This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the Offer Shares.

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

OVERVIEW

Who We Are

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

Our *Keep* brand is highly influential and has become synonymous with passion for fitness. *Keep* is the largest fitness platform in China in terms of MAUs, and number of workout sessions completed by users in 2022. 77.5% of fitness population in China knew of the *Keep* mobile app. We have made efforts to make fitness more accessible to a larger population, encourage tens of millions to become our users, or *Keepers*, and inspire them to develop a sense of belonging in our community. In 2019, 2020, 2021 and 2022, our platform recorded average MAUs of 21.8 million, 29.7 million, 34.4 million and 36.4 million, respectively. In 2022, our MAUs collectively recorded approximately 2.1 billion workout sessions on our platform. Supported by our compelling offerings and powerful brand, we have been able to quickly expand our user base and solidify our market leading position.

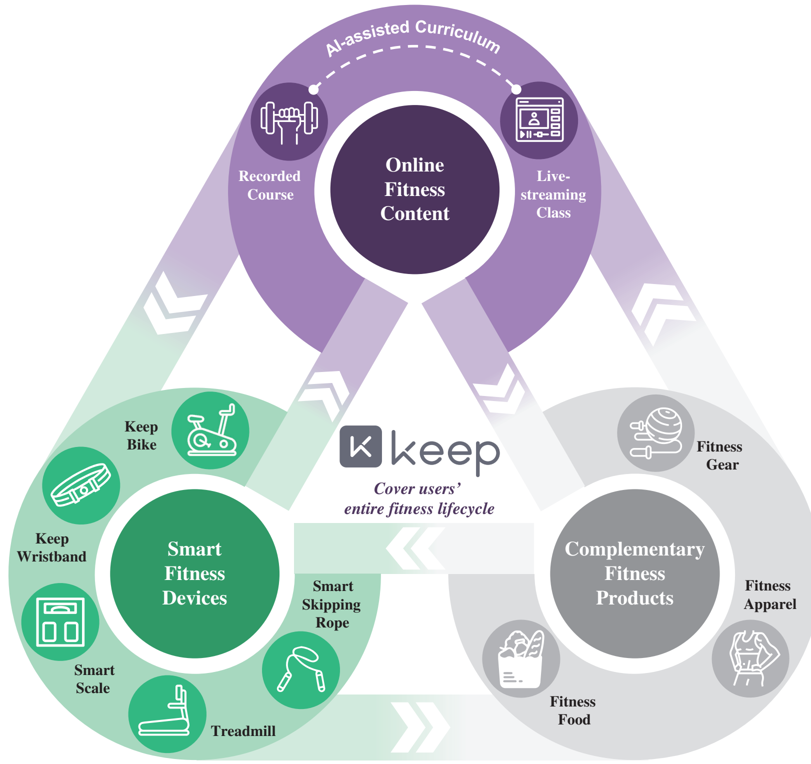
Our Market Opportunity

China has a large yet under-developed and under-served fitness market, previously relying on a traditional model of offline gyms, which typically results in lower access and participation compared to online fitness. The traditional fitness model sets high entry barriers for beginners, as offline gyms and fitness classes are often costly, have time and location limitations, deliver inconsistent quality and user experience, and are less accessible in lower-tier cities in China. We believe that both the size of the fitness population and the annual spending of the fitness population in China present significant growth potential. According to the CIC Report, China had the world's largest fitness population of 374.0 million in 2022, which is expected to reach 463.5 million by 2027. At the same time, the average annual spending of the fitness population in 2022 was RMB2,518.3 per person in China, which was much lower than that of RMB16,425.2 in the United States, demonstrating significant growth potential.

With our online fitness solution, we have effectively addressed major pain points in China's fitness market and fundamentally redefined people's relationship with fitness. Our platform not only enables people to exercise anytime and anywhere, but also creates a personalized, interactive and immersive fitness experience that enables people to train with greater efficiency at a lower cost. These value propositions make us popular among fitness population, and attract many newcomers to our community.

Our Comprehensive Fitness Solution

We have developed a comprehensive fitness solution that covers users' entire fitness life cycle, from planning fitness goals and accessing fitness courses, to choosing fitness gear and healthy food and tracking measurements such as weight and heart rate. Our offerings consist of online fitness content, smart fitness devices, and complementary fitness products, as illustrated below.



Our offerings reinforce one another to address diversified fitness needs

Online Fitness Content. Our content mainly includes recorded courses and live streaming classes, both of which are developed in-house or created by third parties such as influencers and other fitness content providers. Leveraging AI algorithms, we also provide personalized fitness curriculums that dynamically adjust course content and workout intensity based on users' athletic level, fitness goals, daily workout patterns and diet, thereby optimizing the training results for our users. We constantly refine our content based on user insights that enable us to create new courses with better efficiency and effect. We also offer our users the opportunity to engage with more customized premium content by subscribing to our membership services. Our platform has experienced a steady increase in our membership penetration rate, from 3.5% in 2019 to 6.4% in 2020, 9.5% in 2021, and further increased to 10.0% in 2022, demonstrating the success of our membership solution.

We require reputable certifications and recognitions in relevant fitness fields for our influencers. We had fitness influencers and third-party content providers of 30, 248, 321 and 642 that published fitness content in 2019, 2020, 2021 and 2022, respectively. We recorded content related fees paid to fitness influencers and third-party content providers of RMB1.3 million, RMB3.0 million, RMB9.0 million and RMB17.7 million in 2019, 2020, 2021 and 2022, respectively. We closely review and evaluate the fitness content produced by fitness influencers and licensed from third-party content providers to ensure its quality before publishing it on our platform. Our operating team supports the production of content by influencers and other content providers and our content development team monitors and screens the content submitted to our platform. We review and ensure that the content does not violate fitness principals and is safe for users to follow and practice. For more details related to how we require reputable certifications and recognitions such as various certificates for fitness training, running and yoga and how we prevent inappropriate behaviors of influencers, see "Business—Professional Course Development," and "Business—Interactive Live Streaming Classes."

Smart Fitness Devices. Enabled by an array of innovative features such as AI, automation and social interaction, our smart fitness devices, including smart bikes, wristbands, scales, and treadmills, increase the value of our platform to users by working synergistically with our online fitness content. These devices track and analyze fitness activities, so that our platform is able to automatically adjust workout difficulty level and content recommendations to improve the overall fitness experience. In addition, our smart fitness devices can connect with one another to capture fitness activities across multiple application scenarios, which results in more comprehensive user profiles that we may leverage to offer more relevant recommendations and dynamically adjust fitness curriculums to maximize results. For example:

- *Keep Bike.* Our *Keep Bike* supports dynamic and automatic adjustment of resistance levels in real time based on users' athletic levels and course targets. When combined with live streaming classes, it simulates a group cycling environment with thematic lighting and music. We were ranked the first in smart bikes as of December 31, 2022 in China in terms of the accumulative GMV of bikes sold.
- *Keep Wristband.* Our *Keep Wristband* monitors various fitness measurements such as heart rate, sleep, and blood oxygen level. Through analyzing these information, our platform can adjust AI-assisted personalized curriculums. Our *Keep Wristband* also enables users to interact with instructors and among themselves during live streaming classes.
- *Keep Smart Skipping Rope*. Our *Keep Smart Skipping Rope* is linked to the *Keep* app to record the number of jumps, heart rate and calories burned. Users can track progress to build workout routines and improve fitness performance.

Complementary Fitness Products. Leveraging the insights accumulated through growing user base and positive feedback loop, we identified users' unmet needs in different scenarios. To that end, we offer a wide range of fitness products under the *Keep* brand that are designed with quality and style, thereby complementing our online fitness content and smart fitness devices, elevating the overall fitness experience for our users, and promoting our brand and spirit. Our fitness products include yoga mats, dumbbells, gym wear, protective gear, and other fitness accessories. We are China's largest yoga mat brand in terms of GMV in 2022, with a 18.3% market share. We also offer a broad range of fitness food products, such as meal replacements, fitness snacks, and nutrition supplements, providing a comprehensive solution combining workout and diet to users. Based on users' fitness goals, our platform is able to recommend customized diet plans, with detailed information such as suggested total calorie intake, macronutrient analysis and other health tips.

Our three business lines complement one another to create a synergistic business model that covers users' entire fitness lifecycle. By motivating users to complete regular workout sessions, we improve user engagement and guide them on their fitness journey using our comprehensive content offerings. This enables us to convert these users into subscribing members, while also driving sales of our self-branded fitness products, as users tend to purchase smart fitness devices and complementary fitness products, such as fitness gear, apparel and food, to enhance their performance and experience during workouts. At the same time, our self-branded products redirect traffic to our online fitness content. Our fitness product customer subscribing rate was 41.3%, 41.2%, 51.8% and 45.1% in 2019, 2020, 2021 and 2022, respectively. Offline fitness centers also provide opportunities for users to participate in fitness courses and try out our fitness devices, further enhancing engagement with our content and products. In addition, technology empowers the integration of different segments, enables the efficient and reliable operation of our platform, and ultimately drives the effectiveness of our business model. As a result, we have become the one-stop destination providing a comprehensive fitness solution for fitness population in China.

International Operation

In June 2022, we strategically ceased the operation of two international mobile apps, *Keep Trainer and Keep Yoga,* as a part of our business strategy to streamline and consolidate our offerings to provide better user experience as our *Keep* app offers similar content and features previously offered by *Keep Trainer* and *Keep Yoga*. *Keep Trainer* and *Keep Yoga* contributed immaterial MAU historically. The revenue contribution of our overseas operations was also immaterial during the Track Record Period. We currently do not have concrete and detailed expansion plan regarding our business and operations overseas.

Key Operating Data

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

	For the Three Months Ended																
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,	March 31,
	2019				2020				2021				2022				2023
	(in thousands, except for revenue)																
Average MAUs[(1)]	15,535	22,436	29,245	19,875	27,103	33,251	32,750	25,833	31,032	35,709	41,751	28,939	34,275	41,080	38,558	31,638	26,263
Average monthly subscribing members	375	752	1,039	915	1,473	1,981	2,149	2,035	2,539	3,235	4,154	3,193	3,470	3,860	3,885	3,269	2,782
Average monthly fitness product customers	110	197	232	197	236	353	329	251	280	430	423	397	454	580	642	524	364
Average quarterly revenue per MAU (in RMB)	5.9	7.1	7.4	9.8	7.4	9.2	9.5	11.1	9.8	11.5	10.7	15.9	12.2	14.5	16.1	18.4	17.0

Note:

(1) We recorded lower average MAUs for the fourth quarter of each year as people generally have lower willingness to work out during winter seasons.

	Year Ended December 31,			
	2019	2020	2021	2022
Average MAUs (in thousands)	21,773	29,734	34,358	36,388
Average monthly subscribing members (in thousands)	770	1,910	3,280	3,621
Average monthly fitness product customers (in thousands)	184	292	383	550
Average monthly membership retention rate	70.8%	73.3%	71.7%	65.3%
Membership penetration rate	3.5%	6.4%	9.5%	10.0%
Revenue per MAU (in RMB)	30.5	37.2	47.1	60.8

For further information, see "Business—Seasonality" and "Financial Information".

Our Monetization and Results

We have a diverse set of monetization channels including membership and online paid content, self-branded products, and advertising and other services, which are complementary to one another. Our membership allows subscribing members to access premium services such as exclusive fitness courses, live streaming classes, AI-assisted personalized fitness curriculums, and discounts on our self-branded products. We also offer an extensive range of self-branded products including smart fitness devices, fitness gear, apparel and food, which are available in our own online store and on third-party e-commerce platforms. In addition, with China's largest online fitness user base, we have attracted brands and merchants to our advertising services.

Driven by our comprehensive suite of offerings and the ability to create a personalized and integrated solution characterized by professional fitness content and fitness products that are customized for individuals' athletic levels, we have achieved continued growth during the Track Record Period. We generated a majority of our revenue from the sales of self-branded fitness products and invested significantly in the research and development of platform design and fitness content during the Track Record Period. We experienced losses during the Track Record Period as we prioritized strategic path formulation and business model optimization. Our loss for the year increased from RMB735.0 million in 2019 to RMB2.2 billion in 2020 primarily as a result of the fair value changes of preferred shares. Our loss for the year increased from RMB2.2 billion in 2020 to RMB2.9 billion in 2021 as we strategically increased spending in traffic acquisition and branding to further acquire, activate and retain users, such as attracting new users through advertisements on various third-party apps. We recorded loss for the year of RMB104.6 million in 2022 compared to loss for the period of RMB2.9 billion in 2021. The change was primarily a result of the decrease in the fair value changes of preferred shares. We recorded adjusted net loss (non-IFRS measure) of RMB366.5 million in 2019, RMB106.4 million in 2020, RMB826.5 million in 2021 and RMB666.9 million in 2022.

The following table breaks down our revenue, Cost of revenues and gross profit by amounts and as percentages of our total revenue for the periods presented:

	For the Year Ended December 31,							
	2019		2020		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Self-branded fitness products								
Revenue	396,034	59.7	636,709	57.5	872,452	53.9	1,136,971	51.4
Cost of revenues	(256,354)	(38.7)	(405,806)	(36.7)	(629,147)	(38.8)	(816,883)	(36.9)
Gross profit	139,680	21.0	230,903	20.8	243,305	15.1	320,088	14.5
Membership and online paid content								
Revenue	151,322	22.8	338,024	30.5	557,581	34.4	894,167	40.4
Cost of revenues	(55,086)	(8.3)	(119,135)	(10.8)	(233,098)	(14.4)	(409,082)	(18.5)
Gross profit	96,236	14.5	218,889	19.7	324,483	20.0	485,085	21.9
Advertising and others								
Revenue	115,763	17.5	132,044	12.0	189,505	11.7	180,413	8.2
Cost of revenues	(79,053)	(11.9)	(82,409)	(7.4)	(80,665)	(5.0)	(85,206)	(3.9)
Gross profit	36,710	5.6	49,635	4.6	108,840	6.7	95,207	4.3
Total								
Revenue	663,119	100.0	1,106,777	100.0	1,619,538	100.0	2,211,551	100.0
Cost of revenues	(390,493)	(58.9)	(607,350)	(54.9)	(942,910)	(58.2)	(1,311,171)	(59.3)
Gross profit	272,626	41.1	499,427	45.1	676,628	41.8	900,380	40.7

The following table breaks down our revenue by types of services or products for the periods presented:

	For the Year Ended December 31,							
	2019		2020		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Revenue:								
Self-branded fitness products	396,034	59.7	636,709	57.5	872,452	53.9	1,136,971	51.4
—Smart fitness devices	135,061	20.4	220,830	20.0	286,516	17.7	438,875	19.8
—Complementary fitness products	260,973	39.3	415,879	37.5	585,936	36.2	698,096	31.6
Membership and online paid content	151,322	22.8	338,024	30.5	557,581	34.4	894,167	40.4
—Membership subscription	136,680	20.6	305,199	27.6	487,881	30.1	563,064	25.4
—Online paid content	14,642	2.2	32,825	2.9	69,700	4.3	331,103	15.0
Advertising and others	115,763	17.5	132,044	12.0	189,505	11.7	180,413	8.2
—Offline centers	30,019	4.5	20,839	1.9	30,888	1.9	19,540	0.9
—Advertising and others (excluding offline centers)	85,744	13.0	111,205	10.1	158,617	9.8	160,873	7.3
Total	**663,119**	**100.0**	**1,106,777**	**100.0**	**1,619,538**	**100.0**	**2,211,551**	**100.0**

BUSINESS SUSTAINABILITY

We are founded in 2014 to provide a comprehensive, accessible and affordable online fitness solution. Prior to the adoption of our monetization strategies in 2018, we devoted resources to build a massive and ever-growing content library, expand our user base and improve our technology capabilities to optimize user experience. Our average MAUs increased at a CAGR of approximately 26% from 2016 to 2018. In 2018, we embarked on our journey towards monetization. Through user behavior analysis and surveys, we discovered that users had a common desire for affordable and high-quality fitness products that could enhance their workout experience. However, the online fitness product market in China was underdeveloped, with a lack of trusted brands and products with satisfactory designs. Therefore, in March 2018, we expanded our offerings by introducing self-branded smart fitness devices and complementary fitness products. In September 2018, we launched our membership subscription program to provide more high quality content and complementary offerings. Leveraging our large user base, we also expanded our advertising businesses and collaborated with more advertising customers. During the Track Record Period, we incurred net losses as we strategically focused on growing our user base via investing in our brand as well as high quality fitness content and product offerings to pave the way for long term profitability.

We constantly develop and launch new products and services to cover people's entire fitness lifecycle, including membership services, smart fitness devices and complementary fitness products. By thoughtfully weaving our offerings together, we have developed an integrated business model with synergies across different segments. During the Track Record Period, we experienced growth in our business operation and financial condition. In 2019, 2020, 2021 and 2022, our platform recorded average MAUs, which included both paying and non-paying users, of 21.8 million, 29.7 million, 34.4 million and 36.4 million, respectively. In 2022, our MAUs collectively recorded approximately 2.1 billion workout sessions on our platform. Our revenue grew by 66.9% from RMB663.1 million in 2019 to RMB1.1 billion in 2020, increased by 46.3% to RMB1.6 billion in 2021 and further increased by 36.6% from RMB1.6 billion in 2021 to RMB2.2 billion in 2022, mainly attributable to the increased revenue from self-branded fitness products and membership and online paid content. Our revenue from self-branded fitness products increased during the Track Record Period due to an increase in our fitness product customers and increased revenue generated from non-DTC channels. Our revenue from membership and online paid content increased during the Track Record Period as a result of an increase in our average monthly subscribing members and growing membership penetration rate. We expect to continue incurring net loss and net operating cash outflow in the near future as we continue to invest in user growth and the skills to capture the substantial opportunities in various specialized aspects of the industry and strengthen competitive moats. For further information, see "Business—Business Sustainability".

To grow our revenue and achieve profitability, we plan to further (i) grow our user base and deepen our user engagement; (ii) enhance our monetization capabilities leveraging multiple growth levers; and (iii) improve our gross margin and operating leverage.

Grow User Base and Deepen User Engagement

Driven by our focus on mass population and compelling content offerings, we have built a user base on our platform. We plan to further expand our addressable market by appealing to users across different ages, areas of interest, and locations by strategically launching more offerings at different price levels. In addition, we have been continuously diversifying our content offerings to include content captivating to the mass population. For example, we started to offer extensive content in martial arts and dancing in 2021 and ball game content in 2022. We will also introduce a wider variety of content and product offerings at different price levels to cater to the diversified needs of the mass population. For example, for each type of the smart fitness devices, we have rolled out multiple models at different price points. In the meantime, we will continue to refine our content and user interface to make it easier for users to follow fitness instructions. Leveraging our deep insights on users' preferences and market trends, we will also dynamically shape our content development strategy and produce more diversified content that can attract targeted user groups. We also plan to further improve user engagement and experience by making our fitness solution more personalized and interactive, such as introducing new gamified features to our online fitness content through integration with smart fitness devices and enriching the library of live-streaming classes and AI-assisted curriculums.

As we continuously enhance user engagement and stickiness, we believe users' general willingness to subscribe to memberships and purchase our self-branded products will grow over time, resulting in improved monetization potential. Our average monthly membership retention rate was 70.8%, 73.3%, 71.7% and 65.3% in 2019, 2020, 2021 and 2022, respectively. We experienced a higher average monthly membership retention rate in 2020 as the outbreak of COVID-19 increased users' willingness to workout at home. The slight decrease in the average monthly membership retention rate in 2021 and 2022 was also due to the expansion of our user base, including subscribing members for our virtual sport events. In 2019, 2020, 2021 and 2022, our monthly average workout sessions per MAU was 4.3, 5.0, 4.1 and 4.8, respectively, and our monthly average workout sessions per subscribing member was 13.5, 10.9, 7.2 and 7.8, respectively.

Enhance Monetization Capabilities Leveraging Multiple Growth Levers

We have developed a diversified monetization model and currently generate revenue primarily from (i) membership and online paid content, (ii) self-branded fitness products, and (iii) advertising and others, which reinforce one another.

- *Membership and Online Paid Content*. For membership and online paid content, we plan to (i) expand into more fitness categories, such as dancing, martial art, jump rope workout and outdoor activities to further diversify our expansive offerings; (ii) introduce more PUGC content on our platform to increase user engagement and stickiness, by establishing partnerships with more fitness content providers and strengthening the relationships with existing partners; (iii) introduce new features in our online courses, such as features that improve the connectivity between our content offerings and smart fitness devices and features that enhance the interactivity between users and content; and (iv) bring more creative formats to enhance paying user penetration amid the latest macro and industry trends, such as virtual sports events.

- *Self-branded Fitness Products.* For self-branded fitness products, we will continuously improve our self-branded fitness products based on user feedback and industry developments. For example, we will upgrade our products and introduce more models to cater to different user preferences and use case scenarios. We will also research and develop new fitness products and enrich our product portfolio leveraging our deep industry insights and understanding of fitness demand, including new categories of smart fitness devices and complementary fitness products. In addition, we plan to further diversify our distribution channels to maximize touch points to reach our target end users, and boost revenue generated from non-DTC channels. We will continue to assess and expand sales and distribution channels based on our business objectives, product offerings and channel efficiency.
- *Advertising and Others.* For advertising and others, we have introduced new format of offline fitness classes. In addition to operating self-owned *Keepland* fitness centers, since 2021, we launched *Keep* selected fitness classes in collaboration with third-party offline gyms. We target to collaborate with more offline gyms in Beijing and other first-tier cities leveraging our online traffic and offer fitness classes covering more fitness categories, such as ballet and boxing. We will also enhance our advertising customer base. For example, we will focus on strengthening our relationship with advertising agents to reach clients in bulk. We will also communicate with more sports associations to jointly promote services and locate more suitable advertising opportunities for our business. In addition, we plan to proactively reach out to suitable companies that place advertisements on other media and convert them to our advertising customers. In particular, we plan to increase the penetration rate of advertisements in health-related industries and industries promoting low-carbon society. Leveraging our vertical integration capabilities and deep insights accumulated from our large user base, we believe we will be able to further enhance our current monetization avenues and create new monetization channels to maximize touch points to reach our target end users, and boost revenue generated from non-DTC channels. We will continue to assess and expand sales and distribution channels based on our business objectives, product offerings and channel efficiency.

Improve Gross Margin and Operating Leverage

We believe our gross margins demonstrate the effectiveness of our innovative business model and lay a solid foundation for future profitability. We expect to experience an increase in gross margin as we intend to efficiently manage costs and expenses as a percentage of total revenue and further benefit from operating leverage.

- *Selling and marketing expenses.* During the Track Record Period, selling and marketing expenses accounted for the largest portion of our operating expenses. Our selling and marketing expenses as a percentage of our total revenue decreased from 44.6% in 2019 to 27.3% in 2020. In early 2021, we strategically decided to increase spending in user acquisition and branding to increase mindshare, enhance brand awareness, further expand user base and solidify our market leading position. As a result, our selling and marketing expenses as a percentage of total revenue reached 59.0%. Our selling and marketing expenses as a percentage of our total revenue decreased from 59.0% in 2021 to 29.2% in 2022. Despite the decrease in selling and marketing expenses as percentages of total revenue, our average MAUs increased by 5.9% year-over-year to 36.4 million in 2022. In addition, membership penetration rate reached 10.0% in 2022. Going forward, we expect to continuously evaluate and monitor the effectiveness and efficiency of our promotional campaigns and marketing spending. We expect selling and marketing expenses as a percentage of revenue to decrease in the future as we achieve greater sales and marketing efficiency.

- *Administrative expenses.* Our administrative expenses as a percentage of revenue were 18.4% in 2019 higher than that of 6.2% in 2020, primarily due to rental fees incurred in 2019 when we furnished our office space and professional fee (including auditor's remuneration) incurred in 2019 in connection with our financing activities in the same year. Our administrative expenses as a percentage of revenue increased from 6.2% in 2020 to 13.6% in 2021, which was primarily due to the expansion of general and administrative personnel and increased professional fees associated with listing, and decreased to 11.1% in 2022 as we enhance the efficiency of our general and administrative team. We expect administrative expenses as a percentage of revenue to decrease in the future as we achieve greater economies of scale.

- *Research and development expenses.* Our research and development expenses as a percentage of revenue was 29.3%, 15.2%, 22.0% and 24.3% in 2019, 2020, 2021 and 2022, respectively. Our research and development expenses as a percentage of revenue decreased in 2020 primarily due to a decrease in social insurance contribution as a result of the relief policies promulgated by the government in response to the COVID-19 pandemic and as we optimized staffing efficiency. The increase of research and development expenses as a percentage of revenue in 2021 and 2022 was primarily due to the expansion of our research and development team and continuous investment to strengthen our technological capabilities. Going forward, we expect to continue to invest in research and development to improve our technology infrastructure and innovate our offerings. We also plan to further improve our research and development efficiency. We expect research and development expenses as a percentage of revenue to decrease in the future due to the return from our upfront research and development investments and the improved operating leverage. In particular, we expect our research and development team to grow at a slower pace than in previous years as we optimize our headcount planning to improve research and development efficiency. We expect that, by operating more efficiently and effectively, our research and development spending as a percentage of total revenue will further decrease.

- *Fulfillment expenses.* Our fulfillment expenses accounted for 8.3%, 8.3%, 7.9%, and 9.1% of total revenue in 2019, 2020, 2021 and 2022, respectively. We expect fulfillment expenses as a percentage of revenue to decrease in the long run, primarily due to (i) our increased bargaining power and better pricing terms with logistics suppliers, which we have achieved through our scale advantage; and (ii) our optimized and streamlined logistics distribution system, which enables direct delivery from suppliers to consumers, eliminating the need for intermediary distributors.

In addition, we expect to enjoy greater economies of scale on our platform as we continue to improve our one-stop, integrate fitness solution to unlock synergies across segments and increase flexibility in managing expenses. We have established an integrated business model. Our integrated business model is not a simple combination of different segments. Leveraging our integrated business model and cross-selling opportunities, we have achieved continued and balanced revenue growth.

In summary, we experienced losses during the Track Record Period as we prioritized strategic path formulation and business model optimization over immediate breakeven. As we continue to scale up our business, invest in marketing and branding to grow user base, expand content and product offerings to enhance monetization capabilities, as well as optimize cost structure and improve operating leverage, we expect to grow revenue and narrow our adjusted net loss (non-IFRS measure). Upon the successful implementation of the aforementioned measures, our Directors believe that we are effectively paving the way for long-term sustainable profitability. Based on the independent due diligence conducted, nothing material has come to the attention of the Sole Sponsor that would cast doubt on the Company's conclusion in respect of the sustainability of the Company's business.

Working Capital Sufficiency

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, short-term time deposits, financial assets at fair value through profit or loss, and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. We also proactively review and adjust our cash management policy and working capital needs according to general economic conditions and our short-term business plans. In addition, in view of our net cash outflows, net liabilities position and net losses during the Track Record Period, we plan to ensure our working capital sufficiency by taking advantage of above-mentioned measures to narrow down our net loss and improve our profitability. Further, as evidenced by our historical equity financing activities, we are able to obtain investment from well-known institutions. This also signifies the confidence of prominent investors in our Company. We currently do not have plans to issue new shares to raise funds shortly after the Listing and in the near future. We believe that potential external financing sources, including those to which we will gain access after the Global Offering, will provide additional funding to fuel our business operation and expansion until we achieve positive profitability. Taking into account the above, and based on the written confirmation from the Company in respect of working capital sufficiency, review of the accountants' report, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Sole Sponsor that would cast doubt on the Company's conclusion that the Company has sufficient working capital to meet its present needs, that is for the next twelve months from the date of this document. See "Business—Business Sustainability."

OUR STRENGTHS

We believe the following strengths have contributed to our success:

- largest and innovative platform for online fitness;
- extensive, professional, personalized and dynamic content offerings;
- superior user experience underpinned by our smart, interactive and immersive fitness solution;
- next generation brand supported by a vibrant community;
- proprietary platform driven by insights and technology;
- diversified monetization model driven by multiple growth levers; and
- experienced management team.

OUR BUSINESS STRATEGIES

We plan to achieve our purpose to make the world move through the following key business strategies:

- keep on expanding our addressable market and user base;
- keep on innovating and diversifying our content;
- keep on creating an open platform for greater engagement among platform participants;
- keep on investing in technology capabilities;
- keep on increasing our brand value; and
- keep on enhancing our monetization capabilities.

COMPETITIVE LANDSCAPE

Key constituents in China's online fitness market include fitness apps, video apps, livestreaming apps, fitness vloggers, smart fitness device brands and manufacturers, and fitness product brands. Online fitness platforms may compete with other market players such as video apps and live streaming apps for users, advertising revenue and fitness product brands and smart fitness device brands and manufacturers for product sales. Benefiting from the ability to integrate online contents with offline experience and develop an active fitness community, online fitness platforms enjoy a favorable competitive advantage over other types of players in the online fitness industry.

Our recorded courses are more advantageous to fitness users compared to influencer videos on free video platforms, which are typically generated at will as a type of "content creation" by individual users who may not possess professional knowledge and training. The content on free video platforms is generally not organized in a systematic way and lacks the quality and consistency in terms of content development and presentation. Though watching videos on free video platforms can spark an interest in fitness for many people, to maintain a stable fitness routine, they often turn to *Keep* for systematic training, professional guidance and continued support. Meanwhile, our fitness content caters into users' strong exercise intent for an interactive and focused workout session, and we aim to encourage users to actually participate in and complete workout sessions rather than browsing fitness videos casually. We have also developed comprehensive fitness related data insights which is crucial in assisting users with understanding their fitness levels, managing their workout plans, and achieving their fitness goals.

OUR CUSTOMERS AND SUPPLIERS

Our customers include users who purchase our fitness content and products and participate in our *Keep* offline fitness classes, advertisers who post advertisements of their content, products and services on our online platform and wholesale channels that we use for selling our self-branded fitness products. Sales to our five largest customers in each year during the Track Record Period accounted for 12.7%, 12.0%, 16.2% and 11.2% of our total sales in each year ended December 31, 2019, 2020, 2021 and 2022, respectively, and sales to our largest customer accounted for 5.5%, 5.8%, 10.1% and 6.4% of our total sales in each year ended December 31, 2019, 2020, 2021 and 2022, respectively. The top five customers are primarily wholesale channels that purchased our self-branded products and advertising companies who purchased our online advertising service, while our largest customer in each year during the Track Record Period was wholesale channel that purchased our self-branded products. See "Business—Customers" for more details. For specific types of advertisements such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals, and veterinary pharmaceutical, we implement internal procedure to check or verify that the advertisers have fulfilled requisite government requirements, including the advertiser's operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approvals of the content of the advertisement and filings with the local authorities. See "Risk Factors—Risks Related to Our Business and Industry—Advertisements in our app may subject us to penalties and other administrative actions".

Our suppliers primarily consist of raw materials, components and finished goods suppliers, advertising and marketing service providers, warehousing, packaging and delivery suppliers, third-party application stores and other payment channels, third-party platform suppliers, data storage, server hosting, and bandwidth providers and fitness content providers. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 15.3%, 21.7%, 16.0% and 15.8% of our total purchases in each year ended December 31, 2019, 2020, 2021 and 2022, respectively, and purchases from our largest supplier accounted for 3.4%, 5.5%, 4.9% and 3.8% of our total purchases in each year ended December 31, 2019, 2020, 2021 and 2022, respectively. See "Business—Suppliers" for more details.

RISK FACTORS

There are certain risks involved in our business and industries, our corporate structure, our business operations in China, investing in our Shares, the Listing and the Global Offering, many of which are beyond our control. For example, these risks include, among others, the following risks related to our business:

- We have a limited operating history under our evolving platform business model, and our historical growth and performance may not be indicative of our future growth and financial results.
- If we are unable to carry out our business strategies and manage our growth effectively, our brand, company culture, and financial performance may suffer.
- If we are unable to attract and retain users on our platform, or if user engagement and/or user spending decline, our business and results of operations may be materially and adversely affected.

- If we are unable to adapt the fitness content and related products and services offered on our platform to changes in user preferences and evolving industry trends in a timely manner, the demand for our fitness content and related products and services may decline, which could have an adverse effect on our business and rate of growth.
- The fitness industry in China is still in the early stages of growth and if it does not continue to grow, grows more slowly than we expect, or fails to reach the scale that we expect, our business, financial condition, and operating results may be adversely affected.
- Maintaining and enhancing our brand and corporate reputation is critical to our success. Negative publicity about us, our employees and third parties associated with our platform, including our fitness instructors and our content providers, may materially and adversely affect our brand, reputation, business and growth prospects.
- We cannot guarantee that our monetization strategies will be successfully implemented or generate sustainable revenue and profit.
- We incurred net losses and had net cash outflow in the past, and we may continue to incur losses and have net cash outflow in the future.
- Our business generates, processes, collects and stores a large amount of data, and the unauthorized access, improper use or disclosure of such data could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential users from using our services.
- Misbehavior or unsatisfactory performance of the fitness influencers we collaborated with could harm our reputation and potentially our operation results and financial performance.
- We operate in a fast-evolving industry and may not be able to compete effectively.

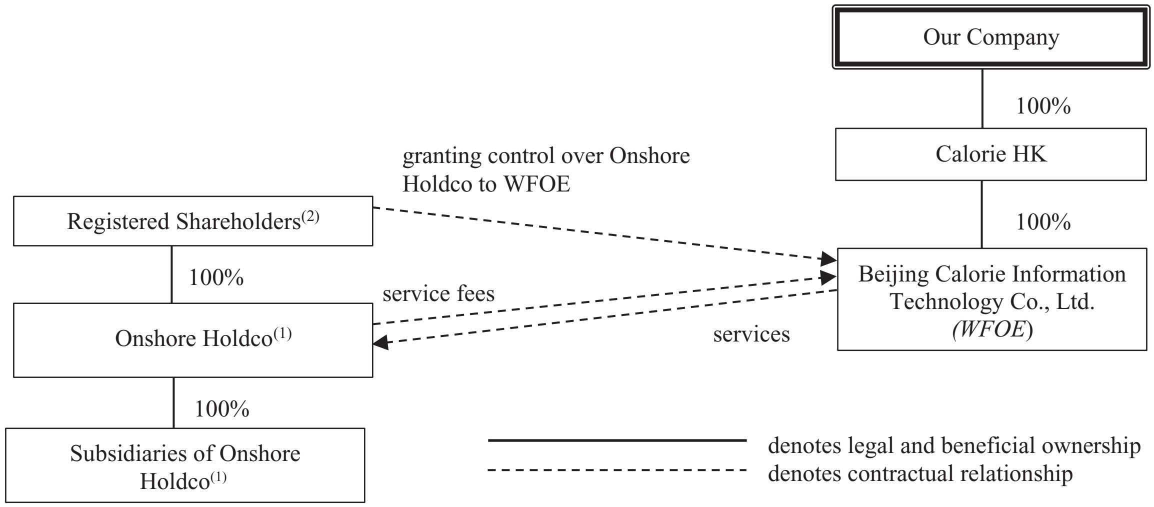
CONTRACTUAL ARRANGEMENTS

Due to foreign investment restrictions under PRC Laws, our Company is unable to own or hold any direct equity interest in our Consolidated Affiliated Entities conducting our businesses. This is because our Group operates, within China, (a) businesses that are prohibited from any foreign investment; and (b) businesses that are subject to foreign investments restrictions, but because these restricted businesses form part of, and cannot be separated from, the entities/platforms that operate prohibited businesses and/or the operation of prohibited businesses themselves, the Company must keep these business operations under its variable interest entity structure and cannot hold *any* equity interest in the entities operating these businesses under current applicable PRC laws. Accordingly, due to these foreign investment prohibitions and restrictions, we control these entities (and their business operations) through Contractual Arrangements, through which we are able to derive substantially all economic benefits enjoyed by the Registered Shareholders from our Consolidated Affiliated Entities. See "Contractual Arrangements" for details. See also "Risk Factors—Risks Related to Our Corporate Structure".

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

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

The following simplified diagram illustrates the key aspects of the Contractual Arrangements:



Notes:

(1) These constitute our Consolidated Affiliated Entities.

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

VOTING PROXY AGREEMENTS

Mr. Wang (through his controlled corporation Persistent Courage Holdings Limited), as proxyholder on the one hand, and Metropolis Olympia Holdings Limited (ultimately beneficially owned by Mr. Peng Wei), Bulldog Group Ltd (ultimately beneficially owned by Mr. Liu Dong) and Impressive Appearance Holdings Limited (ultimately beneficially owned by Mr. Wen Chunpeng) (as proxy granters on the other hand), entered into the Voting Proxy Agreements dated June 14, 2022, pursuant to which the proxy granters granted voting proxies in favor of the proxyholder, to vote all of the Shares held by the proxy granter (or their controlled affiliates) upon Listing and from time to time thereafter, in accordance with the instructions of the proxyholder on matters within the proxy scope (being all matters put forth at a general meeting or for a vote by members, except for matters on which the proxyholder and its associates are required to abstain from voting under the Listing Rules and applicable laws and regulations). Immediately upon Listing (assuming the Presumptions), the aggregate subject shares under the Voting Proxy Agreements constitutes 4.12% of our Company's total voting rights. See "History, reorganization, and corporate structure—Voting Proxy Agreements" for further details.

SINGLE LARGEST SHAREHOLDER

As at the date of this document, Mr. Wang controls more than 30% of the total voting rights of our Company as a result of his controlled corporations holding super-voting rights in our Company. Upon Listing, our Company will unwind our weighted voting rights structure and under the Articles of Association, which takes effect upon Listing, all issued Shares (including Shares held by Mr. Wang through his controlled corporations) will be entitled to one vote each at a general meeting of our Company. Accordingly, upon Listing, Mr. Wang (through his controlled corporations) will be interested in 16.62% of our issued Shares and voting rights, and will additionally be able to exercise the voting rights attached to 4.12% of our issued Shares held by certain proxy granters pursuant to the Voting Proxy Agreements. Based on the above, prior to and upon Listing, Mr. Wang will continue to be our Single Largest Shareholder. See "Relationship with our Single Largest Shareholder" for further details.

PRE-IPO INVESTORS

We received multiple series of equity financing from our Pre-IPO Investors to support our expanding business operations from 2015 to 2021. Our broad and diverse base of Pre-IPO Investors consists of, among others, GGV Capital, SVF II Calorie, 5Y Capital, Morespark, JenCap, BAI GmbH and GS Capital. See "History, Reorganization, and Corporate Structure—Pre-IPO Investments" for details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountant's Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Selected Consolidated Income Statements Items

The following table sets forth our consolidated income statements with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	For the Year Ended December 31,							
	2019		2020		2021		2022	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)							
Revenue	**663,119**	**100.0**	**1,106,777**	**100.0**	**1,619,538**	**100.0**	**2,211,551**	**100.0**
Cost of revenues	(390,493)	(58.9)	(607,350)	(54.9)	(942,910)	(58.2)	(1,311,171)	(59.3)
Gross profit	**272,626**	**41.1**	**499,427**	**45.1**	**676,628**	**41.8**	**900,380**	**40.7**
Fulfillment expenses	(55,128)	(8.3)	(92,411)	(8.3)	(127,872)	(7.9)	(201,586)	(9.1)
Selling and marketing expenses	(295,785)	(44.6)	(301,693)	(27.3)	(956,220)	(59.0)	(646,177)	(29.2)
Administrative expenses	(122,199)	(18.4)	(68,977)	(6.2)	(218,276)	(13.6)	(245,614)	(11.1)
Research and development expenses	(194,170)	(29.3)	(167,920)	(15.2)	(355,582)	(22.0)	(536,877)	(24.3)
Other income	12,602	1.9	4,195	0.4	4,258	0.3	6,509	0.3
Other gains/(losses), net	9,520	1.4	(984)	(0.1)	8,981	0.6	(65,375)	(3.0)
Operating loss	**(372,534)**	**(56.2)**	**(128,363)**	**(11.6)**	**(968,083)**	**(59.8)**	**(788,740)**	**(35.7)**
Loss before income tax	**(735,045)**	**(110.8)**	**(2,243,750)**	**(202.7)**	**(2,908,237)**	**(179.6)**	**(103,548)**	**(4.7)**
Income tax expense	—	—	—	—	—	—	(1,003)	(0.0)
Loss for the year	**(735,045)**	**(110.8)**	**(2,243,750)**	**(202.7)**	**(2,908,237)**	**(179.6)**	**(104,551)**	**(4.7)**
Loss for the year attributable to:								
Owners of the Company	(728,979)	(109.9)	(2,239,609)	(202.4)	(2,908,237)	(179.6)	(104,551)	(4.7)
Non-controlling interests	(6,066)	(0.9)	(4,141)	(0.3)	—	—	—	—

Non-IFRS Measure: Adjusted Net Loss

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

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 IFRSs.

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

- Share-based compensation expenses primarily represent the non-cash employee benefit expenses incurred in connection with our 2016 Plan and 2021 Plan. 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 do not expect to record any further fair value changes of the convertible redeemable preferred shares after Listing as preferred shares liabilities will be redesignated and reclassified from liabilities to equity after automatically converting into ordinary shares upon Listing.

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is loss for the year:

	For the Year Ended December 31,			
	2019	2020	2021	2022
	RMB	RMB	RMB	RMB
	(in thousands)			
Reconciliation of loss to adjusted net loss (Non-IFRS measure):				
Loss for the year	(735,045)	(2,243,750)	(2,908,237)	(104,551)
Add:				
Share-based compensation expenses	12,292	22,423	135,505	102,613
Fair value changes of convertible redeemable preferred shares	356,303	2,114,943	1,946,205	(664,969)
Adjusted net loss for the year (Non-IFRS measure)	**(366,450)**	**(106,384)**	**(826,527)**	**(666,907)**

Our fair value loss of convertible redeemable preferred shares led to the increases in our losses during the Track Record Period. Our convertible redeemable preferred shares will be redesignated and reclassified from liabilities to equity as a result of the automatic conversion into ordinary shares upon the Listing. Changes in fair value of convertible redeemable preferred shares affected our performance significantly during the Track Record Period and may continue to have adverse effect on our results of operations when our valuation continues to increase until conversion into ordinary shares, after which we do not expect to recognize any further loss or gain on fair value changes from convertible redeemable preferred shares and will return to a net assets position.

Our loss for the year was RMB735.0 million in 2019, RMB2.2 billion in 2020, RMB2.9 billion in 2021 and RMB104.6 million in 2022. We incurred net loss during the Track Record Period as a result of our investment in our brand, innovative, high quality fitness content and product offerings to grow our user base and pave the way for long term profitability.

Selected Consolidated Balance Sheet Items

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

	As at December 31,			
	2019	2020	2021	2022
	(RMB in thousands)			
Total non-current assets	181,270	138,719	160,159	204,341
Total current assets	810,332	3,148,412	2,960,379	2,429,200
Total assets	**991,602**	**3,287,131**	**3,120,538**	**2,633,541**
Total non-current liabilities	2,920,506	6,998,620	9,274,323	9,476,589
Total current liabilities	216,738	330,179	606,866	667,115
Total liabilities	**3,137,244**	**7,328,799**	**9,881,189**	**10,143,704**
Net current assets	**593,594**	**2,818,233**	**2,353,513**	**1,762,085**
Deficit in equity attributable to owners of the Company	**(2,150,512)**	**(4,041,668)**	**(6,760,651)**	**(7,510,163)**
Non-Controlling interests	**4,870**	—	—	—
Total deficit in equity	**(2,145,642)**	**(4,041,668)**	**(6,760,651)**	**(7,510,163)**
Total deficit in equity and liabilities	**991,602**	**3,287,131**	**3,120,538**	**2,633,541**

We had net current assets positions as of December 31, 2019, 2020, 2021 and 2022. Our net current assets positions as of each of these dates were primarily attributable to our large balance of inventories, accounts receivables, prepayments and other current assets, financial assets at fair value through profit or loss, short-term time deposits and cash and cash equivalents, partially offset by our accounts payables, accrued expenses, contract liabilities and borrowings. Cash and cash equivalents account for a substantial portion of our current assets. As of December 31, 2022, we recorded net current assets of RMB1.8 billion.

Our net current assets increased from RMB593.6 million as of December 31, 2019 to RMB2.8 billion as of December 31, 2020, primarily due to an increase of RMB1.8 billion in cash and cash equivalents and an increase of RMB429.3 million in financial assets at fair value through profit or loss. The increase in cash and cash equivalents was primarily due to proceeds we received from our Series E and F financing completed in 2020. The increase of financial assets at fair value through profit or loss was primarily due to the purchase of certain wealth management products. The wealth management product we purchased mainly represents deposits with variable interest rates indexed to the performance of underlying assets or principal that are not-guaranteed by certain financial institutions. Our net current assets decreased from RMB2.8 billion as of December 31, 2020 to RMB2.4 billion as of December 31, 2021, primarily due to (i) a decrease of RMB689.2 million in cash and cash equivalents, and (ii) a decrease of RMB173.4 million in financial assets at fair value through profit or loss, partially offset by an increase of RMB455.0 million in short-term time deposit. The decrease in cash and cash equivalent was primarily due to our increased selling and marketing spending in the first half of 2021 as we strategically invested in brand awareness and traffic acquisition to capture the substantial opportunities in the industry, and build a broader user base. For example, we collaborated with variety shows to enhance our brand awareness and increased our traffic acquisition spending in short video platforms. We redeemed certain wealth management products to short-term time deposit, resulting in the decrease of financial assets at fair value through profit or loss and an increase in short-term time deposit. Our net current assets decreased from RMB2.4 billion as of December 31, 2021 to RMB1.8 billion as of December 31, 2022, primarily due to (i) a decrease of RMB116.1 million in financial assets at fair value through profit or loss, (ii) a decrease of RMB386.2 million in short-term deposits and (iii) a decrease of RMB58.7 million in accounts receivables, partially offset by an increase of RMB58.1 million in accrued expenses. We redeemed certain wealth management products and short-term deposits to cash and cash equivalents, resulting in the decrease of financial assets at fair value through profit or loss and short-term deposits and an increase in cash and cash equivalents.

We recorded net liabilities of RMB2.1 billion, RMB4.0 billion, RMB6.8 billion and RMB7.5 billion, as of December 31, 2019, 2020, 2021 and 2022, respectively. The increase in net liabilities was primarily due to the increase in convertible redeemable preferred shares. Our convertible redeemable preferred shares increased from RMB2.8 billion as of December 31, 2019 to RMB6.9 billion as of December 31, 2020, RMB9.2 billion as of December 31, 2021 and RMB9.4 billion as of December 31, 2022, respectively. The increase in convertible redeemable preferred shares was primarily due to the issuance of convertible redeemable preferred shares during the Track Record Period and the increased valuation of our Company. See "History, Reorganization, and Corporate Structure" of this document and Note 34 to the Accountant's Report in Appendix I to this document for details of the convertible redeemable preferred shares. The convertible redeemable preferred shares will be redesignated from liabilities to equity as a result of automatic conversion into ordinary shares upon the Listing such that the net liabilities position would turn into a net asset position. The net losses we incurred during the Track Record Period also contributed to our net liability positions. We incurred losses of RMB735.0 million, RMB2.2 billion, RMB2.9 billion and RMB104.6 million for the year ended December 31, 2019, 2020, 2021 and 2022, respectively. In particular, we recorded share-based compensation expenses of RMB12.3 million, RMB22.4 million, RMB135.5 million and RMB102.6 million in 2019, 2020, 2021 and 2022, respectively. The fluctuation in net liabilities during the Track Record Period was also affected by currency translation differences and fair value changes on convertible redeemable preferred shares due to own credit risk. We recorded currency translation loss of RMB35.4 million in 2019 and currency translation gain of RMB269.2 million in 2020, RMB151.0 million in 2021 and translation loss of RMB700.8 million in 2022. We recorded fair value gain on convertible redeemable preferred shares due to own credit risk of RMB28.0 million in 2019, RMB86.1 million in 2020, and fair value loss on convertible redeemable preferred shares due to own credit risk of RMB97.2 million in 2021 and RMB46.7 million in 2022, respectively.

Selected Consolidated Statements of Cash Flows Items

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

	For the Year Ended December 31,			
	2019	2020	2021	2022
	(RMB in thousands)			
Selected Consolidated Cash Flow Data:				
Net cash outflow from operating activities before movements in working capital	(270,534)	(55,477)	(785,636)	(561,590)
Change in working capital	(6,455)	(15,345)	(82,866)	106,610
Income tax paid	—	—	—	(1,003)
Net cash outflow from operating activities	(276,989)	(70,822)	(868,502)	(455,983)
Net cash inflow/(outflow) from investing activities	345,364	(447,757)	(296,803)	459,691
Bank borrowings interests paid	—	—	(2,181)	(2,312)
Net cash inflow/(outflow) from financing activities	408,281	2,307,841	497,328	(66,830)
Net increase/(decrease) in cash and cash equivalents	476,656	1,789,262	(667,977)	(63,122)
Cash and cash equivalents at the beginning of the year	88,834	563,914	2,342,713	1,653,517
Effects of exchange rate changes on cash and cash equivalents	(1,576)	(10,463)	(21,219)	81,822
Cash and cash equivalents at the end of the year	**563,914**	**2,342,713**	**1,653,517**	**1,672,217**

We recorded negative cash flows from operating activities during the Track Record Period due to losses incurred during our daily operations. In particular, we incurred cost of revenues of RMB390.5 million, RMB607.4 million, RMB942.9 million and RMB1.3 billion in 2019, 2020, 2021 and 2022, respectively. Cost of revenues primarily represent costs directly attributable to the production of fitness products and content, costs of medals for virtual sports events and channel fees paid to third-party application stores and other payment channels. We have also incurred substantial selling and marketing expenses, including spending in traffic acquisition and branding to further acquire, activate and retain users. We incurred selling and marketing expenses of RMB295.8 million, RMB301.7 million, RMB956.2 million and RMB646.2 million in 2019, 2020, 2021 and 2022, respectively. In 2021, we experienced an increase in operating cash outflows primarily due to an increase in selling and marketing expenses in 2021 as we enhanced our marketing and promotion efforts to increase mindshare, enhance brand awareness, further expand user base and solidify our market leading position. We also heavily invested in research and development activities to improve our technology infrastructure and innovate our offerings. We recorded research and development expenses of RMB194.2 million, RMB167.9 million, RMB355.6 million and RMB536.9 million in 2019, 2020, 2021 and 2022, respectively.

RECENT DEVELOPMENT

Our average MAUs, average monthly subscribing members and average monthly fitness product customers were 26.3 million, 2.8 million and 0.4 million in the three months ended March 31, 2023, respectively, compared to 34.3 million, 3.5 million and 0.5 million in the same period in 2022, respectively. The surge in COVID-19 cases across China at the end of 2022 and the beginning of 2023 made it unsuitable for people to conduct fitness activities in early 2023 due to health conditions. We encouraged people recovering from the COVID-19 to take rest through pop-up surveys in *Keep* mobile app and articles published on our social media accounts. Influencers on our platform also expressed similar view in our community. In contrast, in March and April 2022, the number of COVID-19 cases was much lower compared to that of the end of 2022 and the beginning of 2023. Travel restrictions imposed at the time limited people's options at leisure times and led to more indoor exercises, which drove the increase in our MAUs and boosted the consumption of indoor fitness content and related products during that period. As a result, we recorded exceptionally high operating data in early 2022. COVID-19 cases gradually decreased from March 2023, and we joined the e-commerce shopping festival for International Women's Day, which, along with our general seasonal factors such as reduced activity during Chinese New Year and increased willingness to exercise as spring comes, led to increased business performance in March 2023. See also "Business–Seasonality". We have also launched more member-exclusive courses in collaboration with well-known influencers. At the same time, we released several new fitness products in 2023, such as *Keep* Station and *Keep* Rowing Machine, both currently at marketing stage. Overall, we have seen the improvement of average MAUs and average monthly subscribing members in April 2023 as compared to those in March 2023. In April and May 2023, most of our operating metrics have reached similar levels as those in the beginning of 2022 but still haven't returned to the level of full year 2022. Our average MAUs, average monthly subscribing members and average monthly fitness product customers were 32.1 million, 3.1 million and 0.4 million in April 2023, respectively, and remained stable at 32.1 million, 3.1 million and 0.4 million in May 2023, respectively.

We expect to continue to incur net losses in the foreseeable future due to continued investments in user growth and the skills to capture the substantial opportunities in various specialized aspects of the industry and strengthen competitive moats. In particular, we expect a significant increase in the forecast loss for 2023 primarily due to the loss arising from the fair value change of our convertible redeemable preferred shares.

Unaudited Financial Information for the Three Months Ended March 31, 2022 and 2023

Based on our unaudited management accounts, our revenue increased by 7.2% from RMB417.3 million in the three months ended March 31, 2022 to RMB447.4 million in the three months ended March 31, 2023, which was mainly attributable to the revenue increase in our virtual sports events recorded under our membership and online paid content business segment. We launched virtual sports events in 2018 and our virtual sports events business started to ramp up in late 2021. Users can register and participate in virtual sports events by completing fitness goals such as running, cycling or jumping rope within a specified time frame. The revenue for these events comes from event entry fees. If a user successfully completes the fitness goals set for the virtual sports event, they can receive memorabilia of the event, such as medals, badges and virtual badges. This motivates users to actively participate in fitness activities on our platform and provides a sense of achievement. We expect to continue to increase revenue generation from virtual sports events. We also joined the e-commerce shopping festival for International Women's Day, which contributed to the increased revenue in March 2023. Our adjusted net loss (non-IFRS measure) was RMB154.8 million and RMB117.5 million for the three months ended March 31, 2022 and 2023, respectively. The decrease was primarily due to the decrease in our branding and marketing promotion expenses and other related expenses and increase in our gross profit. We optimized our marketing strategies to acquire users more efficiently, resulting in the decrease in branding and marketing expenses. For example, we strategically reduced spending for general branding activities in collaboration with variety shows and user acquisition on short video platforms and focused on brand promotion and user acquisition efforts in app stores and expanded our presence on social media. Our adjusted net margin (non-IFRS measure) was negative 37.1% and negative 26.3% for the three months ended March 31, 2022 and 2023, respectively. The increase was primarily due to our improved marketing efficiency and the increased gross margin. We have observed a slight decrease in revenue in April 2023 and a slight increase in revenue in May 2023. Our adjusted net loss (non-IFRS measure) as a percentage of revenue further narrowed in these two months.

The foregoing unaudited financial information for the three months ended March 31, 2023 is derived from our unaudited interim condensed consolidated financial information for the three months ended March 31, 2023. We are responsible for the preparation of our unaudited interim condensed consolidated financial information for the three months ended March 31, 2023 in accordance with International Accounting Standard 34 "Interim Financial Reporting." Our unaudited interim condensed consolidated financial information for the three months ended March 31, 2023 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

Recent Regulatory Development

Anti-Monopoly

On August 17, 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Drafts for Public Comments) (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), or the Draft Provisions on Preventing Unfair Online Competition which has not been formally adopted as of the Latest Practicable Date. On

February 7, 2021, the Anti-Monopoly Commission of the State Council published Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》). On June 24, 2022, the SCNPC issued the latest amendment of Anti-Monopoly Law (《反壟斷法》), effective from August 1, 2022. See "Risk Factors—Risks Related to Doing Business in China—Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions" and "Regulations—Regulations Related to Anti-Monopoly" for details".

As of the Latest Practicable Date, based on the facts that, (i) the markets that the Company operates in are rapidly evolving and increasingly competitive and constantly attracting new participants which mitigate the risk of the Company being deemed as a dominant position in the relevant markets, (ii) the Company had not engaged and did not plan to engage in any merger or acquisition transactions that may constitute concentration of operators and trigger merger control filing under PRC anti-monopoly regulations, and (iii) the Company would make a declaration to the relevant anti-monopoly enforcement agency in advance in accordance with the relevant PRC laws and regulations in the event of a future merger or acquisition transaction that may be deemed as concentration of operators, and save for the uncertainties regarding the interpretation and implementation of such laws and regulations, our PRC Legal Adviser is of the view that, the anti-monopoly regulations will not have a material adverse effect on the Company's operations. As of the Latest Practicable Date, the Company had not been subject to any investigations, regulatory fines or legal actions under the anti-monopoly regulations.

Cybersecurity and Internet Data Security

Recently, the PRC governmental authorities have promulgated, among others, the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), or the CII Regulations, and the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), or the Personal Information Protection Law. See "Regulations —Regulations Related to Internet Information Security and Privacy Protection" for details. As advised by our PRC legal adviser in respect of PRC data compliance law, the risk of us being identified as an operator of critical information infrastructure, or CIIO, is relatively low, on the basis that: (i) we have not been informed as a CIIO by any governmental authorities; and (ii) the nature of our business and the type of personal information we collected, subject to further interpretations, are of relatively low national security significance. Our PRC legal adviser in respect of PRC data compliance law is of the view that we are in compliance with the Personal Information Protection Law in all material aspects as of the date of this document. On November 14, 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例 (徵求意見稿)》), or the Draft Data Security Regulations. As of the Latest Practicable Date, the Draft Data Security Regulations have not been formally adopted and therefore, substantial uncertainties with respect to our obligations regarding data security still exist. We have taken several measures to comply with the Draft Data Security Regulations though it has not been formally adopted and our PRC legal adviser in respect of PRC data compliance law is of the view that the Company would be able to comply with the Draft Data Security Regulations in all material respects assuming the Draft Data Security Regulations are implemented in their current forms. See "Regulations—Regulations Related to Internet Information Security and Privacy Protection" for details.

On December 28, 2021, the CAC together with other regulatory authorities jointly announced the Cybersecurity Review Measures (《網絡安全審查辦法》), or the Cybersecurity Review Measures, effective from February 15, 2022, which further restates and expands the applicable scope of the cybersecurity review. See "Regulations—Regulations Related to Internet Information Security and Privacy Protection" and "Risk Factors—Risks Related to Our Business and Industry—Our business generates, processes, collects and stores a large amount of data, and the unauthorized access, improper use or disclosure of such data could subject us to significant reputational, financial, legal and operational consequences, and deter current and potential users from using our services" for details.

Our PRC legal adviser in respect of PRC data compliance law is of the view that: (i) the risk of us being required to undertake cybersecurity review under the Cybersecurity Review Measures as an network platform operator who masters personal information of over one million users is relatively low because listing in Hong Kong does not fall within the scope of "listing abroad" (國外上市) pursuant to the Cybersecurity Review

Measures; and (ii) subject to further interpretation, the risk of us being considered as affecting or may affect national security and thus being required to undertake cybersecurity review for the Listing under the Draft Data Security Regulations is also relatively low, because the type and nature of the personal information we gathered related to the fitness of *Keep*'s users or fitness market is of relatively low national security significance.

Our PRC legal adviser in respect of PRC data compliance law and Directors are of the view that: (i) we are in compliance with the existing PRC laws and regulations in respect of data compliance, including the Personal Information Protection Law and the cybersecurity and data protection laws and regulations in all material aspects; (ii) the risk of us being required to undertake cybersecurity review under the Cybersecurity Review Measures is relatively low; and (iii) we would be able to comply with the Draft Data Security Regulations (if implemented in its current forms) in all material respects. Our Directors are of the view that the existing laws and regulations in respect of data compliance will not have material adverse impacts on our business operations and financial performance, and will not affect our compliance with applicable laws and regulations in any material aspects as of the date of this document. As there might be newly issued explanations or implementation rules, we will actively monitor future regulatory and policy changes to ensure strict compliance with all applicable laws and regulations. Based on the foregoing, having taken into account the view and analysis of the Directors and the Company's PRC legal adviser in respect of PRC data compliance law on the aforementioned recent regulatory developments as well as the due diligence conducted, and having discussed with the Company's PRC legal adviser in respect of PRC data compliance law in relation to the compliance status of the Company with the existing laws and regulations in respect of data compliance, including Personal Information Protection Law and cybersecurity and data protection laws and regulations, nothing material has come to the attention of the Sole Sponsor as non-legal expert which would cause them to cast doubt on the reasonableness of the Directors' view on the impact of the Draft Data Security Regulations on the Company.

Overseas Listing

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five related guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means, are required to go through the filing procedure with the CSRC and report relevant information.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》), which, among others, clarifies that (i) on or prior to the effective date of the Overseas Listing Trial Measures, domestic companies that have already submitted valid applications for overseas securities offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may arrange the timing for submitting their filing applications with the CSRC in a reasonable manner, and must complete the filing before the completion of their overseas securities offering and listing; (ii) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as companies that passed the Stock Exchange listing hearing), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements.

We have passed hearing prior to March 31, 2023. Based on the foregoing, our PRC Legal Adviser is of the view that we will not be required to complete the filing procedures with the CSRC for the Listing, if we are not required to conduct another hearing with the Stock Exchange and we can complete the Listing on or before September 30, 2023. See "Risk Factors—We may be required to obtain prior approval or subject to filings or other requirements from the CSRC or other PRC regulatory authorities for the Listing."

IMPACT OF COVID-19 ON OUR OPERATIONS

The overall impact of the COVID-19 pandemic on our business operation and financial performance up to the Latest Practicable Date had been positive. The negative impact of the COVID-19 pandemic on our business and operations include that a few of our fitness food suppliers suspended operations from April or May to June 2022. In addition, we experienced logistics disruptions, especially in Shanghai, in the first half of 2022. All of the *Keepland* fitness centers located in Beijing suspended operation in May 2022. The decline in economic activities during COVID-19 resurgence also caused our advertising customers to tighten their advertising budget. The surge in COVID-19 cases across China at the end of 2022 and the beginning of 2023 also made it unsuitable for people to conduct fitness activities in early 2023 due to health conditions, which impacted our operational performance.

Nevertheless, the COVID-19 pandemic also led to an increase in people's willingness to work out at home and an increase in online traffic to our platform. We recorded higher average MAUs, average monthly subscribing members and average monthly fitness product customers in the first and second quarter of 2020 as a result of the COVID-19 pandemic. In addition, more users tend to follow our fitness content and complete workout sessions in 2020 as a result of the outbreak of COVID-19 pandemic. As the outbreak of COVID-19 increased users' willingness to workout at home, we also witnessed a higher average monthly membership retention rate in 2020. Please refer to "Business—Our users - '*Keepers*'." In addition, we reduced our branding and marketing promotion expenses and other related expenses in 2020 due to the increased engagement of our users as a result of the COVID-19 pandemic. We believe the COVID-19 pandemic only accelerated the process of bringing in users who would sooner or later become our users rather than creating a temporary user inflow. We believe our MAUs will continue to grow as we continue to upgrade our fitness content, expand and deepen the services provided to subscribing members, and further invest in marketing and user acquisition.

Most of the travel restrictions and quarantine requirements were lifted in December 2022. The extent to which the pandemic impacts our results of operations going forward will depend on future developments which are uncertain and unpredictable, including the frequency, duration and extent of outbreaks of COVID-19, the appearance of new variants with different characteristics, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. See "Financial Information—Impact of COVID-19 on our operations and financial performance," "Risk Factors—Risks Related to Our Business and Industry—The COVID-19 outbreak has impacted our business, operating results and financial condition," and "Risk Factors—Risks Related to Our Business and Industry—The COVID-19 pandemic has increased people's willingness to work out at home. If we are unable to rely on such trend in the future, our business could be adversely affected."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2022, being the latest period reported on in the Accountant's Report, and there has been no event since December 31, 2022 that would materially affect the information shown in the Accountant's Report set out in Appendix I.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in: (a) the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and (b) the Shares to be issued under the Share Incentive Plans. Our listing application is made on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue for the year ended December 31, 2022, being approximately RMB2.2 billion (equivalent to HK$2,414.1 million), which is over HK$500 million; and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK$4 billion.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such fund reaches 50% or more of its registered capital, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us.

Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our Cayman Islands counsel, under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our shares with the expectation of receiving cash dividends. We did not declare or pay any dividends on our shares during the Track Record Period and we do not anticipate paying any cash dividends in the foreseeable future.

GLOBAL OFFERING

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

(a) the Hong Kong Public Offering of initially 1,083,900 Offer Shares (subject to reallocation) in Hong Kong as described in "Structure of the Global Offering—The Hong Kong Public Offering"; and

(b) the International Offering of initially 9,754,700 Offer Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "Structure of the Global Offering—The International Offering".

The Offer Shares will represent approximately 2.06% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued under the Share Incentive Plans. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 2.36% of the total Shares in issue immediately following the completion of the Global Offering, assuming no Shares are issued under the Share Incentive Plans.

OFFERING STATISTICS

	Based on an Offer Price of HK$28.92 per Offer Shares	Based on an Offer Price of HK$61.46 per Offer Shares
Market capitalization of our Shares (1)	HK$15,202.4 million	HK$32,307.8 million
Unaudited pro forma adjusted consolidated net tangible assets per Share (2)	HK$4.98	HK$5.71

Notes:

(1) The calculation of market capitalization is based on 525,671,987 Shares expected to be in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Share Incentive Plans.

(2) The unaudited pro forma adjusted net tangible assets per Share as of December 31, 2022 is calculated after making the adjustments referred to in Appendix II and on the basis that 525,671,987 Shares are in issue assuming that the Global Offering and the conversion of the Series Preferred Shares had been completed on December 31, 2022, excluding the 60,635,300 restricted shares that were accounted for as treasury shares, and without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company.

LISTING EXPENSES

Based on the mid-point Offer Price of HK$45.19 per share, the total estimated listing expenses in relation to the Global Offering is approximately RMB113.3 million, assuming the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Share Incentive Plans, among which (a) underwriting-related expenses, including underwriting commission and other expenses, are expected to be approximately RMB21.7 million and (b) non-underwriting-related expenses are expected to be approximately RMB91.6 million, comprising (1) fees and expenses of legal advisers and the Reporting Accountant of approximately RMB72.3 million and (2) other fees and expenses of approximately RMB19.3 million, representing approximately 25.3% of the gross proceeds from the Global Offering (assuming the mid-point of the indicative Offer Price range and no exercise of the Over-allotment Option), of which approximately RMB16.9 million is directly attributable to the issue of our Shares to the public and will be deducted from equity, and approximately RMB96.4 million is expected to be expensed upon the Listing.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$366.2 million after deducting the estimated underwriting fees and the estimated offering expenses payable by us in the Global Offering, and assuming an Offer Price of HK$45.19 per Share (being the mid-point of the Offer Price range of between HK$28.92 and HK$61.46 per Share) and assuming the Over-allotment Option is not exercised, or HK$437.2 million if the Over-allotment Option is exercised in full. We intend to use the net proceeds we will receive from this offering for the following purposes:

(a) Approximately 35% of net proceeds, or approximately HK$128.2 million, assuming the Over-allotment Option is not exercised, is expected to be used over the next three years for research and development to advance our technological capabilities and drive product innovation.

(b) Approximately 30% of net proceeds, or approximately HK$109.8 million, assuming the Over-allotment Option is not exercised, is expected to be used over the next three years for the development and diversification of our fitness content.

(c) Approximately 25% of net proceeds, or approximately HK$91.5 million, assuming the Over-allotment Option is not exercised, is expected to be used over the next three years for the investment in branding and promotion.

(d) Approximately 10% of net proceeds, or approximately HK$36.6 million, assuming the Over-allotment Option is not exercised, is expected to be used for general corporate purposes and working capital needs.

See “Future Plans and Use of Proceeds” for further details.