, 2024 and June 30, 2024 were 2,500,000 and 2,500,000, respectively. No option has been granted under the 2023 Plan upon Listing and up to the Latest Practicable Date. 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 Period 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 permitted 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 Latest Practicable Date, the remaining life of the Post-IPO Share Incentive Plan was about eight years and ten 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 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 Reporting Period

Participant	Outstanding as at January 1, 2024	Granted during the Reporting Period ⁽¹⁾	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Date of Grant	Purchase price of the awards granted	Vesting period	Performance targets	Closing price	Fair value of RSUs on the date of grant (per Share)	Weighted average closing price
											immediately before the date of grant (per Share)		immediately before the vesting dates
<i>Directors</i>													
Mr. Wang Ning	Nil	1,500,000	Nil	Nil	Nil	1,500,000	May 21, 2024	Nil	Note 2	Note 5	HK\$8.34	HK\$8.00	N/A
Mr. Peng Wei	Nil	1,500,000	Nil	Nil	Nil	1,500,000	May 21, 2024	Nil	Note 2	Note 5	HK\$8.34	HK\$8.00	N/A
Mr. Liu Dong	Nil	1,500,000	Nil	Nil	Nil	1,500,000	May 21, 2024	Nil	Note 2	Note 5	HK\$8.34	HK\$8.00	N/A
Employees	288,500	Nil	Nil	Nil	23,300	265,200	October 12, 2023	Nil	Note 3	Note 6	N/A	HK\$29.30	N/A
	Nil	729,500	Nil	Nil	51,000	678,500	April 12, 2024	Nil	Note 4	Note 6	HK\$6.70	HK\$6.33	N/A
	Nil	13,197,700	Nil	Nil	82,550	13,115,150	May 21, 2024	Nil	Note 2	Note 6	HK\$8.34	HK\$8.00	N/A

Notes:

- (1) In accordance with the terms of the Post-IPO Share Incentive Plan, during the Reporting Period, on April 12, 2024, the Company granted a total of 729,500 RSUs to 31 employees; on May 21, 2024, the Company (i) granted a total of 13,197,700 RSUs to 417 employees, and (ii) granted 4,500,000 RSUs to three Directors, which has been approved by independent Shareholders at the annual general meeting held on June 19, 2024. For more details, please refer to the announcements of the Company dated April 12, 2024 and May 21, 2024, respectively.
- (2) A total of 4,500,000 RSUs granted to Directors and 13,197,700 RSUs granted to employees shall vest from the vesting commencement date, i.e., August 1, 2024, based on the following schedule: 40% shall vest in one year from the vesting commencement date, and each of 20% shall vest for the three years thereafter.

Corporate Governance and Other Information

- (3) 310,600 RSUs granted to 29 employees shall vest based on the following schedule: (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. 26,600 RSUs granted to one employee shall vest on October 13, 2024, being the day after the first anniversary of the grant date of October 12, 2023.
- (4) 729,500 RSUs granted to 31 employees shall vest based on the following schedule: (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.
- (5) Vesting of the RSUs granted to Directors is subject to the achievement of certain performance indicators and other requirements, including the (i) their business contribution, mainly considering the fulfilment of certain quantitative targets set for financial performance and key operating metrics, and (ii) their organizational contribution, including but not limited to efficiency improvement, corporate culture boosting and talent management. 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. For details of the performance indicators set for each Director, please refer to the announcement of the Company dated May 21, 2024.
- (6) Vesting of the RSUs granted to employees 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/or 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.
- (7) Details of the fair value of the RSUs granted during the Reporting Period, including the accounting standard and policy adopted for the Post-IPO Share Incentive Plan, are set out in Note 20 to the condensed consolidated interim financial information of this interim report.

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/or share awards granted under the Post-IPO Share Incentive Scheme. Taking into account the total of 22,212,725 Shares held by Calorie Partner Limited, there were no new Shares issued in respect of the awards granted during the Reporting Period under the Post-IPO Share Incentive Plan. As such, Rule 17.07(3) of the Listing Rules is not applicable.

CHANGE IN DIRECTORS AND CHIEF EXECUTIVES' BIOGRAPHICAL DETAILS UNDER RULE 13.51(B) OF THE LISTING RULES

During the Reporting Period and up to the Latest Practicable Date, there has been no change in the information of the Directors and chief executives as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 Part 2 of 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 as the code of conduct regarding the Directors' dealings in the securities of the Company.

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 THE COMPANY'S LISTED SECURITIES

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. The repurchase was conducted to benefit the Company and create value to its Shareholders. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price Paid per Share		Aggregate Consideration
		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.

Corporate Governance and Other Information

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 this report and 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 EVENT AFTER THE REPORTING PERIOD

The Company is not aware of any significant events that might affect the Group since June 30, 2024 and up to the Latest Practicable Date.

INTERIM DIVIDEND

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

Independent Review Report



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INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF KEEP INC. (Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information of Keep Inc. (the “Company”) and its subsidiaries, including structured entities (collectively referred to as the “Group”) set out on pages 37 to 66, which comprises the condensed consolidated statement of financial position as at June 30, 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 (the “HKICPA”). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated financial information for the six months ended June 30, 2023 have not been reviewed in accordance with standards applicable to review engagements issued by the HKICPA.

RSM Hong Kong

Certified Public Accountants

23 August 2024

Condensed Consolidated Statement of Profit or Loss

	Note	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenues	6	1,037,343	984,656
Cost of revenues		(560,021)	(560,985)
Gross profit		477,322	423,671
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	7	2,531	3,320
Operating loss		(187,816)	(258,646)
Finance income		25,834	24,755
Finance expenses		(1,371)	(3,246)
Finance income, net		24,463	21,509
Fair value changes of convertible redeemable preferred shares		-	1,432,261
(Loss)/profit before income tax		(163,353)	1,195,124
Income tax expense	8	-	-
(Loss)/profit for the period	9	(163,353)	1,195,124
(Loss)/earnings per share (expressed in RMB per share)	10		
Basic		(0.35)	8.64
Diluted		(0.35)	(0.52)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(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

	Note	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	11	13,076	17,982
Right-of-use assets	12	44,503	62,256
Intangible assets	13	9,869	11,561
Financial assets at fair value through profit or loss	14	52,167	13,519
Other non-current assets		55,312	51,994
		174,927	157,312
Current assets			
Inventories	15	182,057	121,380
Accounts and notes receivables	16	264,636	228,279
Prepayments and other current assets		202,316	174,842
Financial assets at fair value through profit or loss	14	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
EQUITY			
Share capital	17	168	168
Other reserves	18	8,170,955	8,187,464
Accumulated losses		(6,477,836)	(6,314,483)
Total equity		1,693,287	1,873,149

Condensed Consolidated Statement of Financial Position

	Note	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
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	21	233,674	157,417
Accrued expenses		209,285	177,355
Other current liabilities		40,144	57,838
Contract liabilities	22	97,633	93,280
Borrowings	23	–	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

Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company			Total RMB'000
		Share capital (Note 17) RMB'000	Other reserves (Note 18) RMB'000	Accumulated losses RMB'000	
(Unaudited)					
Balance at January 1, 2024		168	8,187,464	(6,314,483)	1,873,149
Loss for the period		-	-	(163,353)	(163,353)
Other comprehensive income					
Currency translation differences		-	7,518	-	7,518
Total comprehensive income/ (loss) for the period		-	7,518	(163,353)	(155,835)
Transactions with owners in their capacity as owners					
Share-based compensation	20	-	2,663	-	2,663
Exercise of share options		-	5,699	-	5,699
Repurchase of shares, including related expenses		-	(32,389)	-	(32,389)
Total transactions with owners in their capacity as owners		-	(24,027)	-	(24,027)
Balance at June 30, 2024		168	8,170,955	(6,477,836)	1,693,287

Condensed Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company			Total RMB'000
		Share capital (Note 17) RMB'000	Other reserves (Note 18) RMB'000	Accumulated losses RMB'000	
(Unaudited)					
Balance at January 1, 2023		61	(89,833)	(7,420,391)	(7,510,163)
Profit for the period		–	–	1,195,124	1,195,124
Other comprehensive loss					
Fair value change on convertible redeemable preferred shares due to own credit risk		–	(138,007)	–	(138,007)
Currency translation differences		–	(296,868)	–	(296,868)
Total comprehensive (loss)/ income for the period		–	(434,875)	1,195,124	760,249
Transactions with owners in their capacity as owners					
Share-based compensation	20	–	13,994	–	13,994
Total transactions with owners in their capacity as owners		–	13,994	–	13,994
Balance at June 30, 2023		61	(510,714)	(6,225,267)	(6,735,920)

Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash outflow from operating activities	(196,962)	(176,088)
Cash flows from investing activities		
Investments in financial assets at fair value through profit or loss	(88,000)	(1,390)
Proceeds from disposal of financial assets at fair value through profit or loss	50,124	141,758
Investments in short-term time deposits	(55,537)	(152,977)
Proceeds from maturity of short-term time deposits	86,528	20,681
Purchase of property and equipment	(2,273)	(1,829)
Purchase of intangible assets	(212)	(3,026)
Interest income received	27,069	21,080
Payment for long-term naming rights and sponsorship fees	(6,000)	(6,000)
Proceeds from disposal of property and equipment	43	333
Purchase of investments in financial assets at amortized cost	(28,420)	(206,649)
Proceeds from disposal of investments in financial assets at amortized cost	28,764	206,649
Net cash inflow from investing activities	12,086	18,630
Cash flows from financing activities		
Proceeds from bank borrowings	–	50,708
Repayment of bank borrowings	(10,000)	(67,821)
Bank borrowings interests paid	(73)	(1,193)
Payment for listing expenses	–	(307)
Payments for principal elements and related interest of leases	(21,777)	(24,874)
Proceeds from exercise of share options	5,357	–
Repurchase of shares, including related expenses	(32,389)	–
Net cash outflow from financing activities	(58,882)	(43,487)
Net decrease in cash and cash equivalents	(243,758)	(200,945)
Cash and cash equivalents at the beginning of the period	1,612,769	1,672,217
Effects of exchange rate changes on cash and cash equivalents	7,018	9,067
Cash and cash equivalents at the end of the period	1,376,029	1,480,339

Notes to the Condensed Consolidated Interim Financial Information

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”). 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 the report.

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 FAIR VALUE MEASUREMENT

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the unaudited condensed consolidated statement of financial position approximate their respective fair values.

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).

Notes to the Condensed Consolidated Interim Financial Information

4 FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents the Group's financial assets that are measured at fair value as at June 30, 2024, including their levels in the fair value hierarchy:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Financial assets at fair value through profit or loss ("FVPL")				
– Wealth management products	–	30,949	–	30,949
– Investment in a private fund	–	–	38,162	38,162
– Investments in unlisted entities	–	–	52,167	52,167
Total	–	30,949	90,329	121,278

The following table presents the Group's financial assets that are measured at fair value at December 31, 2023, including their levels in the fair value hierarchy:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
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

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the six months ended June 30, 2024 and 2023.

(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.

4 FAIR VALUE MEASUREMENT (CONTINUED)

(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.

At June 30, 2024, Level 3 instruments of the Group’s assets include investments in unlisted entities and investment in a private fund.

Investments in unlisted entities

On December 1, 2022, the Group acquired certain ordinary shares with preferential rights of one private company with consideration of RMB15,000,000 and measured the investment at financial assets at fair value through profit or loss. At June 30, 2024 and December 31, 2023, the Company engaged a third-party valuation firm to manage the valuation of level 3 instruments of the unlisted entity for financial reporting purposes. 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. There were no changes in the valuation technique used.

Notes to the Condensed Consolidated Interim Financial Information

4 FAIR VALUE MEASUREMENT (CONTINUED)

(c) Financial instruments in level 3 (Continued)

Investments in unlisted entities (continued)

At June 30, 2024 (unaudited)

Description	Unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted entity	Risk-free interest rate	1.82%	The higher the risk-free interest rate, the lower the fair value
	DLOM	20.00%	The higher the DLOM, the lower the fair value
	Expected volatility	44.61%	The higher the expected volatility, the lower the fair value

At December 31, 2023 (audited)

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
	Expected volatility	47.84%	The higher the expected volatility, the lower the fair value

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.

Fair value of the unlisted entity	As at June 30, 2024 (unaudited)		
	Expected volatility RMB'000	DLOM RMB'000	Risk-free interest rate RMB'000
Increase 10%	(531)	(347)	(42)
Decrease 10%	544	-	42

Fair value of the unlisted entity	As at December 31, 2023 (audited)		
	Expected volatility RMB'000	DLOM RMB'000	Risk-free interest rate RMB'000
Increase 10%	(576)	(313)	(59)
Decrease 10%	595	301	59

4 FAIR VALUE MEASUREMENT (CONTINUED)

(c) Financial instruments in level 3 (Continued)

Investments in unlisted entities (continued)

In April 2024 and June 2024, the Group acquired certain ordinary shares with preferential rights of other two private companies with consideration of RMB3,000,000 and RMB35,000,000, respectively. The investments were measured as financial assets at FVPL. The investment considerations were close to the fair values as at June 30, 2024.

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 at June 30, 2024 and December 31, 2023 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:

	As at June 30, 2024 Net assets value RMB'000 (unaudited)	As at December 31, 2023 Net assets value RMB'000 (audited)
Fair value of the private fund		
Increase 10%	3,816	3,527
Decrease 10%	(3,816)	(3,527)

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 and notes receivables, other receivables included in prepayments and other current assets and the Group's financial liabilities that are not measured at fair value, including borrowings, accounts payables, accrued expenses and other current liabilities, approximate their fair values due to their short maturities.

Notes to the Condensed Consolidated Interim Financial Information

5 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 (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, 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.

5 SEGMENT INFORMATION (CONTINUED)

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		Total RMB'000 (Unaudited)
		membership and paid content RMB'000 (Unaudited)	Advertising and others 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	158,176	296,628	22,518	477,322

	Six months ended June 30, 2023			
	Self-branded fitness products RMB'000 (Unaudited)	Online		Total RMB'000 (Unaudited)
		membership and paid content RMB'000 (Unaudited)	Advertising and others 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	130,096	269,441	24,134	423,671

6 REVENUES

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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
Total	1,037,343	984,656

Notes to the Condensed Consolidated Interim Financial Information

7 OTHER GAINS, NET

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

8 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.

9 (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 (Note 16)	449	15,079
Provision for impairment of inventories (Note 15)	5,989	4,091
Listing expenses	–	29,365

10 (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)	469,109	138,363
Basic (loss)/earnings per share (expressed in RMB per share)	(0.35)	8.64

Notes to the Condensed Consolidated Interim Financial Information

10 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(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)	(1,432,261)
<u>Loss used to determine diluted loss per share (RMB'000)</u>	<u>(237,137)</u>
Weighted average number of ordinary shares in issue (thousand shares)	138,363
Adjustments for convertible redeemable preferred shares (thousand shares)	315,835
<u>Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share (thousand shares)</u>	<u>454,198</u>
<u>Diluted loss per share (expressed in RMB per share)</u>	<u>(0.52)</u>

11 PROPERTY AND EQUIPMENT

During the six months ended June 30, 2024, the Group acquired property and equipment with a cost of RMB1,699,000 (unaudited) (six months ended June 30, 2023: RMB804,000 (unaudited)).

During the six months ended June 30, 2024, items of property and equipment with a net carrying amount of RMB920,000 (unaudited) were disposed of (six months ended June 30, 2023: RMB918,000 (unaudited)).

12 RIGHT-OF-USE ASSETS

At June 30, 2024 and December 31, 2023, the Group's right-of-use assets represent office buildings and fitness centres under leases.

During the six months ended June 30, 2024, the Group did not enter into any new lease agreements. The Group early terminated a lease agreement resulting in the derecognition of RMB1,116,000 (unaudited) of right-of-use assets and corresponding lease liabilities.

During the six months ended June 30, 2023, upon the commencement of leases, the Group recognized RMB2,362,000 (unaudited) of right-of-use assets and lease liabilities.

13 INTANGIBLE ASSETS

During the six months ended June 30, 2024, the Group acquired intangible assets with a cost of RMB212,000 (unaudited) (six months ended June 30, 2023: RMB6,570,000 (unaudited)).

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Current assets		
– Wealth management products (Note a)	30,949	29,929
– Investment in a private fund (Note a)	38,162	35,270
	69,111	65,199
Non-current assets		
– Investments in unlisted entities (Note b)	52,167	13,519
Total	121,278	78,718

Note a: Investments in wealth management products were the investment products purchased from international financial institutions. The returns on all of these products and the returns on a private fund are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured as financial assets at FVPL. The Group classified current and non-current assets based on the expiration date or lockup period of the products and the private fund.

Note b: The Group acquired certain ordinary shares with preferential rights of several unlisted entities representing no more than 20% equity interest of each unlisted entity. The Group has the right to require and demand the above unlisted entities to redeem all of the shares held by the Group upon redemption events which are out of control of the issuers. The investments are measured as financial assets at FVPL. The Group has no plans to sell the investments in one year, and classified those investments as non-current assets.

Notes to the Condensed Consolidated Interim Financial Information

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Movements in financial assets at FVPL in level 3 are as below:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
As at January 1	48,789	15,000
Additions	38,000	–
Change in FVPL (#)	3,312	–
Currency translation differences	228	–
As at June 30	90,329	15,000
(#) Change in FVPL for assets held at end of reporting period	3,312	–

The change in FVPL including those for assets held at end of reporting period are presented in “other gains, net” in the condensed consolidated statement of profit or loss.

15 INVENTORIES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Raw materials	480	521
Components	9,986	7,645
Finished goods	180,295	119,580
	190,761	127,746
Less: provision for impairment	(8,704)	(6,366)
Total	182,057	121,380

15 INVENTORIES (CONTINUED)

Provision for impairment movements for the six months ended June 30, 2024 and 2023 are as below:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
As at January 1	(6,366)	(14,237)
Provision for impairment	(5,989)	(4,091)
Written off of provision for impairment	3,651	6,123
As at June 30	(8,704)	(12,205)

Inventories recognized as cost of revenues (excluding inventory impairment) during the six months ended June 30, 2024 and 2023 amounted to RMB400,423,000 (unaudited) and RMB412,090,000 (unaudited), respectively.

16 ACCOUNTS AND NOTES RECEIVABLES

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

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

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	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(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	45,650	56,108
Total	290,055	257,701

Notes to the Condensed Consolidated Interim Financial Information

16 ACCOUNTS AND NOTES RECEIVABLES (CONTINUED)

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

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

17 SHARE CAPITAL

Authorised	Number of ordinary shares '000	Nominal value of ordinary shares USD'000	
At December 31, 2023 (audited) and at June 30, 2024 (unaudited)	1,000,000	50	
At December 31, 2022 (audited) and at June 30, 2023 (unaudited)	684,165	34	
Issued	Number of ordinary shares '000	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
At December 31, 2023 (audited) and at June 30, 2024 (unaudited)	525,672	27	168
At December 31, 2022 (audited) and at June 30, 2023 (unaudited)	198,998	10	61

18 OTHER RESERVES

The following table shows a breakdown of the condensed consolidated statement of financial position line item “other reserves” and the movements in these reserves during the period. 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 20) RMB'000	Currency translation differences (Note c) RMB'000	Others (Note d) RMB'000	Total RMB'000
(Unaudited)						
As at January 1, 2024	(19)	8,674,504	331,160	(634,072)	(184,109)	8,187,464
Share-based compensation	-	-	2,663	-	-	2,663
Exercise of share options	2	12,703	(7,006)	-	-	5,699
Repurchase of shares, including related expenses	(32,389)	-	-	-	-	(32,389)
Currency translation differences	-	-	-	7,518	-	7,518
As at June 30, 2024	(32,406)	8,687,207	326,817	(626,554)	(184,109)	8,170,955
(Unaudited)						
As at January 1, 2023	(19)	29,584	300,225	(373,521)	(46,102)	(89,833)
Share-based compensation	-	-	13,994	-	-	13,994
Fair value change on convertible redeemable preferred shares due to own credit risk	-	-	-	-	(138,007)	(138,007)
Currency translation differences	-	-	-	(296,868)	-	(296,868)
As at June 30, 2023	(19)	29,584	314,219	(670,389)	(184,109)	(510,714)

Notes to the Condensed Consolidated Interim Financial Information

18 OTHER RESERVES (CONTINUED)

Note a: Treasury stock

	Number of shares	Amount RMB'000
(Unaudited)		
As at January 1, 2024	60,635,300	19
Exercise of share options	(6,174,848)	(2)
Repurchase of shares, including related expenses	5,256,200	32,389
As at June 30, 2024	59,716,652	32,406
As at December 31, 2022 (audited) and June 30, 2023 (unaudited)	60,635,300	19

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.

During the six months ended June 30, 2024, 6,174,848 share options were exercised by the participants of the share option plans.

During the six months ended June 30, 2024, the Company repurchased a total of 5,256,200 shares on the Stock Exchange at the aggregate consideration of HKD35,494,000 before expenses. The total repurchase payment was HKD35,584,000 (equivalent to RMB32,389,000), including related expenses.

Note b: Capital reserve

Capital reserve mainly represents 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

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 Group.

Note d: Others

Others represent the accumulated effect of the component of fair value changes of convertible redeemable preferred shares relating to the Company's own credit risk that recognized in the other comprehensive income.

19 DIVIDENDS

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

20 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.

(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.

Notes to the Condensed Consolidated Interim Financial Information

20 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options (Continued)

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.

Movements in the number of share options granted and their related weighted average exercise prices are as follows:

	Number of share options	Weighted average exercise price per share option (USD)
(Unaudited)		
Outstanding as at January 1, 2024	37,596,075	1.21
Exercise of share options	(6,174,848)	0.13
Forfeited during the period	(735,650)	2.81
Outstanding as at June 30, 2024	30,685,577	1.39
Exercisable as at June 30, 2024	28,107,577	1.32
	Number of share options	Weighted average exercise price per share option (USD)
(Unaudited)		
Outstanding as at January 1, 2023	40,154,825	1.29
Granted during the period	290,000	2.96
Forfeited during the period	(2,039,750)	2.57
Outstanding as at June 30, 2023	38,405,075	1.24
Exercisable as at June 30, 2023	10,050,000	0.19

20 SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options (Continued)

The weighted-average remaining contract life for outstanding share options was 5.14 years and 5.16 years as at June 30, 2024 and December 31, 2023, 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 the Listing Date. Key assumptions, such as projections of future performance, are determined by the Group with best estimate.

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:

	Six months ended June 30, 2023 (Unaudited)
Fair value per share (USD)	3.69~3.87
Risk-free interest rates	3.39%
Dividend yield	0%
Expected volatility	55.2%
Expected terms	10 years

The weighted-average fair value of granted share options was USD2.17 per share for the six months ended June 30, 2023.

(b) Restricted shares units (“RSUs”)

During the year ended December 31, 2023 and the six months ended June 30, 2024, the Company granted a total of 337,200 and 18,427,200 RSUs to grantees in accordance with the terms of the 2023 Plan, subject to acceptance by the grantees, respectively. 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 day after the first anniversary of the grant date;
- Type (iii) 40% of the RSUs shall become vested on the first anniversary of the vesting commencement date and 20% of the total granted RSUs are vested on the second, third and fourth anniversary of the vesting commencement date.

Notes to the Condensed Consolidated Interim Financial Information

20 SHARE-BASED COMPENSATION (CONTINUED)

(b) Restricted shares units (“RSUs”) (Continued)

The movement of the number of RSUs granted and their weighted average grant date fair value for the six months ended June 30, 2024 are as follow:

	Number of RSUs	Weighted average grant date fair value (HKD)
(Unaudited)		
Unvested as at January 1, 2024	288,500	29.30
Granted during the period	18,427,200	7.74
Forfeited during the period	(156,850)	10.62
Unvested as at June 30, 2024	18,558,850	8.05

(c) Share-based compensation expenses

The share-based compensation expenses of RMB2,663,000 (unaudited) and RMB13,994,000 (unaudited) have been charged to the condensed consolidated statement of profit or loss for the six months ended June 30, 2024 and 2023.

21 ACCOUNTS PAYABLES

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

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

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

22 CONTRACT LIABILITIES

The breakdown of contract liabilities are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Contract liabilities from online membership and paid content service	89,970	81,507
Contract liabilities from self-branded fitness products sales	3,928	5,016
Contract liabilities from advertising and others service	3,735	6,757
Total	97,633	93,280

23 BORROWINGS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Bank borrowing – unsecured	–	10,009

Bank borrowing as at December 31, 2023 was fully repaid during the six months ended June 30, 2024.

As at December 31, 2023, the unsecured bank borrowing of RMB10,009,000 (audited) was guaranteed by a subsidiary.

24 COMMITMENTS

The Group did not have any material commitments as at June 30, 2024 and December 31, 2023.

25 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 six months ended June 30, 2024 and 2023. 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.

Notes to the Condensed Consolidated Interim Financial Information

25 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Key management personnel compensation

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and allowances	4,812	3,973
Discretionary bonuses	832	716
Share-based compensation expenses	3,422	10,019
Retirement benefit-defined contribution plans	141	126
Other social security costs, housing benefits and other employee benefits	184	173
Total	9,391	15,007

The key management personnel compensation is determined by the directors of the Company having regard to the performance of individual and market trends.

(b) Balances with related parties

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
	Amounts due to key management personnel	
Included in accrued expenses		
– Accrued wages, salaries and allowances	796	544
– Accrued discretionary bonus	832	1,576
– Accrued retirement benefit-defined contribution plans	24	23
– Accrued other social security costs, housing benefits and other employee benefits	31	32
Total	1,683	2,175

The amounts due to key management personnel are unsecured, interest-free and settled in cash.

26 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

27 APPROVAL OF FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the board of directors on August 23, 2024.

