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## **Keep Inc.**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3650)**

### **CHANGE OF AUDITOR**

This announcement is made by Keep Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### **SUMMARY**

The board of directors (the “**Board**”) of the Company hereby announces that following amicable discussion, PricewaterhouseCoopers (“**PwC**”) has agreed to resign as the auditor of the Company (the “**Auditor**”) with effect from 9 February 2024 upon request from the Board, given that PwC could not reach a consensus with the Company on a mutually acceptable audit timetable for the Group’s financial results for the year ended 31 December 2023 (“**FY2023**”).

With the recommendation of the audit committee of the Board (the “**Audit Committee**”), RSM Hong Kong (“**RSM**”) has been appointed as the new Auditor with effect from 9 February 2024 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

#### **RESIGNATION OF AUDITOR**

As referenced in the resignation letter dated 9 February 2024 of PwC (the “**Resignation Letter**”), matters which PwC considers should be brought to the attention of the shareholders (“**Shareholders**”) and creditors of the Company are summarised as follows:

##### ***Certain Payments Made by a Company’s Singapore Subsidiary***

Keep Sports PTE. LTD. (“**Keep Singapore**”), a subsidiary of the Company incorporated in Singapore, executed an agreement (the “**Marketing Services Agreement**”) with a third party (“**Entity A**”), an entity whose main business which PwC noted to be trading and distribution of diamonds and other jewelry, to appoint Entity A as the Company’s overseas marketing promoter for a term of 5 years from 1 July 2023. The Marketing Services Agreement was undated and PwC understood from the Company’s management that the Marketing Services Agreement was agreed by both parties in late June 2023. PwC noted that Keep Singapore subsequently paid Entity A marketing promotion costs totaling US\$12 million (equivalent to approximately RMB87 million) between 30 June to 6 July 2023 via a number of wire transfers in accordance with the payment schedule stipulated in the Marketing Services Agreement (the “**Marketing Services Transaction**”).

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

A further agreement (the “**Termination Agreement**”) was entered into on 26 September 2023 between Keep Singapore and Entity A to terminate the Marketing Services Agreement and Entity A returned the US\$12 million to Keep Singapore in several instalments from October to November 2023.

The Audit Committee had appointed a law firm based in Hong Kong (the “**Investigation Team**”) to assist the Audit Committee in conducting an investigation over the Marketing Services Transaction.

### ***Certain Payments Made by a Company’s Hong Kong Subsidiary***

PwC noted that Calorie Technology HK Company Limited (“**Keep Hong Kong**”), a subsidiary of the Company incorporated in Hong Kong, executed a number of agreements in commissioning financial adviser services, capital market consulting/research services as well as for a subscription of an investment fund. As a result of these agreements, a number of wire payments were made by Keep Hong Kong in the amounts of US\$2 million, US\$1 million, HK\$7.8 million and US\$5.15 million, totaling approximately RMB65 million, to various parties in July 2023 (“**Other Transactions**”).

As of the date of the Resignation Letter, PwC indicated that they have not been able to obtain sufficient and appropriate audit evidence that they require to ascertain and support the business substance and/or services provided or to be provided by the various counterparties regarding the aforesaid agreements.

### **ACTIONS TAKEN BY THE COMPANY**

The Company, for the matters raised in the Resignation Letter, has taken the following actions, amongst other things:

- (i) The Company has maintained ongoing dialogue with PwC to assist PwC in its audit work with respect to the Marketing Services Transaction and the Other Transactions, including, inter alia, provision of the underlying agreements and such other documents or information requested by PwC;
- (ii) To follow the best practices of corporate governance, following the efforts of the Company, the Termination Agreement was entered to terminate the Marketing Services Agreement and all payments made pursuant thereto were refunded to Keep Singapore by November 2023; and

- (iii) With the assistance from the Investigation Team, the Audit Committee initiated an independent investigation into the transactions surrounding the Marketing Services Agreement to assess the substance and impact of the arrangement with Entity A. The Investigation Team reported its findings based on the information obtained so far that the Marketing Services Agreement and the associated payments and the Termination Agreement are of commercial substance based on the Investigation Team's review of contemporaneous documentary evidence, which is corroborated by explanations given by the interviewees from the Group and Entity A.

Up to and until the date of this Announcement and save as disclosed above, the Company has not received any other confirmation from PwC notifying the Company of any matters in connection with its resignation as the Auditor that need to be brought to the attention of the Shareholders and creditors of the Company.

The Board and the Audit Committee have confirmed that, save as disclosed above, they are not aware of any matters in relation to the resignation of PwC as the Auditor that need to be brought to the attention of the Shareholders and creditors of the Company.

The Company would like to take this opportunity to sincerely thank PwC for the professional and quality services provided to the Company in the past.

#### **APPOINTMENT OF NEW AUDITOR**

The Audit Committee has considered a number of factors in assessing the appointment of RSM in accordance with their duties stated in the terms of reference of the Audit Committee, including but not limited to (i) the caliber of RSM including its experience in handling audit work for companies listed on the Stock Exchange, its familiarity with the requirements under the Listing Rules and the International Financial Reporting Standards; (ii) the audit approach of RSM; (iii) its independence and objectivity; (iv) its reputation in the market; (v) its resources and capability; and (vi) the guidelines issued by the Accounting and Financial Reporting Council.

Based on the above, the Audit Committee is satisfied that RSM is independent, suitable and capable (in terms of manpower, expertise and resources) to perform audit services to the Company and is of the view that the change of Auditor is in the interests of the Company and the Shareholders as a whole. The Board, with the recommendation of the Audit Committee, has resolved to appoint RSM as the new Auditor with effect from 9 February 2024 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company.

The Board would like to take this opportunity to welcome RSM as the Auditor.

The Board wishes to emphasize that the operation of the Group remains normal. The Board is committed to provide all necessary information to RSM for completing its audit work for FY2023.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Keep Inc.**  
**Wang Ning**  
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 9 February 2024

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