

RISK FACTORS

You should carefully consider all of the information set out in this document before making an [REDACTED] in the Shares, including the risks and uncertainties described below in respect of our business and our industry and the [REDACTED]. You should pay particular attention to the fact that we are a company incorporated and registered in the Cayman Islands and that our principal operations are conducted in China and are governed by a legal and regulatory environment that in some respects differs from what prevails in other countries. Our business could be affected materially and adversely by any of these risks.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

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.

We have experienced continued growth in terms of revenue and user base since we launched our app in 2015. As we grow our user base, increase the level of user engagement, broaden our mix of services and products, renew our product and service portfolios and explore new monetization opportunities, we may incur increasing costs and fail to effectively manage our growth.

As we have a limited operating history and limited operating experience at our current scale of operations, it is difficult to assess our future prospects or forecast our future results of operations, in particular, we may not maintain our historic growth. You should consider our business and prospects in light of the risks and challenges we encounter or may encounter in this developing and rapidly evolving market, some of which are beyond our control. These risks and challenges include, among other things:

- our ability to attract and retain users and drive user engagement and spending with us;
- our ability to further create, source and deploy professional, comprehensive and engaging content, services and products for our users, especially AI-assisted personalized curriculums, proprietary structured courses and interactive live streaming classes;
- our ability to adapt to increasing competition and growth trends within our overall market or industries;
- our ability to expand into new geographic markets that are amenable to our business model;
- our ability to develop a reliable, scalable, secure, high-performance technology infrastructure that can efficiently handle increased usage, user interaction and an enlarged user base;
- our ability to develop or implement strategic initiatives to monetize our platform;
- an increase in competition and expenses as we expand our business;
- our ability to attract, cultivate and retain fitness influencers and instructors and maintain our relationship suppliers, contract manufacturers or logistics service providers;
- our ability to hire, retain and motivate talented employees and attract management talent that is compatible with our business expansion both domestically and internationally; and
- our ability to ensure our operations are carried out in full compliance with relevant laws and regulations and defend ourselves against litigation and/or claims relating to product liability, intellectual property, privacy, personal injury or other matters.

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We cannot be sure that we will be successful in addressing these and other challenges we may face in the future, and our business may be adversely affected if we do not manage these risks successfully. In addition, we may not achieve sufficient revenue or maintain positive cash flows from operations or profitability in any given period, or at all.

If we are unable to carry out our business strategies and manage our growth effectively, our brand, company culture, and financial performance may suffer.

Our future growth, brand, company culture and financial performance depend upon our ability to successfully carry out our business strategy, which, in turn, is dependent upon a number of factors, including our ability to:

- continue to use innovation to drive sales, improve technological and operational efficiencies and improve profit margin;
- effectively manage the quality and efficiency of supply, manufacturing and logistics service providers and other third-party service providers’ performance;
- continue to broaden and diversify our marketing channels;
- pursue strategic investments and collaborations to complement our existing capabilities and expand our content, product and service portfolio and geographic reach; and
- leverage our high performance and innovation excellence team culture to drive margins.

Our future growth, brand, company culture and financial performance also depend on our ability to effectively manage our growth. Growing our business rapidly will place a strain on our management team, financial and information systems, supply chain and distribution capacity and other resources. To manage growth effectively, we must continue to enhance our operational, financial and management systems; maintain and improve our internal controls and disclosure controls and procedures; maintain and improve our information technology systems and procedures; and expand, train and manage our employee base. We may not be able to effectively manage this expansion in any one or more of these areas, and any failure to do so could significantly harm our business, financial condition and results of operations. Growing our business rapidly may make it difficult for us to adequately predict the expenditures we will need to make in the future. If we do not make the necessary overhead expenditures to accommodate our future growth, we may not be successful in executing our growth strategy, and our results of operations would suffer.

Additionally, we plan to expand our addressable market by appealing to users across different geographies. In particular, we intend to ramp up our efforts to expand our presence into lower-tier cities in China and explore overseas markets by offering more customized content. As we increase our penetration rate in lower-tier cities in China and expand our presence in international markets, we face new challenges in attracting and retaining users that we may not successfully address. As a result of these factors, we cannot be sure that our user levels will be adequate to maintain or permit the expansion of our operations. A decline in user levels could have an adverse effect on our business, financial condition, and operating results.

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.

We have experienced significant user growth since our inception. Our continued business and revenue growth and the further development of our brand image is dependent on our ability to

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continuously attract and retain our users, and we cannot be sure that we will be successful in these efforts, or that user retention levels will not materially decline. For example, we launched more optimal mix of marketing channels and strategies, including advertisements on app stores and short-video platforms, fitness influencers’ marketing and other marketing campaigns on social media platforms, among others, to reach target user groups, increase paying user conversion. These strategies and user growth efforts may turn out to be ineffective, and we may not be able to acquire more users effectively or may experience a decline in our user base. In addition, we have incurred substantial selling and marketing expenses, including spending in traffic acquisition and branding to further acquire, activate and retain users. We recorded selling and marketing expenses of RMB301.7 million, RMB956.2 million, and RMB646.2 million in 2020, 2021, and 2022, respectively. In particular, we incurred traffic acquisition cost of RMB93.3 million, RMB335.3 million and RMB159.3 million in 2020, 2021 and 2022, respectively. The traffic acquisition cost is generally incurred to divert traffic to our mobile app, and help facilitate the acquisition of both subscribing members and a la carte content purchases. Our traffic acquisition spending per online paying user, the sum of our subscribing members and a la carte online content buyers with duplications eliminated, fluctuated during the Track Record Period. In 2021, we strategically increased our traffic acquisition spending to further acquire, activate and retain users, resulting in higher traffic acquisition cost per online paying user. We generally lower our traffic acquisition spending in the fourth quarter of each year as users are less willingness to exercise during the winter seasons. Our traffic acquisition spending may continue to fluctuate in the future due to seasonality and as we adjust our user acquisition strategy. If some of our efforts to increase user traffic are found to be ineffective, such efforts may not justify the associated costs. There are a number of factors that could lead to a decline in users or that could prevent us from increasing our users, including:

- a decline in the public’s interest in at-home fitness content, indoor cycling or running, smart fitness hardware, fitness gear and apparel, fitness food or other fitness disciplines that we invest most heavily in;
- our failure to introduce content, products, or services that users find engaging;
- our failure to maintain extensive and professional fitness content and an extensive fitness product portfolio;
- harm to our brand and reputation;
- pricing and perceived value of our content, product and service offerings;
- our inability to deliver quality content, products, and services;
- our users engaging with competitive content, products and services;
- technical or other problems preventing users from accessing our content and services in a rapid and reliable manner or otherwise affecting the user experience;
- unsatisfactory experiences with the delivery, installation, or service of our products; and
- deteriorating general economic conditions or a change in consumer spending preferences or buying trends.

In addition, the industry in which we operate is characterized by rapidly changing technologies. We depend on our technological capabilities and infrastructure to analyze our users’ preferences and needs and to generate valuable user insights. Active users of our content, products and services generate a large amount of data that lay the foundation for us to build our user profiles and deliver and

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develop more tailored content and better products and services. If we fail to respond to or adopt evolving technologies for our content, product and service development on a timely and cost-effective basis, or our new content, products, services or technologies are not accepted by our users, our business, financial performance and prospects could be materially and adversely affected.

By analyzing such user data with our big data analytics, AI and other relevant technologies, we aim to understand our users’ interests and needs for content in order to develop products that deliver relevant content catering to their interests and needs. Therefore, the effectiveness of our product development and monetization strategies is dependent on our ability to obtain and process data and to refine the algorithms used in processing such data. If we fail to maintain and expand the user base of our products to continually generate large amounts of user data, or if we fail to keep up with the rapid development and upgrade of big data analytics, AI and other relevant technologies on a timely and cost-effective basis, we may not be able to effectively grow and monetize our products, and our business and operating results 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.

Our success in maintaining and increasing our user base depends on our ability to identify and originate trends as well as to anticipate and react to changing user demands in a timely manner. Our content, products and services are subject to changing user preferences that cannot be predicted with certainty. If we are unable to introduce new or enhanced offerings in a timely manner, or our new or enhanced offerings are not accepted by our users, our competitors may introduce similar offerings faster than us, which could negatively affect our rate of growth.

Our new offerings may not receive user acceptance as preferences could shift rapidly to different types of fitness offerings or away from these types of offerings altogether, and our future success depends in part on our ability to anticipate and respond to these changes. Failure to anticipate and respond in a timely manner to changing user preferences could lead to, among other things, lower subscription rates, low user retention rates, lower sales, pricing pressure, lower gross margins, discounting of our existing fitness products, and excess inventory levels. Even if we are successful in anticipating user preferences, our ability to adequately react to and address them will partially depend upon our continued ability to develop and introduce innovative, high-quality offerings, especially our ability to continue to create a large volume of comprehensive and quality self-developed fitness content. Development of new or enhanced content, products and services may require significant time and financial investment, which could result in increased costs and a reduction in our profit margins.

Moreover, we must successfully manage introductions of new or enhanced content, products and services, which could adversely impact the sales of our existing content, products and services. For instance, users may decide to purchase new or enhanced content, products and services instead of our existing products and services, which could lead to excess product inventory, lower purchase rates for our existing content and discounting of our existing products and services.

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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.

The online fitness market is relatively new, rapidly growing, largely unproven, and it is uncertain whether it will sustain high levels of demand and achieve wide market acceptance. Our success depends substantially on the willingness of users to conduct at-home workouts and widely adopt our content, products and services. To be successful, we will have to cultivate users’ interests in at-home workouts, educate users about our content, products and services through significant investment, and provide quality content that is superior to the content and experiences provided by our competitors.

Although the online fitness market at large is under penetrated, the market is under-developed and the demand for and market acceptance of the online fitness and the at-home workout concept, new products and services in the market is uncertain. It is difficult to predict the future growth rates, if any, and the size of our market. We cannot assure you that our market will develop, that the public’s interest in online fitness will continue, or that our content, products and services will be widely adopted. If our market does not develop, develops more slowly than expected, or becomes saturated with competitors, or if our content, products and services do not achieve market acceptance, our business, financial condition, and operating results could be adversely affected.

There are no well-established and widely accepted online fitness platforms that provide an integrated fitness solution covering comprehensive fitness content, products and services. Since the launch of our mobile app in 2015, we have also been trying out different business strategies to explore the most effective business model for our operations. We believe that our business model is novel, and we have a limited operating history on which [REDACTED] can evaluate our business and prospects. There is no guarantee that our business model will continue to be successful or achieve wide acceptance as quickly or in a magnitude as we anticipated. We cannot learn from the experience of similar companies, and as a result we have to explore different business practices, formulate pricing strategies, set up procedures and standards by ourselves and learn from our own experience. Given that we have a very short operating history, we have very limited insight into trends and uncertainties that may emerge and affect our business. A potential [REDACTED] in our Shares should carefully consider the risks and difficulties frequently encountered by companies in an early stage of development, as well as the risks we face due to our participation in a new and rapidly evolving market, and our attempt to execute a new and untested business model. Our business model may not be successful, or we may not successfully overcome the risks associated with this business model.

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 believe that our brand is important to attracting and retaining users and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and growing our brands depend largely on the success of our marketing efforts, ability to provide consistent, high-quality content, products and services, and our ability to successfully secure, maintain, and defend our rights to use our brands and tradenames.

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Our brand could be harmed if we fail to achieve these objectives. Our brand value also depends on our ability to maintain a positive user perception of our corporate integrity, purpose and brand culture. Negative claims or publicity, regulatory investigations or administrative penalties, and litigation involving us, our culture and values, our content, products, services and experiences, consumer data, any of our key employees, or third parties associated with our platform, including fitness instructors, content providers, endorsers, sponsors or suppliers could seriously damage our reputation and brand image, regardless of whether such claims are accurate. In addition, our brand and corporate reputation could also be harmed by our inability to address user complaints. Failure to maintain and enhance our brand and corporate reputation could have an adverse effect on the size, engagement and loyalty of our user base and result in decreased revenue, which could have an adverse effect on our business, financial condition, and operating results.

We cannot guarantee that our monetization strategies will be successfully implemented or generate sustainable revenue and profit.

We are in the early stage of our business, and our monetization model is evolving. We provide our users with an online fitness solution and we monetize mainly through membership and online paid content, self-branded fitness products and advertising. We cannot assure you that we can successfully implement the existing monetization strategies to generate sustainable revenue, or that we will be able to develop new monetization strategies to grow our revenue. If our strategic initiatives do not enhance our ability to monetize or enable us to develop new monetization approaches, we may not be able to maintain or increase our revenue or recover any associated costs.

We monitor market developments and may adjust our monetization strategies accordingly from time to time, which may result in decreases of our overall revenue or revenue contributions from some monetization channels. In addition, we may have limited or no experience with the new revenue streams that we may introduce in the future. If these new revenue streams fail to engage our users or business partners, we may fail to retain or attract users or generate sufficient revenue to justify our investment, and our business and results of operations may suffer as a result.

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.

We incurred net losses in the past. In 2020, 2021 and 2022, we had loss for the year of RMB2.2 billion, RMB2.9 billion and RMB104.6 million, respectively. We also had net cash outflow from operating activities of RMB70.8 million in 2020, RMB868.5 million in 2021 and RMB456.0 million in 2022. We cannot assure you that we will be able to generate profits or positive cash flow from operating activities in the future. Our ability to achieve profitability depends in large part on our ability to attract new users, scale our platform, further monetize our user base, convert non-paying users into paying users and retain paying users. We cannot assure you that our user base will continue to maintain the growth momentum. In addition, we intend to manage and control our costs and expenses as a proportion of our total revenue, but there can be no assurance that we will achieve this goal. In addition, our ability to achieve and sustain profitability is affected by various factors, some of which are beyond our control, such as changes in user preferences, macroeconomic and regulatory environments or competitive dynamics in the industry. Accordingly, you should not rely on our financial results of any prior period as an indication of our future performance.

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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.

We process, including but not limited to collect, store, process, use, transfer, provide, disclose and delete, personal data from our users in order to better understand our users and their needs for the purpose of our content feeds recommendation. Concerns or claims about our practices with regard to the processing of personal information or other privacy-related matters, even if unfounded, could damage our reputation and results of operations. In the PRC, governmental authorities have enacted a series of laws and regulations to enhance the protection of privacy and data. The PRC Constitution, the PRC Criminal Law, the Civil Code of the PRC, the Cybersecurity Law of the PRC and relevant regulations require network operators, which may include us, to ensure the security and stability of the services provided via network and protect individual privacy and the security of personal data in general by requiring the consent of internet users prior to the processing of their personal data. Under the Cybersecurity Law, the owners and administrators of networks and network service providers are subject to various personal information security protection obligations, including restrictions on the collection and use of personal information of users, and they are required to take steps to prevent personal data from being divulged, stolen, or tampered with. See also “Regulations—Regulations Related to Internet Information Security and Privacy Protection”. Regulatory requirements regarding the protection of personal information are constantly evolving and can be subject to differing interpretations or significant changes, making the extent of our responsibilities in that regard uncertain. For example, on June 10, 2021, the Standing Committee of the National People’s Congress, or SCNPC, promulgated the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), or the Data Security Law, effective from September 1, 2021. The Data Security Law provides that data processing activities that affects or may affect national security shall be subject to a state security review procedure. On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), or the July 6 Opinion, which called for a heightened scrutiny over overseas-listed China-based companies of their compliance with the laws and regulations regarding data security, cross-border data flow and management of confidential information, and such laws and regulations are expected to undergo further changes, which may require increased information security responsibilities and stronger cross-border information management mechanism and process. We may need to adjust our business to comply with data security requirements and other laws and regulations from time to time.

On August 20, 2021, the SCNPC promulgated 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, which integrates the scattered rules with respect to personal information rights and privacy protection and took effect on November 1, 2021. Although the Personal Information Protection Law raises the protection requirements for processing personal information, many specific requirements of the Personal Information Protection Law remain to be clarified by the CAC, other regulatory authorities, and courts in practice. We may be required to make further adjustments to our business practices to comply with the personal information protection laws and regulations. In particular, on August 22, 2019, the CAC issued the Rules on Cyber Protection of Children’s Personal Information (《兒童個人信息網絡保護規定》) effective on October 1, 2019. Internet operators who collect, store, use, transfer and disclose personal information of children under the age of 14 shall establish special rules and user agreements for the protection of children’s personal information,

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inform the children’s guardians in a noticeable and clear manner and obtain the consent of the children’s guardians. See also “Regulations – Regulations Related to Internet Information Security and Privacy Protection”.

On November 14, 2021, the CAC publicly solicited opinions on the Draft Data Security Regulations. According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review if its intended listing in Hong Kong affects or may affect national security. Furthermore, the Draft Data Security Regulations stipulate that data processors processing personal information of more than one million users shall be subject to the various requirements that apply to important data processors, including but not limited to: (a) important data processors shall specify the person in charge of data security and establish a data security management organization; (b) important data processors shall file with competent authorities within 15 working days after the identification of important data; (c) important data processors shall develop a data security training program for its employees; (d) important data processors shall carry out annual data security assessment and file such report with competent authorities annually. As of the Latest Practicable Date, the Draft Data Security Regulations had not been formally adopted. Substantial uncertainties exist with respect to its enactment timetable, final content, interpretation and implementation, especially the detailed interpretation of the standard for determining whether a listing in Hong Kong “affects or may affect national security”. We cannot assure you that relevant governmental authorities will not interpret the laws and regulations in ways that may negatively affect us. At this stage, we are unable to predict the possible consequences of these drafts, if any, and we are monitoring and assessing the rulemaking process closely. Any failure, or perceived failure to maintain the security of our user data or to comply with applicable PRC or foreign privacy, data security and personal information protection laws and obligations may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims.

On December 31, 2021, the CAC, together with other regulatory authorities, published Administrative Provisions on Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》) (the “**Administrative Provisions on Algorithm Recommendation**”), effective on March 1, 2022. Pursuant to the Administrative Provisions on Algorithm Recommendation, users should be given an option to easily turn off algorithm recommendation services, and service providers shall, among others, establish and improve the management systems and technical measures for algorithm driven recommendation mechanism and regularly review, evaluate and verify the principle, models, data and application results of algorithms.

Pursuant to the National Security Law (《中華人民共和國國家安全法》) issued by SCNPC on July 1, 2015, the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact national security of China.

On December 28, 2021, the CAC together with other regulatory authorities officially announced the Cybersecurity Review Measures (《網絡安全審查辦法》), which is consistent with the Cybersecurity Review Measures (Revision Draft for Comment) announced by the CAC on July 10, 2021. Pursuant to the Cybersecurity Review Measures, the procurement of network products and services by critical information infrastructure operators and the data processing activities conducted by

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network platform operators which affects or may affect national security shall be subject to cybersecurity review. Network platform operators mastering personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review when listing abroad (國外上市).

On July 30, 2021, the State Council promulgated 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, which became effective on September 1, 2021. Pursuant to the CII Regulations, critical information infrastructure refers to any important network facilities or information systems of an important industry or field specified. In addition, relevant administration departments of each critical industry and sector are responsible for formulating eligibility criteria and determining the critical information infrastructure in the respective industry or sector. The operators will be informed about the final determination as to whether they are categorized as critical information infrastructure operators, or CIIOs. As of the Latest Practicable Date, no detailed rules or interpretations have been issued and we have not been informed as a CIIO by any governmental authorities. Furthermore, the exact scope of CIIOs, under the current regulatory regime remains unclear, and the PRC governmental authorities may have discretion in the interpretation and enforcement of these laws and regulations. Therefore, it is uncertain whether we would be deemed as a CIIO under PRC law. If we are identified as CIIO, we will be subject to stricter requirements on business operations and cybersecurity compliance, and we may need to follow cybersecurity review procedure and apply with Cybersecurity Review Office before making certain purchases of network products and services, and if a cybersecurity review is applicable, we may be required to suspend providing any existing or new services to our users, and we may experience other disruptions of our operations.

In connection with the promulgation of laws and regulations related to cybersecurity and data protection, relevant authorities such as the MIIT and the CAC imposed various measures on mobile apps frequently in recent years, including issuing the order of rectification and temporary removal of apps from app stores for encroaching the rights and interests of users in violation of applicable laws and regulations. Improper collection of personal information, forced, frequent and excessive access, technical issues and improper use of personal information are the top reasons for rectification orders and suspension of apps. As of the Latest Practicable Date, we made efforts to comply with the aforementioned requirements, including any rectification requirements made by relevant authorities such as the MIIT and CAC at the national or provincial levels, to ensure that we will not be inquired by regulators regarding the aforementioned issues.

On July 7, 2022, the CAC promulgated the Measures of Security Assessment for Cross-Border Data Transfer (《數據出境安全評估辦法》) (the “**Cross-Border Data Transfer Measures**”), which came into effect on September 1, 2022. The Cross-Border Data Transfer Measures requires that four types of cross-border transfer of critical data or personal data generated or collected in China be subject to a security assessment. See Regulations—Regulations Related to Internet Information Security and Privacy Protection for details.

In addition, the PRC regulatory authorities have recently taken steps to strengthen the regulations on data protection and conducted several rounds of relevant inspections. For example, the CAC, issued a notice on June 11, 2021, or the CAC Notice, requiring 129 named apps, including our app, to rectify the non-compliance with the necessity principle in the collection of personal information

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and the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), which came into effect on May 1, 2021, or the Necessary Personal Information Rules. Please refer to “Business—Risk Management and Internal Control—Data and Technology System Risk Management”. As laws and regulations in China on the protection of privacy and data are constantly evolving, complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

Regulatory requirements regarding the protection of data are constantly evolving and can be subject to significant changes of interpretations, making the extent of our responsibilities in that regard uncertain. Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that our practices, offerings or platform could fail to meet all of the requirements imposed on us by such laws, regulations or obligations. Any failure on our part to comply with applicable laws or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, collection, transfer, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing users from using our platform or result in investigations, fines, suspension of one or more of our apps, or other penalties by government authorities and private claims or litigation, any of which could materially adversely affect our business, financial condition and results of operations. In addition, the interpretation and application of the aforementioned laws and regulations are often uncertain and in flux. Our practice may become inconsistent with these laws and regulations. See also “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us”.

In particular, if we fail to secure our users’ identity and protect their identity-specific data, including, but not limited to name, height, weight, bust/waist/hip measurements and other health and fitness data, our users may be vulnerable to insults, harassment, blackmail or physical injuries, and their family, property and other assets may also be put at risk. As a result, we may be held liable for these incidents, and our users may feel insecure and cease to use our online platform. Our reputation may be seriously harmed and we may be unable to retain and attract users, which would in turn have a material adverse effect on our business and results of operations. We have experienced a one-time leakage of non-sensitive and non-personally identifiable data before, and we were able to rectify without significant impact to the integrity of our user data. However, we cannot assure you that improper use or disclosure of data would not occur in the future despite our continuous efforts to upgrade our system and guard against any data breach or data leakage.

Our platform and internal systems depend on the ability of software and hardware developed and maintained internally and/or by third parties to store, retrieve, process and manage immense amounts of data, including personal information or other privacy-related matters. The software and hardware on which we rely may now or in the future contain, undetected programming errors, bugs, or vulnerabilities which may result in errors or compromise our ability to protect the data of our users and in turn adversely affect our business, financial condition and operation results. Any systems failure or compromise of security that results in the unauthorized access to or release of the data, photo or messaging history of our users could significantly limit the adoption of our services, as well as harm our reputation and brand, result in litigation against us, liquidation and other damages, regulatory investigations and penalties, and we could be subject to material liability. Additionally, we connect our

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platform with software development kit provided by third parties who may also process users’ data. The integrity of our user data also depends on their ability to secure and protect the data they process. The risk that these types of events could seriously harm our business is likely to increase as we expand the scope of services we offer and as we increase the size of our user base.

We may also become subject to laws and regulations affecting data protection, data privacy and/or information security in other jurisdictions by virtue of having users who reside in these jurisdictions, even if we do not have a physical presence there. Many jurisdictions have in the past adopted, and may in the future adopt, new laws and regulations, or amendments to existing laws and regulations, affecting data protection, data privacy and/or information security, such as the General Data Protection Regulation, or the GDPR, adopted by the European Union that became fully effective on May 25, 2018. The interpretation and application of these laws or regulations are often uncertain and in flux. We cannot guarantee you that our practice is consistent with these laws and regulations and our practice may become inconsistent with these laws and regulations, if so, we could be subject to fines and orders requiring that we change our practices, which could have an adverse effect on our business and results of operations. Complying with new data laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business.

Misbehavior or unsatisfactory performance of the fitness influencers we collaborated with could harm our reputation and potentially our operation results and financial performance.

We collaborate with fitness influencers to develop fitness content to further enrich our content offerings and attract users to our platform. Fitness influencers are critical to the quality of our offerings and our reputation. However, we cannot assure you that such review and evaluation are effective to ensure the content produced by the fitness influencers are appropriate and professional. Any alleged misbehavior or unsatisfactory performance of the fitness influencers, negative claims or publicity arising from the content the fitness influencers produced or otherwise, could seriously damage our reputation and brand image, regardless of whether such allegations or claims are accurate. In addition, our brand and corporate reputation could also be harmed by our inability to address such allegations or complaints. Failure to maintain and enhance our brand and corporate reputation could have an adverse effect on the size, engagement and loyalty of our user base and result in decreased revenue, which could have an adverse effect on our business, financial condition, and operating results.

We recorded net liabilities as of December 31, 2020, 2021 and 2022.

We recorded net liabilities of RMB4.0 billion, RMB6.8 billion and RMB7.5 billion, as of December 31, 2020, 2021 and 2022, respectively, primarily due to the significant amounts of convertible redeemable preferred shares recorded as liabilities. Net losses we incurred during the Track Record Period also contributed to our net liability positions.

Our convertible redeemable preferred shares will be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the Listing, after which we do not expect to recognize any further loss or gain on changes in fair value of convertible redeemable preferred shares and will return to a net assets position from a net liabilities position. However, there can be no assurance that we will not experience liquidity problems in the future.

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We are subject to credit risk associated with our accounts receivables.

Our accounts receivables primarily represent amounts due from customers and joint membership arrangements under which our membership subscriptions were sold in bundle with the membership package of our joint membership partners at both platforms. We generally allow a credit period of three months to our customers. We had gross accounts receivables of RMB183.0 million, RMB312.7 million and RMB258.6 million as of December 31, 2020, 2021 and 2022, respectively. We also recorded credit loss allowances of RMB2.2 million, RMB2.3 million and RMB6.9 million as of December 31, 2020, 2021 and 2022, respectively. We apply the IFRS 9 simplified approach to measure expected credit losses for all accounts receivables are estimated. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and credit rating. The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of our customers to settle the receivables. Details of the loss allowance for accounts receivables are disclosed in Note 3.1 to the Accountant’s Report in Appendix I to this document. We cannot assure you that our customers and agents will not default on their obligation to us in the future, despite our efforts to conduct credit assessment on them. Such defaults may expose us to significant credit risk and result in material losses, which may adversely affect our results of operations, liquidity and financial position.

We could be subject to claims related to health or safety arising from the use of our fitness content or products, consumption of our fitness food and exercising on our premises.

As an inherent risk in the fitness market, we may face disputes or legal actions for injuries or other health or safety related issues suffered by our users or even death under extreme circumstances while exercising following our content or utilizing our fitness products due to improper usage or an individual’s health conditions, among other reasons. We may also face disputes or legal actions for injuries or other incidents that may happen to our users while they are on our premises. Such claims may result from, but are not limited to, us hiring or collaborating with unqualified fitness influencers and instructors; fitness influencers and instructors failing to provide proper instruction for the fitness courses and curriculums they teach or warnings for the use of equipment; offering fitness course and curriculum recommendations that are unsuitable for users’ athletic levels and unprofessional fitness course and curriculum design. See “Business—Our Environmental, Social and Governance (ESG) Initiatives—Identification, Assessment and Mitigation of our ESG Risks—Safety Issues related to Fitness Activities and Food Quality.” Such claims may also result from reasons beyond our control or even through the fault or negligence of our users. For example, users may have pre-existing medical conditions making them unsuitable to perform certain exercises following our content or utilizing our products or they may exercise in areas inappropriate for physical exertion. Disputes or legal actions of this nature, with or without merit, may be expensive and time-consuming, result in significant diversion of resources and management attention from our operations, and adversely affect our brand image and reputation.

We may also face disputes or legal actions for injuries or other health or safety related issues related to our sale of fitness food. Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or

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other food safety incidents (including food tampering or contamination) caused by products we sell, or involving suppliers that supply us with ingredients and other products, could expose us to product liability, negligence or other lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is in excess of our policy limits or not covered by our insurance policies or not subject to insurance would have to be paid from our cash reserves, which would reduce our capital resources. In addition, the negative publicity arising from such incidents could have an adverse effect on the size, engagement and loyalty of our user base and the sale of our products. This would result in decreased revenue and have an adverse effect on our business, financial condition, and operating results.

Our fitness products may carry design and manufacturing defects that could adversely affect our business and result in harm to our reputation.

We offer products that can be affected by design and manufacturing defects. We may be exposed to potential personal injury liabilities and product liabilities as a result of misuse of our products, or defects associated with the design or manufacturing of the products. There can be no assurance that we will not experience material product liability losses in the future, or that we will be able to defend such claims at a contained level of cost. We cannot assure you that our insurance coverage will be sufficient or that we will be able to obtain sufficient coverage at an acceptable cost in the future. A successful claim brought against us in excess of our available insurance coverage may have a material adverse effect on our business.

In addition, due to the nature of our fitness apparel and some of our fitness devices, users may experience skin irritations or other biocompatibility issues not uncommon with clothing or other products that stay in contact with skin for extended periods of time. Should our users ever experience such problems, the sale of our products could be harmed and we may be subject to personal injury litigations and/or administrative penalties.

We also rely on the accuracy of sensors and our algorithms to ensure that our products can offer high measurement accuracy. Additionally, usages of our products in different physical environments or by different types of users may require delicate modification of our sensors and algorithms. There is, however, no assurance that the functionality of sensors from our suppliers or our algorithms can progress as much and as quickly as necessary to meet the demands of our users. Claims regarding the inaccuracy of measurements by our products may occur from time to time. Such claims may further prompt warranty claims, regulatory investigations and litigation. In that case, our business could be adversely affected and our brand may suffer from negative publicity, which may then result in loss of user confidence and reduction of sales in our products.

We face uncertainties with respect to the enactment, interpretation and implementation of the Circular on Strengthening the Administration of the Online Show Live Streaming and E-commerce Live Streaming.

In November 2020, the NRTA promulgated the Circular on Strengthening the Administration of the Online Show Live Streaming and E-commerce Live Streaming (《關於加強網絡秀場直播和電商直播管理的通知》), or Circular 78. According to Circular 78, platforms providing online show live streaming or e-commerce live streaming services shall, among other things, register their information and business operations by November 30, 2020 on the National Internet Audio-visual Platforms Information System (全國網絡視聽平台信息登記管理系統), ensure real-name registration for all live

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streaming hosts and virtual gifting users, prohibit users that are minors or without real-name registration from virtual gifting, and set a limit on the maximum amount of virtual gifting per time, per day, and per month.

As advised by our PRC Legal Adviser, there is currently no explicit provisions as to how and to what degree any limits on virtual gifting would be imposed on different platforms. See “Business—Interactive Live Streaming Classes” for details on the limitations of virtual gifting set by us. Any such limits ultimately imposed may negatively impact our revenue derived from virtual gifting and our results of operations.

As of the Latest Practicable Date, we had been registered in the National Internet Audio-visual Platforms Information Management System (全國網絡視聽平台信息登記管理系統). Circular 78 also sets forth requirements for certain live streaming businesses with respect to live streaming review personnel requirements, content tagging requirements, and other requirements. For more information on Circular 78, see “Regulations—Regulations Related to Online Live Streaming Services”.

We are still in the process of getting further guidance from regulatory authorities and evaluating the applicability and effect of the various requirements under Circular 78 on our business. Any further rulemaking under Circular 78 or other intensified regulation with respect to live streaming may increase our compliance burden in the live streaming business, and may have an adverse impact on our business and results of operations.

We may be subject to warranty claims towards our fitness products, or we could experience greater returns than expected, either of which could have an adverse effect on our business, financial condition, and operating results.

We provide warranty programs for our smart fitness devices. We generally offer one-year product warranties to users. Users can generally request free replacement or free repair of defective products if the product malfunctions within one year of purchase. We also abide by the seven-day return policy for our fitness products. Users can return the products within seven days of delivery subject to certain terms and conditions. Users are generally not allowed to return our products after the warranty period expires and may suffer a loss as a result of product defects. The occurrence of any material defects in our products could subject us to damages and warranty claims which could adversely affect our business and operating results. In addition, we could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Any negative publicity related to the perceived quality of our products could also affect our brand image and user demand, and adversely affect our operating results and financial condition.

We may fail to attract, cultivate and retain popular fitness influencers and instructors on our platform, which may negatively affect our user retention and our business and results of operations.

Our popular fitness influencers and instructors tend to have large followings and audience bases who regularly browse the fitness content they upload or attend their live streaming classes. Their charisma and the high-quality content that they create are primary contributors to user stickiness and are hard to replicate.

We enter into cooperation agreements or revenue sharing agreements with some of our fitness influencers or their talent agencies. Despite the agreements we enter into with fitness influencers and

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talent agencies, popular fitness influencers we collaborate with may still choose to breach the agreement or depart our platform when their contract period ends, and their departure may cause a corresponding decline in our user base. In addition, we enter into employment agreements with our in-house fitness instructors. However, they may breach or terminate the employment agreements or depart our platform after their employment periods end. Any deterioration in our in-house content production capability, inability to attract creative talents at reasonable costs or losses in personnel may materially and adversely affect our business and operating results.

We must continue to attract, cultivate and retain talented fitness influencers and instructors in order to maintain and increase the amount and quality of content on our platform. To attract and retain popular fitness influencers and instructors, we must devise better compensation schemes, improve our monetization capabilities, help popular fitness influencers and instructors reach a wider audience and maintain stable relationships with talent agencies. We cannot guarantee that our fitness influencers and instructors will not leave us even if we do our best to retain them.

We rely on a limited number of third-party outsourcing partners, suppliers and logistics service providers for the production and delivery of certain products. A loss of any of these partners could negatively affect our business.

We rely on a limited number of third-party outsourcing partners, suppliers and logistics service providers to manufacture and transport certain fitness products. In the event of interruption from any of these key parties, we may not be able to increase capacity from other sources or develop alternate or secondary sources without incurring material additional costs and substantial delays.

If we experience a significant increase in demand for our fitness products, or if we need to replace an existing third-party outsourcing partners, suppliers or logistics service provider, we may be unable to supplement or replace them on terms that are acceptable to us, which may undermine our ability to deliver our products to users in a timely manner. For example, it may take a significant amount of time to identify a manufacturer that has the capability and resources to build our products to our specifications in sufficient volume. Identifying suitable third-party outsourcing partners, suppliers, and logistics service providers is an extensive process that requires us to become satisfied with their quality control, technical capabilities, responsiveness, service, financial stability and regulatory compliance. Accordingly, a loss of any of our significant third-party outsourcing partners, suppliers or logistics service providers could have an adverse effect on our business, financial condition and operating results.

We have limited control over our third-party outsourcing partners, suppliers, and logistics service providers, which may subject us to significant risks, including the potential inability to produce or obtain quality products on a timely basis or in sufficient quantity.

The raw materials and components used in our products are sourced either directly by us or on our behalf by third-party outsourcing partners from a number of suppliers. We do not maintain our own manufacturing capabilities and rely on our outsourcing partners to produce our products. We also rely on our logistics service providers, including warehouse and delivery partners, to complete our deliveries to users. We have limited control over our outsourcing partners, suppliers and logistics service providers, including warehouse and delivery partners. If we are unable to select quality third-party outsourcing manufacturers and suppliers, or monitor, audit and manage different parties in the

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supply chain may expose us to risks of suppliers’ non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation. Risks we are subject to include:

- inability to satisfy demand for our fitness products;
- reduced control over delivery timing and product reliability;
- reduced ability to monitor the manufacturing process and components used in our fitness products;
- failure to stick to production standards, including production standards related to environmental protection;
- limited ability to develop comprehensive manufacturing specifications that take into account any materials shortages or substitutions;
- variance in the manufacturing capability;
- failure of a significant outsourcing partners, suppliers or logistics service provider to perform its obligations to us for technical, market, or other reasons;
- variance in the quality of services provided by our logistics service providers;
- difficulties in establishing additional outsourcing partners, suppliers or logistics service provider relationships if we experience difficulties with our existing outsourcing partners, suppliers or logistics service providers;
- shortages of materials or components and price increases;
- misappropriation of our intellectual property; and
- insufficient warranties and indemnities on components supplied to our outsourcing partners.

The occurrence of any of these risks, especially during seasons of peak demand, could cause us to experience a significant disruption in our ability to produce and deliver our products to our users. See also “Business—Our Environmental, Social and Governance (ESG) Initiatives—Identification, Assessment and Mitigation of our ESG Risks—Supply Chain Management.”

Increases in component costs, long lead times, supply shortages, and supply changes could disrupt our supply chain and have an adverse effect on our business, financial condition, and operating results.

All of the components and raw materials used to produce our products are sourced from third-party suppliers, and some of these components are sourced from a limited number of or a single supplier. Therefore, we are subject to risks of increases in component costs, long lead times, supply shortages, and supply changes given the limited sources of suppliers. In addition, some of our suppliers may have more established relationships with our competitors, and as a result of such relationships, such suppliers may choose to limit or terminate their relationship with us or prioritize our competitors’ orders in the case of supply shortages. We have in the past experienced and may in the future experience increase in component costs. For example, we experienced increase in component costs such as chips and longer lead time for components such as LCD (liquid-crystal display) in 2020, due to COVID-19’s adverse impact on the semiconductor and manufacturing sectors.

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We have cooperated with several additional chips and LCD suppliers and increased our chips and LCD inventory aiming to meet the needs of our production.

In the event of a component shortage or supply interruption from suppliers of key components, we will need to identify alternate sources of supply, which can be time-consuming, difficult and costly. We may not be able to source these components on terms that are acceptable to us, or at all, which may undermine our ability to meet our production requirements or to fill our orders in a timely manner. This could cause delays in shipment of our products, harm our relationships with our users, corporate clients or sales channels, and adversely affect our business, financial condition, and operating results.

Our operating results could be adversely affected if we are unable to accurately forecast user demand for our products and adequately manage our inventory.

To ensure adequate inventory supply, we must forecast user demand, inventory needs and expenses and place orders sufficiently in advance with our suppliers and contract manufacturers, based on our estimates of future demand for particular products and services. Failure to accurately forecast our needs may result in manufacturing delays or increased costs. Our ability to accurately forecast demand could be affected by many factors, including changes in user demand for our content, products and services, changes in demand for the content, products and services of our competitors, unanticipated changes in general market conditions, and the weakening of economic conditions or user confidence in future economic conditions. This risk may be exacerbated by the fact that we may not carry a significant amount of inventory and may not be able to satisfy short-term demand increases. If we fail to accurately forecast user demand, we may experience excess inventory levels or a shortage of products available for sale.

The carrying amount of our inventories was RMB117.9 million, RMB198.8 million and RMB167.7 million as of December 31, 2020, 2021 and 2022, respectively. Inventory levels in excess of store demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect on our liquidity. If we fail to manage our inventory effectively, we may be subject to heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross margins and could impair the strength and premium nature of our brand. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition. Further, lower than forecasted demand could also result in excess manufacturing capacity or reduced manufacturing efficiencies, which could result in lower margins. Conversely, if we underestimate user demand, our suppliers and manufacturers may not be able to deliver products to meet our requirements or we may be subject to higher costs in order to secure the necessary production capacity. An inability to meet user demand and delays in the delivery of our products to our users could result in reputational harm and damaged user relationships and have an adverse effect on our business, financial condition, and operating results.

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If we are unable to accurately set pricing levels for our self-branded fitness products, membership and online paid content and advertising, our business could be adversely affected.

If we are unable to accurately set pricing levels for our self-branded fitness products, membership and online paid content and advertising, whether due to competitive pressure or otherwise, our gross margins could be significantly reduced. Further, our decisions around the development of new content, products and services are grounded in assumptions about eventual pricing levels. If there is price compression in the market after these decisions are made, it could have a negative effect on our business.

We operate in a fast-evolving industry and may not be able to compete effectively.

The online fitness industry in China is rapidly evolving and increasingly competitive. We face competition in every aspect of our business, including at-home fitness content and equipment, gyms, fitness clubs, in-studio fitness classes, and health and wellness apps. Moreover, we expect the competition in our market to intensify in the future as new and existing competitors, including well-established companies expand into our market and introduce new or enhanced content, products and services that compete with ours.

Our competitors may develop, or have already developed, content, products, services, or technologies that are similar to ours or that achieve greater acceptance, may produce more engaging and professional content, undertake more successful product development efforts, create more compelling employment opportunities, or marketing campaigns, or may adopt more aggressive pricing policies. Our competitors may develop or acquire, or have already developed or acquired, intellectual property rights that significantly limit or prevent our ability to compete effectively in the public marketplace. In addition, our competitors may have significantly greater resources than us, allowing them to identify and capitalize more efficiently upon opportunities in new markets and user preferences and trends, quickly transition and adapt their content, products and services, devote greater resources to marketing and advertising, or be better positioned to withstand substantial price competition. If we are not able to compete effectively against our competitors, they may acquire and engage users or generate revenue at the expense of our efforts, which could have an adverse effect on our business, financial condition, and operating results.

The COVID-19 outbreak may materially and adversely affect our business, operating results and financial condition.

The ongoing outbreak of COVID-19 has continued to spread across the world and has created unique global and industry-wide challenges. New COVID-19 variants have also emerged, potentially extending the period during which COVID-19 will negatively impact the global economy.

In an effort to contain the spread of COVID-19, China took precautionary measures that reduced economic activities, including temporary closure of corporate offices, retail outlets and manufacturing facilities and strict implementation of quarantine measures. These measures adversely impacted our general operation, including the operation of *Keepland* fitness centers and the operation of our contract manufacturers and logistics partners for the first quarter of 2020. As many of the precautionary measures have later been lifted or relaxed, we and our business partners gradually resumed normal operations since the second quarter of 2020. As a result of the resurgence related to the Omicron variants since late March 2022 in multiple regions in China, six of our fitness food suppliers suspended operations from April or May to June 2022, which negatively impacted the

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supply of 18 of our SKUs. We also delayed the issuance of several new fitness products. In addition, we experienced logistics disruptions, especially in Shanghai, in the first half of 2022. We had about 59 thousand backlog orders in Shanghai after the resumption of logistics services in June 2022. The impact of the lockdown on supply chain and logistics services, however, was limited as the fitness products in stock helped us cope with the supply chains disruption in the second quarter of 2022. For the advertising and others business segment, all of the *Keepland* fitness centers located in Beijing suspended operation in May 2022 as a result of the COVID-19 pandemic. Many third-party offline gyms we collaborated with in connection with the *Keep* selected fitness classes also experienced temporary shutdown in 2022 due to temporary measures taken in response of the COVID-19 resurgence. All of the third-party offline gyms we collaborated with had resumed normal operation as of the Latest Practicable Date. The decline in economic activities during COVID-19 resurgence has also caused our advertising customers to tighten their advertising budget. This, together with the slower growth of the internet advertising market, had a negative impact on our advertising revenue.

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.

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.

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 as a result of the COVID-19 pandemic. In addition, more users tend to follow our fitness content and complete workout sessions 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. Please refer to “Business—Our users - ‘Keepers’.” We also 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. There is, however, no guarantee that we can rely on such trend in the future. If we are unable to rely on such trend in the future, our business could be adversely affected.

We generate a portion of our revenue from advertising. If we fail to attract more advertisers to our platform or if advertisers are less willing to advertise with us, our revenue may be adversely affected.

Although we currently primarily rely on revenue generated from self-branded fitness products and membership and online paid content, we also generate a portion of our revenue from advertising. In 2020, 2021 and 2022, we generated revenue of RMB132.0 million, RMB189.5 million and RMB180.4 million from advertising and others, respectively, representing 12.0%, 11.7% and 8.2% of our total revenue for the same period. Our ability to generate and maintain our advertising revenue depends on a number of factors, including the maintenance and enhancement of our brand, the scale, engagement and loyalty of our users, the quality of our content, product and service offerings and the market competition on advertising prices. We cannot assure you that we will be able to retain existing

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advertisers or attract new ones. If we fail to retain and enhance our relationships with advertisers, our business, results of operations, and prospects may be adversely affected.

Furthermore, our core and long-term priority of optimizing user experience and satisfaction may limit our ability to generate revenue from advertising. For example, in order to provide our users with an uninterrupted user experience, we have limited the amount of advertising placement and aim to collaborate with advertisers that share our brand philosophy. Our commitment of putting our users first may not be in line with the interest of our advertisers, and may not result in the long-term benefits that we expect, in which case the success of our business and results of operations could be harmed.

Advertisements in our app may subject us to penalties and other administrative actions.

We monitor the advertising content to ensure compliance with applicable laws and regulations. In addition, where advertisers are required to obtain special government approvals or registrations for specific types of advertisements prior to delivering such advertisements on the internet, such as advertisements relating to pharmaceuticals, medical instruments, agrochemicals, and veterinary pharmaceuticals, we take steps to check or verify that the advertisers have fulfilled requisite government requirements. Non-compliance with these laws and regulations may subject us to penalties, including imposition of fines, confiscation of our advertising income, orders to cease dissemination of the advertisements, and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations by us, PRC governmental authorities may force us to terminate our advertising services or revoke our licenses, and we and responsible persons may incur criminal liability. During the Track Record Period, we were ordered by the competent authorities to stop publishing certain advertisements and imposed a fine of RMB30,000 by using dictions on the product sales page on both *Keep* mobile app and third-party platforms without identifying the source of data. Further, we were given an administrative punishment of warning, confiscation of illegal income of RMB596.48 and a fine of RMB1,192.96 by the competent authorities for selling fitness food with misleading ingredient descriptions.

We cannot assure you that all content contained in the advertisements shown on our platform is in compliance with applicable advertising laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may materially and adversely affect our business, financial condition, results of operations, and prospects.

If we fail to offer high-quality user support and service, our business and reputation will suffer.

Our users rely on our high-touch delivery and set up service to deliver and install certain smart fitness devices in a professional and efficient manner. Our users also rely on our support services to resolve any issues related to the use or consumption of our other fitness products. Providing a high-quality user experience is vital to our success in generating word-of-mouth referrals to drive sales and retain existing users. The importance of high-quality support will increase as we expand our business and introduce new content, products and services. If we do not help our users quickly resolve issues and provide effective ongoing support, our reputation may suffer and our ability to retain and attract users, or to sell additional content, products and services to existing users, could be harmed.

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Computer and mobile malware, viruses, hacking and phishing attacks, spamming and improper or illegal use of our platform may affect user experience, which could reduce our ability to attract users and advertisers and materially and adversely affect our business, financial condition and results of operations.

Computer and mobile malware, viruses, hacking and phishing attacks have become more prevalent in our industries, have occurred on our platform in the past, and may occur again in the future. We have experienced certain insignificant cyber-attack incidents in the past, and we have been able to rectify attacks without significant impact to our operations. However, it is difficult to determine what, if any, harm may result from a future interruption or attack, any failure to maintain performance, reliability, security and availability of our content, products, services and technical infrastructure to the satisfaction of our users may affect user experience, which could reduce our ability to attract users and advertisers and materially and adversely affect our business, financial condition and results of operations.

In addition, spammers may use our platform to send targeted and untargeted spam messages to users, which may affect user experience. In spamming activities, spammers typically create multiple user accounts for the purpose of sending spam messages. We may not be able to effectively eliminate all spam messages from our platform in a timely fashion. Our actions to combat spam may also require diversion of significant time and focus of our engineering team from improving our products. As a result, our users may use our products less or stop using them altogether, and result in continuing operational costs to us.

We and our content providers have been and may be subject to intellectual property infringement claims or allegations, which may be expensive to defend and may disrupt our business.

We and our content providers have been and may in the future be subject to intellectual property infringement claims or other allegations by third-party owners or right holders of technology patents, copyrights, trademarks, trade secrets and website content for our fitness products, services we provide or for information or content displayed on, retrieved from or linked to, recorded, stored or made accessible on our platform, or otherwise distributed to our users, including in connection with the images, music and videos displayed, played, recorded, stored or made accessible on our platform during our recorded classes, live streaming classes, other content presented in our mobile app or public accounts or advertisement display, which may materially and adversely affect our business, financial condition and operating results.

Companies in the internet-related industries are frequently involved in disputes or litigations based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, are uncertain and still evolving. As we face increasing competition and as litigation and arbitration become more common methods for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims or other legal proceedings.

We allow users and content providers to upload text, pictures, video and other content to our platform and users to download, share, link to and otherwise access other content on our platform. Under relevant PRC laws and regulations, online service providers, which provide storage space for users to upload works or links to other services or content, could be held liable for copyright infringement under various circumstances, including situations where the online service provider

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knows or should reasonably have known that the relevant content uploaded or linked to on its platform infringes upon the copyright of others and the online service provider failed to take necessary actions to prevent such infringement. We have procedures implemented to reduce the likelihood that content might be used without proper licenses or third-party consents. However, these procedures may not be effective in preventing the unauthorized posting or distribution of copyrighted content and we may be considered failing to take necessary actions against such infringement. Therefore, we may face liability for copyright or trademark infringement, defamation, unfair competition, libel, negligence, and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our platform.

We may also be subject to intellectual property infringement claims or allegations related to other aspects of our business, including, but not limited to the functional features we provide to our users through our mobile apps and the design and manufacturing of our fitness products.

In addition, we cannot assure you that we will not become subject to copyright laws or legal proceedings initiated by third parties in other jurisdictions, such as the United States, as a result of the ability of users to access our content in the United States and other jurisdictions, the ownership of our Shares by [REDACTED] in the United States and other jurisdictions and the extraterritorial application of foreign law by foreign courts. In addition, as a publicly listed company, we may be exposed to increased risk of litigation. If a claim of infringement brought against us in the United States or other jurisdictions is successful, we may be required to, upon enforcement, (i) pay substantial statutory or other damages and fines, (ii) remove relevant content from our platform or (iii) enter into royalty or license agreements which may not be available on commercially reasonable terms or at all.

We expect that the occurrence of infringement claims is likely to grow as the market for fitness content, products and services grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures. Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, financial condition, and operating results.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We believe that our copyrights, trademarks and other intellectual property are essential to our success. See also “Business—Intellectual Property”. We have devoted considerable time and energy to the development and improvement of our online platform and our technology system infrastructure.

We rely on a combination of copyright and trademarks laws, trade secrets protection and other contractual restrictions for the protection of the intellectual property used in our business. Effective intellectual property protection may not be available or may not be sought, and contractual disputes may affect the use of the intellectual property governed by private contract. Although our contracts with users and some of our platform participants typically prohibit the unauthorized use of our brands, images and other intellectual property rights, there can be no assurance that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential

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information. Although we enter into confidentiality and intellectual property ownership agreements with our employees, and we also have in place various relevant internal rules and policies that require compliance from our employees, these agreements could be breached, the internal rules and policies could be violated, we may be involved in disputes in respect of these agreements and internal rules and policies for which we may not have adequate remedies, and our proprietary technology, know-how or other intellectual property could otherwise become known to third parties. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

While we actively take steps to protect our proprietary rights, such steps may not be adequate to prevent the infringement or misappropriation of our intellectual property. We cannot assure our registered trademarks have covered an adequate scope of our existing and future business operations and as of the Latest Practicable Date, we are in the process of registering certain trademarks that are necessary based on the current scope of our business. However, there can be no assurance that any of our trademark applications will ultimately proceed to registration or will result in registration with adequate scope for our business, particularly if such requested trademarks are found to conflict with the registered trademarks owned by third parties, including our competitors. Some of our pending applications or registrations may be successfully challenged or invalidated by others. If our trademark applications are not successful, we may have to use different marks for affected services, or seek to enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, if at all.

Implementation of intellectual property laws in China has historically been lacking, primarily because of ambiguities in the laws and difficulties in enforcement. Accordingly, intellectual property right protection in China may not be as effective as in other jurisdictions that have a more developed legal framework regulating intellectual property rights. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources, and could disrupt our business, as well as materially adversely affect our financial condition and results of operations.

We are exposed to the impairment on prepayments and other current assets, which could adversely affect our results of operations and financial condition.

As of December 31, 2020, 2021 and 2022, we had prepayments and other current assets of RMB77.7 million, RMB86.8 million and RMB129.0 million, respectively. Our prepayments and other current assets primarily consist of prepayments for deductible value added taxes, prepayments for promotion fees and deferred payment channel fees. If our suppliers fail to provide relevant products or services to us in a timely manner or at all, we may be exposed to prepayment default risk and impairment loss risk in relation to the prepayments, which may in turn materially and adversely affect our business and financial position. Although our management’s estimation and the related assumptions have been made in accordance with the information currently available to us, such estimation or assumptions may need to be adjusted if new information becomes known. In the event that the actual recovery is lower than expected, or that our past provision for impairment of prepayments and other current assets becomes insufficient in light of the new information, we may need to make more provision for impairment, which may in turn materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

The daily use of our mobile app depends upon the effective operation under and compatibility with mobile operating systems, networks, and standards that we do not control.

A significant and growing portion of our users access our platform through our mobile app *Keep* and there is no guarantee that popular mobile devices will continue to support our mobile app or that mobile device users will use our mobile app rather than competing products. We are dependent on the interoperability of our mobile app with popular mobile operating systems that we do not control, such as Android and iOS, and any changes in such systems that degrade the functionality of our digital offering or give preferential treatment to competitors could adversely affect our platform’s usage on mobile devices. Additionally, in order to deliver high-quality mobile content, it is important that our digital offering is designed effectively and works well with a range of mobile technologies, systems, networks, and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing products that operate effectively with these technologies, systems, networks, or standards. In the event that it is more difficult for our users to access and use our platform on their mobile devices or users find our mobile offerings do not effectively meet their needs, our competitors develop content, products and services that are perceived to operate more effectively on mobile devices, or if our users choose not to access or use our platform on their mobile devices or use mobile products that do not offer access to our platform, our user growth and user engagement could be adversely impacted.

Our operations depend on the performance of the internet infrastructure and fixed telecommunications networks in China.

Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China’s internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Web traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at internet data centers in large cities such as Beijing are scarce. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks in China can support the demands associated with the continued growth in internet usage. If we cannot increase our capacity to deliver our online services, we may not be able to adapt to the increases in traffic we anticipate from our expanding user base, and the adoption of our services may be hindered, which could adversely impact our business and profitability.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may be prevented from accessing the mobile internet and thus cause the growth of mobile internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base.

RISK FACTORS

We use third-party services and technologies in connection with our business, and any disruption to the provision of these services and technologies could materially and adversely affect our business, financial condition and results of operations.

We use third-party services and technologies in connection with our business. For example, we partially rely on third-party service and technology providers to host and stream our content and services. We are therefore vulnerable to service interruptions experienced by these providers and we may experience interruptions, delays, or outages in service availability in the future due to a variety of factors, including infrastructure changes, human, hardware or software errors, hosting disruptions, and capacity constraints. Outages and capacity constraints could arise from a number of causes such as technical failures, natural disasters, fraud, or security attacks. The level of service provided by these providers, or regular or prolonged interruptions in that service, could also affect the use of, and our users’ satisfaction with, our content, products and services and could harm our business and reputation. In addition, hosting costs will increase as user engagement grows, which could harm our business if we are unable to grow our revenue faster than the cost of using these services or the services of similar providers.

Furthermore, our providers have broad discretion to change and interpret the terms of service and other policies with respect to us, and those actions may be unfavorable to our business operations. Our providers may also take actions beyond our control that could seriously harm our business, including discontinuing or limiting our access to one or more services, increasing pricing terms, terminating or seeking to terminate our contractual relationship altogether, or altering how we are able to process data in a way that is unfavorable or costly to us. If our arrangements with our current providers were terminated, we could experience interruptions on our platform and in our ability to make our content available to users, as well as delays and additional expenses in arranging for alternative services and technologies.

Any of these factors could further reduce our revenue, subject us to liability, and cause our users to decline to renew their subscriptions, any of which could have an adverse effect on our business, financial condition, and operating results.

The proper functioning of our technology platform is essential to our business. Any failure to maintain the satisfactory performance of our platform could materially and adversely affect our business and reputation.

The proper functioning of our platform is essential to our business. The satisfactory performance, reliability and availability of our IT systems are critical to our success and our ability to provide content to attract and retain users.

Our technology or infrastructure may not function properly at all times. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems could result in the unavailability or slowdown of our platform and the attractiveness of content provided on our platform. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website or mobile app slowdown or unavailability or loss of data. Any of such occurrences could cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

RISK FACTORS

Some of our products and services contain open-source software, which may pose particular risk to our proprietary software, products and services in a manner that negatively affect our business.

We use open-source software, including software development kit, in some of our products and services and will continue to use open-source software in the future. There is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open-source software or derivative works that we developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

We are subject to risks relating to third-party online payment platforms.

Currently, we sell a significant portion of our products and services to our users through third-party online payment systems. In all these online payment transactions, secured transmission of confidential information such as paying users’ credit card numbers and personal information over public networks is essential to maintaining users’ trust and confidence on our platform.

We do not have control over the security measures of our third-party online payment vendors. Any security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential user information and could, among other things, damage our reputation and the perceived security of all of the online payment systems that we use. If a well-publicized internet or mobile network security breach were to occur, users may become reluctant to purchase our content, products and services even if the publicized breach did not involve payment systems or methods used by us. In addition, there may be billing software errors that would damage user confidence in these online payment systems. If any of the above were to occur and damage our reputation or the perceived security of the online payment systems we use, we may lose paying users and users may be discouraged from purchasing our products and services, which may have a material adverse effect on our business.

In addition, there are currently only a limited number of reputable third-party online payment systems in China and certain other countries where we operate. If any of these major payment systems decides to cease to provide services to us, or significantly increase the percentage they charge us for using their payment systems for our products and services, our results of operations may be materially and adversely affected.

We may be subject to risks associated with the availability of our services in overseas markets.

As certain versions of our mobile apps can be downloaded and used overseas, we may be subject to various local legal requirements and market conditions. Our international exposures and operational efforts may result in increased costs and are subject to various risks, including content control from local authorities, uncertain enforcement of intellectual property rights and infringements, the complexity of compliance with foreign laws and regulations and cultural differences. Compliance with applicable foreign laws and regulations related to matters that are central to our business, including those related to content restrictions, data privacy, anticorruption laws, anti-money laundry and minors protection, increases the costs and risk exposure of doing business in foreign jurisdictions.

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In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. Due to the complexity involved, we cannot assure you that we are in compliance with all local laws or regulations, including data privacy requirements, license requirements, or that our existing licenses will be successfully renewed or expanded to cover all of our areas of operations. As we enter into overseas markets, we cannot assure you that we are able to fully comply with the legal requirements of each foreign jurisdiction and successfully adapt our business models to local market conditions.

In addition, cultural differences may also impose additional challenges to our efforts in content control. Therefore, such different and possibly more stringent regulatory and cultural environments may increase the risk exposure to our daily operations in foreign jurisdictions. Our failure to comply with other foreign laws, regulations and rules could materially and adversely affect our business, results of operations, global reputation and global growth efforts. In addition, each of foreign jurisdictions may have different regulatory framework, implementation and enforcement for online audio platforms, which may substantially increase our compliance costs to obtain, maintain or renew requisite licenses and permits or fulfill any required administrative procedures.

In addition, foreign and international laws, regulations, standards, and other obligations, and changes in the interpretation of such laws, regulations, standards, and other obligations could result in increased regulation, increased costs of compliance and penalties for non-compliance, and limitations on data collection, use, disclosure, and transfer for us and our users. We cannot assure you that we are currently in compliance with these laws and regulations. And our practice may become inconsistent with these laws and regulations. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We depend upon third-party licenses for the use of certain content on our platform. An adverse change to, loss of, or claim that we do not hold necessary licenses may have an adverse effect on our business, operating results, and financial condition.

We maintain a large fitness content library including PGC and PUGC fitness videos and other licensed content. We obtain licenses to display recorded fitness lessons generated by fitness instructors with whom we maintain a collaborative relationship. In addition, under typical agreements with fitness instructors we work with, we are the owner of the intellectual property arising out of live streaming activities on our platform. An adverse change to, loss of, or claim that we do not hold necessary licenses to these content may have an adverse effect on our business, operating results, and financial condition.

We use our licensed music for our PGC and PUGC which include recorded structured courses, recorded video courses and curriculums and live streaming classes. For PGC, which refers to recorded structured courses, recorded video courses and curriculums and live streaming classes that are developed and produced in-house, we enter into agreements to obtain licenses from rights holders to secure the right to use music in our content. For PUGC, which refers to recorded courses and pre-planned curriculums produced by our fitness influencers or licensed third parties, we require them to use licensed music for the content they provide through our cooperation agreements. We cannot guarantee that we currently hold, or will always hold, every necessary right to use all of the music that is used in our content, especially for music used in content provided by our fitness influencers or licensed third parties. We cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future.

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Contractual disputes with our content providers may harm our reputation and subject us to contractual liabilities and may be costly or time-consuming to resolve.

We enter into contracts with some content providers on our platform either directly or through talent agencies, the terms of which are generally negotiated on a case-by-case basis. The contractual terms between us, our content providers and talent agencies may vary depending on factors such as the professionalism, popularity and the revenue-generating potential of the content providers. Some of our contracted content providers enjoy fixed base fees while others do not, and some of our content providers are bound by exclusivity clauses while others are not. From time to time, there may be contractual disputes between content providers, talent agencies and us or between us and other third parties relating to our content providers. Any such disputes may not only be costly and time-consuming to solve, but may also be detrimental to the quality of the content produced by our content providers, causing our content providers to leave our platform, decrease user engagement on our platform or otherwise adversely affect our business, financial condition and operation results.

Our business depends substantially on the continuing efforts of our executive officers and other key employees. If we lose their services, our business operations and growth prospects may be materially and adversely affected.

Our future success depends heavily on the continuing services of our executive officers and other key employees. In particular, we rely on the expertise, experience and vision of our founder, chairman of the board of Directors and chief executive officer, Mr. Wang Ning, as well as other members of our senior management team. If one or more of our executive officers or other key employees were unable or unwilling to continue their services with us or are otherwise subject to any legal or regulatory liabilities in their personal capacity or otherwise, we might not be able to replace them easily, in a timely manner, or at all. Competition for qualified talent is intense, there can be no assurance that we will be able to attract or retain qualified employees. As a result, our business may be materially and adversely affected, our financial condition and results of operations may be severely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Moreover, if any of our executive officers or other key employees joins a competitor or forms a competing company, we may lose know-how, trade secrets, business partners, user base and market share. Each of our executive officers and key employees has entered into an employment agreement, a confidentiality and intellectual property ownership agreement and a non-compete agreement. However, these agreements may be deemed invalid or unenforceable under PRC laws and other applicable laws and regulations in other jurisdictions. If any dispute arises between our executive officers or key employees and us, there can be no assurance that we would be able to enforce these agreements in China and other jurisdictions, where these executive officers and key employees reside.

We have in the past been subject to legal and regulatory proceedings and may continue to be subject to these proceedings from time to time in the ordinary course of our business.

From time to time, we may be subject to claims, lawsuits, government investigations, and other proceedings involving products liability, competition and antitrust, intellectual property, privacy, consumer protection, securities, tax, labor and employment, commercial disputes, and other matters that could adversely affect our business operations and financial condition. Certain of these matters may include speculative claims for substantial or indeterminate amounts of damages and include claims for injunctive relief. Additionally, our litigation costs could be significant. We have been subject to regulatory fines related to product advertising and consumer protection regulations. Adverse

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outcomes with respect to litigation or legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require us to modify our products or services, make content unavailable, or require us to stop offering certain features, all of which could negatively affect our revenue. And even if these matters are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, financial condition, and operating results.

We face risks associated with the misconduct of our employees, business partners and their employees and other related personnel.

We rely on our employees to maintain and operate our business and have implemented an internal code of conduct to guide the actions of our employees. However, we do not have control over the actions of our employees, and any misbehavior of our employees could materially and adversely affect our reputation and business. We also rely on our business partners, including fitness influencers, talent agencies, suppliers, contract manufacturers and logistics service providers to provide content, products and services to users. Although we have implemented measures to select business partners, we may not be able to successfully monitor, maintain and improve the quality of their services. In the event of any unsatisfactory performance by our business partners and/or their employees, our business, reputation and results of operations may be materially and adversely affected.

Our results of operations are subject to fluctuations due to seasonality.

We experience seasonality which affects our results of operations. For example, the first quarter of each calendar year generally contributes to the smallest portion of our annual revenue, primarily due to a decrease in users’ willingness to exercise during the winter season and reduced sales of our self-branded fitness products during the Chinese New Year holiday period in the quarter. We usually observe an increase in revenue in the second and third quarters of each year, mainly because we experience relatively higher average MAUs in the second and third quarters as people are more willing to exercise during spring and summer, and upticks in the sales of our self-branded fitness products after the Chinese New Year. Furthermore, when e-commerce platforms hold special promotional campaigns during China’s online shopping festivals on June 18, November 11, and December 12, we typically observe an increase in sales of our fitness products immediately following these campaigns. Due to these factors, our revenue may vary from quarter to quarter and quarterly results may not be comparable to the corresponding periods of prior years. Such uncertainty makes it difficult for us to predict revenue for a particular quarter. Therefore, actual results may differ significantly from our targets or estimated quarterly results, which could cause the price of our Shares to fall.

Compliance with the laws or regulations governing virtual currency may result in us having to obtain additional approvals or licenses or change our current business model.

Due to the limited history of virtual currency in China, the regulatory framework governing such industry is still under development. The issuance and use of “virtual currency” in the PRC have been regulated since 2007 in response to the growth of the online games industry in China. In 2009, the Circular on Strengthening the Administration of Online Game Virtual Currency (《關於加強網絡遊戲虛擬貨幣管理工作的通知》), or the Virtual Currency Circular, jointly issued by the Ministry of Culture and the MOFCOM, broadly defined online game virtual currency as a type of virtual exchange instrument issued by internet game operation enterprises, purchased directly or indirectly by the game users by exchanging legal currency at a certain exchange rate, saved outside the game programs, stored

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in servers provided by the internet game operation enterprises in electronic record format and represented by specific numeric units. In 2012, the Administrative Measures for Single Purpose Commercial Prepaid Cards (《單用途商業預付卡管理辦法（試行）》) was issued by the MOFCOM, which further requires enterprise that engages in the retail, accommodation, catering or resident service industries shall go through record-filing procedures within 30 days after they start single-purpose commercial prepaid card business. Although our PRC Legal Adviser is of the view that, our issuance of virtual items to users to purchase gifts to be used on our platform does not constitute online game virtual currency transaction services or single-purpose commercial prepaid card because our virtual items are not issued by internet game operation enterprises, users cannot transfer or trade these items among themselves and our virtual items are not used in for the retail, accommodation, catering or resident service, we cannot assure you that the PRC regulatory authorities will not take a view contrary to ours. If our business operations involving virtual items are subject to the PRC regulatory regime on online games or single-purpose commercial prepaid card, we may be required to obtain additional approvals or licenses or filings or change our current business model and may be subject to a fine ranging from RMB10,000 to RMB30,000 where correction is not made within the stipulated period or other penalties which could adversely affect our business. Furthermore, due to the uncertainty of the evolving regulatory regime in PRC, we cannot assure you that we will not be found in violation of any laws and regulations currently in effect or in the future due to changes in relevant authorities’ interpretation of these laws and regulations, as well as the view or interpretation taken by such authorities on the nature and operation of our virtual items and relevant business activities.

Regulation and censorship of information disseminated over the mobile and internet in China may adversely affect our business and subject us to liability for content posted on our platform.

Internet companies in China are subject to a variety of existing and new rules, regulations, policies, and license and permit requirements on the distribution of information over the mobile and internet. Under these rules and regulations, content service providers are prohibited from posting or displaying over the mobile or internet content that, among others, violates PRC laws and regulations, impairs the national dignity of China or the public interest, is obscene, superstitious, fraudulent or defamatory, or may be deemed by relevant government authorities as “socially destabilizing” or leaking “state secrets” of China. For more information, see “Regulations—Regulations Related to Internet Information Security and Privacy Protection”. In connection with enforcing these rules, regulations, policies and requirements, relevant government authorities may suspend services by, or revoke licenses of, any internet or mobile content service provider that is deemed to provide illicit content online or on mobile devices, and such activities may be intensified in connection with any ongoing government campaigns to eliminate prohibited content online.

Although we employ certain methods to filter the content posted on our platform, we cannot be sure that our internal content control efforts will be sufficient to remove all content that may be viewed as indecent or otherwise noncompliant with PRC law and regulations.

We have granted and expect to continue to grant share-based awards in the future under our share incentive plan, which may result in increased share-based compensation expenses and dilute the ownership interests of our shareholders.

In order to attract and retain qualified employees, provide incentives to our directors, officers, employees and consultants, and promote the success of our business, we adopted the Share Incentive Plans. We recognize expenses in our consolidated financial statements in accordance with IFRS.

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Expenses associated with share-based compensation will affect our financial performance, and any securities issued pursuant to our share incentive plans will dilute the ownership interests of our shareholders. The maximum aggregate number of ordinary shares that may be issued under the 2016 Plan and the 2021 Plan is 35,536,640 and 25,108,660, respectively. [The maximum number of new Shares issuable under the 2023 Plan and all other share schemes of the Company in effect after Listing, is 10% of our Company’s total issued share number on the Listing Date; the 2023 Plan will come into effect upon Listing.] As of December 31, 2022, 40,154,825 options to purchase our ordinary shares have been granted and are outstanding, excluding options that were forfeited or canceled after the relevant grant dates. For the years ended December 31, 2020, 2021 and 2022, we recorded RMB22.4 million, RMB135.5 million and RMB102.6 million in share-based compensation expenses, respectively.

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based awards to employees in the future subject to compliance with the Listing Rules. As a result, our expenses associated with share-based compensation expenses may increase, which may have an adverse effect on our results of operations.

We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

To pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances, including to improve our brand awareness, broaden our content, product and service offerings or further improve our existing content, product and service offerings, expand into new markets and acquire complementary businesses and technologies, we may require additional capital from time to time. However, additional funds may not be available when we need them on reasonable terms, or at all. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the industry where we operate;
- our future profitability, overall financial condition, results of operations and cash flows;
- general market conditions for capital raising activities by online fitness companies in China; and
- economic, political and other conditions in China and internationally.

If we are unable to obtain additional capital in a timely manner or on acceptable terms, or at all, our ability to continue to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, results of operations, financial condition and prospects could be materially and adversely affected. In addition, our future capital needs and other business reasons could require us to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

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A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 has had a severe and negative impact on the Chinese and the global economy, and whether this will lead to a prolonged downturn in the economy is still unknown. The growth of the Chinese economy has slowed in recent years. Even before the outbreak of COVID-19, the global macroeconomic environment was facing challenges, including the end of quantitative easing by the U.S. Federal Reserve, the economic slowdown in the Eurozone since 2014, uncertainties over the impact of Brexit and the ongoing global trade disputes and tariffs. The growth of China’s economy has slowed down since 2012 compared to the previous decade and the trend may continue. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. In addition, there have also been concerns about the relationship between China and the United States, resulting from the current trade tension between the two countries. There have been further uncertainties related to the drastic drop in oil prices and the U.S. Federal Reserve’s progressive policies to strengthen the market in early 2020. It is unclear whether these challenges and uncertainties will be contained or resolved and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Substantially all of our operations are conducted in China, and the vast majority of our revenue are generated from providing content, products and services to users in China. Any prolonged slowdown in the global or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs. Our users and business partners may reduce or delay spending with us, while we may have difficulty expanding our user base and cooperative network fast enough, or at all, or to offset the impact of decreased spending by our existing users and business partners.

Our results of operations, financial conditions and prospects have been adversely affected by fair value changes of preferred shares and valuation uncertainty of preferred shares due to the use of unobservable inputs.

During the Track Record Period, we had outstanding convertible redeemable preferred shares, which were designated as financial liabilities at fair value through profits or losses. The preferred shares issued by us are not traded in an active market and the respective fair value is determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of our Company and the equity allocation model was adopted to determine the fair value of the financial instruments. Please refer to Note 3.3 to the Accountant’s Report included in Appendix I to this document for the key assumptions in determining the fair value of the convertible redeemable preferred shares. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain, as a result of the use of unobservable inputs, differences in evaluation criteria and the corresponding differences in assumptions and judgments. Changes in these unobservable inputs and other estimates and judgments could materially affect the fair value of our convertible redeemable preferred shares, which in turn may adversely affect our

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results of operations. In 2020, 2021 and 2022, we recognized net fair value changes in preferred shares of RMB2.1 billion, RMB1.9 billion and negative RMB0.7 billion, respectively. We expect continued fluctuation of the fair value of our preferred shares after December 31, 2022 till the completion of the [REDACTED], upon which all the preferred shares will automatically convert into our Shares. Upon the completion of the [REDACTED], we do not expect to recognize any further loss or gain on fair value changes from the preferred shares in the future.

Fluctuation of financial assets at fair value through profit or loss may affect our results of operations, financial and conditions.

We made investments in certain financial assets during the Track Record Period and recorded financial assets at fair value through profit or loss of RMB429.3 million, RMB255.9 million and RMB139.9 million as of December 31, 2020, 2021 and 2022, respectively. Our financial assets at fair value through profit or loss mainly consist of wealth management products we purchased to improve returns on our excess liquidity. Wealth management products mainly represent deposits with variable interest rates indexed to the performance of underlying assets or principal that are not-guaranteed by certain financial institutions. We recorded wealth management product of RMB429.3 million, RMB255.0 million and RMB139.9 million as of December 31, 2020, 2021 and 2022, respectively. Going forward, we may continue to invest in financial products. We plan to make investment decisions related to the purchase of such products on a case-by-case basis. We cannot assure you that market conditions and regulatory environment will result in fair value gains on the financial products we invest in or we will not incur any fair value losses on our investments in the financial products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. These investments may earn yields substantially lower than anticipated, and the fair values of these financial assets may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these financial assets may materially and adversely affect our business and financial results.

We may not be able to fulfil our obligations in respect of contract liabilities, which may have a material and adverse impact on our results of operations and financial condition.

Our contract liabilities mainly represent customer advances for self-branded fitness products, membership subscription and online paid content services. As of December 31, 2020, 2021 and 2022, our contract liabilities were RMB80.2 million, RMB87.0 million and RMB84.1 million, respectively. If we fail to fulfil our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may require us to refund the advance payments we have received, which may adversely affect our cash flow and liquidity condition. In addition, it may adversely affect our relationship with such customers, damage our reputation and brand image, which may also affect our results of operations and financial condition.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses.

We are subject to anti-corruption, anti-bribery, sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. We have direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. These interactions subject us to an increased level of compliance-related concerns.

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Our policies and procedures in place to ensure compliance may not be sufficient and our Directors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible, subject us to financial loss and sanctions or penalties imposed by governmental authorities, or adversely affect our business operation and reputation.

Non-compliance with anti-corruption or anti-bribery laws and regulations could subject us to whistle-blower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses. If we or any of our associates fail to comply with economic sanctions or trade restrictions imposed by national or international authorities that are applicable to us or them, we may be exposed to potential legal liability and the costs associated with investigating potential misconduct, as well as potential reputational damage.

Any export controls or any economic or trade restrictions applicable to our businesses could be complex and may change frequently. The interpretation and enforcement of such laws and regulations involve uncertainties, which may be driven by political or other factors out of our control or heightened by national security concerns. Any potential restrictions imposed on us or our business partners, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may cause disruptions to our service offerings and business operations, result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders. Any of the foregoing events may have a material and adverse effect on our business, financial condition and results of operations.

The current tensions in international trade and rising political tensions may adversely impact our business, financial condition, and results of operations.

Although cross-border business may not be an area of our focus, if we plan to sell our products internationally in the future, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products and services, impact the competitive position of our products, or prevent us from being able to sell products in certain countries. If any new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations. Recently there have been heightened tensions in international economic relations, such as the one between the United States and China. The U.S. government has recently imposed, and has recently proposed to impose additional, new, or higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing, and proposing to impose additional, new, or higher tariffs on certain products imported from the United States. Following mutual retaliatory actions for months, on January 15, 2020, the United States and China entered into the Economic and Trade Agreement Between the United States of America and the People's Republic of China as a phase one trade deal, effective on February 14, 2020.

In addition, political tensions between the United States and China have escalated due to, among other things, trade disputes, the COVID-19 outbreak, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government and the executive orders issued by former U.S. President in August 2020 that prohibit certain transactions with certain Chinese companies and their applications, the Clean Network project initiated by the U.S. Department of State in August 2020 and new authorities granted to the

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Department of Commerce to prohibit or restrict the use of information and communications technology and services (“ICTS”). While a substantial majority of our business is conducted in China, policies like these may deter U.S. users from accessing and/or using our apps and other products in the United States, which could adversely impact our user experience and reputation. Similarly, India has banned a large number of apps in 2020 out of national security concerns, many of which are China-based apps, escalating regional political and trade tensions.

Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition, and results of operations.

As we depend on parts and components from suppliers, some of which are overseas, tariffs by the PRC government or any other trade tensions may affect the costs of our products. Demand for our content, products and services depends to a large extent on general, economic, political, and social conditions in China. The current international trade tensions and political tensions between China and other countries, especially the United States, and any escalation of such tensions, may have a negative impact on such general, economic, political, and social conditions and accordingly demands for our vehicles, adversely impacting our business, financial condition, and results of operations.

Enforcement of stricter labor laws and regulations and increases in labor costs in the PRC may adversely affect our business and our profitability.

China’s overall economy and the average wage in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labor costs to those who pay for our services and products, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

During the Track Record Period, we used third-party service providers to apply for social insurance registration and housing funds deposit registration and to pay social insurance and housing fund for some of our employees, which may be inconsistent with relevant laws and regulations and as of the Latest Practicable Date, we had rectified the non-compliance. See “Regulations—Regulations Related to Employment, Social Insurance and Housing Provident Fund” for details. In addition, certain of our subsidiaries in China did not make such registrations historically as those subsidiaries did not hire any employees, and as of the Latest Practicable Date, we had rectified the non-compliance. Under the agreements between the third-party service providers and us, the third-party service providers have the obligations to pay social insurance premium and housing provident funds for our relevant

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employees. As of the Latest Practicable Date, none of the third-party service providers that our Company cooperates with had failed to pay, or delayed in paying, any social insurance premiums or housing provident fund contributions for our employees. We have not received any inquiry from relevant government authorities in this regard. As promulgated in the PRC Social Insurance Law, if we fail to comply with the requirement within a specified timeframe, we may be liable for a fine not exceeding three times of social insurance contribution. And according to the Regulation on the Administration of Housing Provident Funds, if we fail to complete the process of registering housing provident fund payment and deposit or open housing provident fund accounts for our employees within a specified timeframe, we may be subject to a fine of not less than RMB10,000 but not more than RMB50,000. Please refer to “Business—Employees” for further details.

We cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

We may not have sufficient insurance to cover our business risks, so that any uninsured occurrence of business disruption may result in substantial costs to us and the diversion of our resources, which could have an adverse effect on our results of operations and financial condition.

We provide social security insurance for our employees as required by PRC law, and we also provide supplemental commercial medical insurance for our employees. We do not maintain business interruption insurance. We consider this practice to be reasonable in light of the nature of our business, which is in line with the practices of other companies of similar size in the same industry in China. In addition, insurance companies in China currently offer limited business-related insurance products. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could disrupt our business operations, requiring us to incur substantial costs and divert our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

In addition to the impact of COVID-19, natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes, unusual weather conditions, power outages, other health epidemics, terrorist acts or disruptive global political events, or similar disruptions/and other outbreaks could materially adversely affect our business, financial condition and results of operations. These events could result in server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platforms and sell our products. These events could also affect the normal operation of our *Keep* fitness centers and our collaboration with third-party offline gyms in connection with the *Keep* selected fitness classes, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products, components and raw materials from some domestic and overseas suppliers, the temporary disruption in the transport of goods, delay or increased transportation costs in the delivery of goods to our warehouses or stores, the inability of users to conduct at-home or outdoor trainings utilizing our content or products, the temporary reduction in the availability of our content or product offerings to users and disruption of our utility

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services or to our information systems. These events also can have indirect consequences such as increases in the costs of insurance if they result in significant loss of property or other insurable damage. To the extent any of these risks materialized, our business, financial condition and results of operations could be materially and adversely affected.

Our headquarters is located in Beijing, China, where most of our directors and management and the majority of our employees currently reside. Most of our system hardware and the back-up systems supplied by third-party cloud service providers are hosted in facilities located in China. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect China, and Beijing in particular, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATED TO OUR CORPORATE STRUCTURE

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

Foreign ownership in entities that provide internet and other related businesses, including the value-added telecommunication services, internet culture business and internet audio-visual program, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available.

We are a Cayman Islands exempted company and each of our indirect wholly-owned PRC subsidiary, our WFOE, is considered a foreign-invested enterprise. To ensure compliance with the PRC laws and regulations, we conduct some of our foreign investment-restricted business in China through our VIE, and our VIE currently holds the value-added telecommunication business license and other licenses necessary for our operation of such restricted business, based on a series of contractual arrangements by and among our WFOE, our VIE and its shareholders. These contractual agreements enable us to (i) exercise effective control over our VIE, (ii) receive substantially all of the economic benefits of our VIE, and (iii) have an exclusive call option to purchase all or part of the equity interests in our VIE when and to the extent permitted by PRC law. As a result of these contractual arrangements, we exert control over our VIE and consolidate financial results of our VIE in our financial statements under IFRS. See “History, Reorganization and Corporate Structure” for further details.

We have been advised by our PRC Legal Adviser that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations and the PRC government may ultimately take a view contrary to the opinion of our PRC Legal Adviser. If the PRC government otherwise finds that we are in violation of any existing or future PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant governmental authorities with jurisdiction over the operation of our business would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of our PRC entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations, or imposing other requirements with which we or our VIE may not be able to comply;

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- discontinuing or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenue;
- shutting down our servers or blocking our platform;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our VIE and deregistering the equity pledges of our VIE, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our VIE;
- restricting or prohibiting our use of [REDACTED] or other of our financing activities to finance the business and operations of our VIE;
- imposing additional conditions or requirements with which we may not be able to comply; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn have a material adverse effect on our business, financial condition and results of operations. If occurrences of any of these events results in our inability to direct the activities of our VIE that most significantly impact their economic performance, and/or our failure to receive the economic benefits and residual returns from our VIE, and we are not able to restructure our ownership structure and operations in a satisfactory manner, we may not be able to consolidate the financial results of our VIE in our consolidated financial statements in accordance with IFRS.

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

We have to rely on the contractual arrangements with our VIE and its shareholders to operate the business in areas where foreign ownership is restricted, including provision of certain value-added telecommunication services. These contractual arrangements, however, may not be as effective as direct ownership in providing us with control over our VIE. For example, our VIE and its shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of our VIE in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our VIE in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our VIE, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIE and its shareholders of their obligations under the contracts to exercise control over our VIE. The shareholders of our VIE may not act in the best interests of our company or may not perform their obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. See “—Risks Related to Our Corporate Structure—Any failure by our VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business”.

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

If our VIE or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of our VIE were to refuse to transfer their equity interests in our VIE to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if any third parties claim any interest in such shareholders’ equity interests in our VIE, our ability to exercise shareholders’ rights or foreclose the share pledge according to the contractual arrangements may be impaired. If these or other disputes between the shareholders of our VIE and third parties were to impair our control over our VIE, our ability to consolidate the financial results of our VIE would be affected, which would in turn result in a material adverse effect on our business, operations and financial condition.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States, which resulted in uncertainties in the PRC legal system that could limit our ability to enforce these contractual arrangements. See “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us”. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated VIE should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIE, and our ability to conduct our business may be negatively affected.

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

The shareholders of our VIE may have actual or potential conflicts of interest with us. Mr. Wang Ning, Mr. Peng Wei, Mr. Wen Chunpeng and Mr. Liu Dong jointly hold the equity interests in our VIE, respectively. Mr. Wang Ning is our founder and serves as the chairman of the board of Directors and the chief executive officer of our company. Mr. Peng Wei is our co-founder, executive Director and vice president of online operations. Mr. Wen Chunpeng is our co-founder, an employee and a director of certain subsidiaries that operate our *Keeland* business. Mr. Liu Dong is our co-founder, executive Director and vice president of consumer fitness products. Although these individuals are contractually obligated, or obligated as a result of their fiduciary duty to our company, to act in good faith and in our best interest, they still have potential conflicts of interest with us. For

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example, occasions may arise when the fiduciary duties these individuals owe to us under Cayman Islands law conflict with the fiduciary duties they owe to our PRC entities under PRC law. Under Cayman Islands law, a director is not released from his or her fiduciary duties owed to us as a director of our company, and his or her obligation to discharge such duties is not affected by any other duties that such director owes or interests which such director may have, including as a director or shareholder of another company, such as our consolidated affiliated entities. In addition, these shareholders may breach, or cause our VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIE, which would have a material and adverse effect on our ability to effectively control our VIE and receive economic benefits from it. For example, the shareholders may be able to cause our agreements with our VIE to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive call option agreements with these shareholders to request them to transfer all of their equity interests in the VIE to a PRC entity or individual designated by us, to the extent permitted by PRC law. We count on Mr. Wang Ning, our founder, chairman of the board of Directors and chief executive officer of our company and a major shareholder of our VIE, to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of our VIE have executed powers of attorney to appoint our WFOE to vote on their behalf and exercise voting rights as shareholders of our VIE. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIE, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The shareholders of our VIE may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in our VIE and the validity or enforceability of our contractual arrangements with our VIE and its shareholders. For example, in the event that any individual shareholder of our VIE divorces his or her spouse, the spouse may claim that the equity interest of our VIE held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under our contractual arrangements, which could result in a loss of the effective control over our VIE by us. Similarly, if any of the equity interests of our VIE is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over our VIE or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current contractual arrangements, (i) our VIE's shareholders' spouses have executed spousal consent letters under which the spouses agree not to assert any rights over the equity interest in our VIE held by these VIE shareholders, and (ii) it is expressly provided that our VIE and its shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of our WFOE, we cannot assure you that these undertakings and arrangements

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will be complied with or effectively enforced. In the case any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management’s attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

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

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

The procedures we have in place to secure the use of our chops and seals may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our VIE. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

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

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements in relation to our VIE were not entered into on an arm’s length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the taxable income of our VIE in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our VIE for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries’ tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our VIE for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our VIE’s tax liabilities increase or if it is required to pay late payment fees and other penalties.

Our current corporate structure and business operations may be substantially affected by the newly enacted Foreign Investment Law.

On March 15, 2019, the NPC promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), which took effect on January 1, 2020. Along with the Foreign Investment Law, the Implementing Rules of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of the Foreign Investment Law promulgated by the Supreme People’s Court (《最高人民法院關於適用〈中華人民共和國外商投資法〉若干問題的解釋》) took effect on January 1, 2020. Since the Foreign Investment Law and its current implementation and interpretation rules are relatively new, substantial uncertainties exist in relation to their further

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application and development. For example, the Foreign Investment Law does not explicitly classify whether VIEs that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, at which time it will be uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either “restricted” or “prohibited” from foreign investment in the Special Administrative Measures for Access of Foreign Investments (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》(2021年版)), or the Negative List, jointly promulgated by the Ministry of Commerce and the National Development and Reform Commission, or the NDRC, and took effect on January 1, 2022. The Foreign Investment Law provides that (i) foreign-invested entities operating in “restricted” industries are required to obtain market entry clearance and other approvals from relevant PRC government authorities; (ii) foreign investors shall not invest in any industries that are “prohibited” under the Negative List. We operate our value-added telecommunications services and have obtained the ICP License through our VIE. Such services are restricted for foreign investors in the Negative List and foreign ownership may not own more than 50% of such business. We also hold the Internet cultural business license and the radio and television production operation license under our VIE. Furthermore, our *Keep* mobile app has been registered in the National Internet Audio-visual Platforms Information Management System (全國網絡視聽平台信息登記管理系統), subject to the same regulation and supervision as an Audio-Visual License holder and fall into the categories of prohibited foreign investment by the Negative List. There can be no guarantee that the regulatory authorities will not require us to further obtain an Audio-visual License or an Internet Publishing License, which also falls into the categories of prohibited foreign investment by the Negative List. See “—Risks Related to Doing Business in China—We may be adversely affected by the complexity, uncertainties and changes in PRC laws and regulation, and any lack of requisite approvals, licenses, permits or registrations applicable to our business may have a material adverse effect on our business, financial conditions and results of operations”. If our control over our VIE through contractual arrangements are deemed as foreign investment in the future, and any business of our VIE is “restricted” or “prohibited” from foreign investment under the “negative list” effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our VIE may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may not complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

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

Our VIE holds certain assets that may be critical to the operation of our business. If the shareholders of our VIE breach the contractual arrangements and voluntarily liquidate our VIE, or if our VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. In addition, if our VIE undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

RISKS RELATED TO DOING BUSINESS IN CHINA

Changes in China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

A substantial majority of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The PRC economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China’s economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The growth rate of the Chinese economy has gradually slowed since 2010. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. Any prolonged slowdown in the global and Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

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Uncertainties with respect to the PRC legal system and changes in laws and regulations in China could adversely affect us.

We conduct our business primarily through our PRC subsidiaries and our VIE. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are subject to laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. In addition, any new or changes in PRC laws and regulations related to foreign investment in China could affect the business environment and our ability to operate our business in China.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

Furthermore, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

We may be adversely affected by the complexity, uncertainties and changes in PRC laws and regulation, and any lack of requisite approvals, licenses, permits or registrations applicable to our business may have a material adverse effect on our business, financial conditions and results of operations.

Our business is subject to supervision and regulation by various governmental authorities in China, and such governmental authorities include the CAC, the Ministry of Commerce, or the MOFCOM, the MIIT, the State Administration for Market Regulation, or the SAMR, the National Health Commission, or the NHC, the Ministry of Culture and Tourism, or the MCT, the NRTA, and the corresponding local regulatory authorities. Such governmental authorities promulgate and enforce laws and regulations that cover a variety of business activities that relate to our operations, such as provision of internet information, sales of internet advertisement, providing live streaming and short videos broadcasting services, among other things. These regulations in general regulate the entry into, the permitted scope of, as well as approvals, licenses and permits for, the relevant business activities. Some of these laws and regulations involve ambiguities and may be subject to interpretation by the relevant authorities on a case-by-case basis.

For example, our platform offers short videos created by ourselves and fitness instructors we collaborate. We also deliver live streaming content. Our *Keep* mobile app has been registered in the National Internet Audio-visual Platforms Information Management System (全國網絡視聽平台信息登記管理系統), subject to the same regulation and supervision as an Audio-Visual License holder. See “Regulations—Regulations Related to Online Live Streaming Services”. However, according to the PRC Administrative Provisions on Internet Audio-Visual Program Services, a provider of online

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audio-visual program service is required to obtain a license for online transmission of audio-visual programs, or Audio-Visual License. We have not obtained the Audio-Visual License for providing internet audio-visual program services and content through our platform in China and we may not be eligible for the Audio-Visual License, because the current PRC laws and regulations require an applicant to be a wholly state-owned or state-controlled entity. Due to the ambiguity of the definition of “online publishing service” under the relevant laws and regulations, we cannot assure you that the relevant authorities will not take a different view and/or regard that making accessible on our platform our recorded classes, live streaming classes, other content through in our mobile app or public accounts, may be regarded as an “online publishing service” and thereby require us to obtain such license in the future. Furthermore, we may be required by relevant authorities to conduct additional branch industry and commerce registration for one *Keeland* fitness center which has not registered as our subsidiary, and Shanghai Calorie due to the inconsistency of its registered address and the actual operating address. We have been unable to complete the industry and commerce registration with the competent authorities for one of our *Keeland* fitness center because the owner of such fitness center could not provide registered address certification required for the application. Shanghai Calorie’s registered address is the virtual address assigned by the local government when it established, and it continued to use such address due to the anticipated tax contribution in such local government. As of the Latest Practicable Date, we had not been penalized by the SAMR for not completing (i) such additional industry and commerce registration of certain *Keeland* fitness center and (ii) such additional industry and commerce registration to change Shanghai Calorie’s registered address from the virtual address assigned by the local government to its actual address. Based on the above, we and our PRC Legal Adviser are of the view that the risk of us being penalized for not completing such additional industry and commerce registration is relatively low. During the Track Record Period, one *Keeland* fitness center with construction area of more than 300 square meters in Beijing did not obtain certain fire safety inspection license. We had been unable to acquire such fire safety inspection license because the area specified in the lease agreement was the actual open space of less than 300 square meters. The aforementioned *Keeland* fitness center had then updated the relevant lease agreement with the lessor to specify the construction area instead of the actual open area. As such, we were able to and has obtained and completed the fire safety inspection. We have obtained the regulatory confirmation from competent regulatory authority specifying that the *Keeland* fitness center has not been subject to administrative penalties in respect of fire safety inspection during the Track Record Period and up to the Latest Practicable Date.

While we are making efforts to obtain all licenses and permits and complete all registration and relevant inspection procedures that are necessary to our various business activities, however, there is no assurance that we can obtain all such licenses, permits and complete all such registration procedures in a timely manner as and when requested by the relevant authorities or that we will not be subject to penalty for operating without such licenses, permits and registrations.

If the PRC governmental authorities consider that we are operating without proper approvals, licenses, permits or registrations, or new laws and regulations are promulgated that require us to obtain additional approvals or licenses, complete additional registration procedures or impose additional restrictions on the operation of any part of our business, the PRC governmental authorities have the power, among other things, to order timely rectification, impose fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material adverse effect on our business, results of operations and financial condition.

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Any failure to comply with PRC property laws and relevant regulations regarding certain of our leased premises may materially and adversely affect our business, financial condition, results of operations and prospects.

We have not registered our lease agreements with the relevant government authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant government authority executed leases. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed timeframe.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of [REDACTED].

The conversion of RMB into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People’s Bank of China. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollars, the U.S. dollar or other currencies in the future. The value of RMB against the Hong Kong dollars, U.S. dollar and other currencies is affected by changes in China’s political and economic conditions and by China’s foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollars and the U.S. dollar in the future.

Any significant appreciation or depreciation of RMB may materially and adversely affect our revenue, earnings and financial position, and the value of, and any dividends payable on, our Shares. For example, to the extent that we need to convert Hong Kong dollars and U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the Hong Kong dollars and the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the Hong Kong dollars and the U.S. dollar may significantly reduce the Hong Kong dollars or the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our Shares.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. We started using derivative financial instruments in the first quarter of 2021 to hedge exposure to exchange rate risk, including foreign exchange forward contracts and foreign exchange option contracts. These derivative financial instruments reduce, but do not entirely eliminate the effect of foreign currency exchange rate movements on our cash and cash equivalents and short-term investments in foreign currencies. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on [REDACTED].

If our preferential tax treatments and government subsidies are revoked or become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions.

The Chinese government has provided tax incentives to our PRC subsidiaries in China, including reduced enterprise income tax rates. For example, under the Enterprise Income Tax Law and its implementation rules, the statutory enterprise income tax rate is 25%. However, the income tax of

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an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. Three of our PRC subsidiaries were subject to a preferential income tax rate of 15%, as they were qualified as a High-New Technology Enterprises (the “HNTTE”) during the Track Record Period. Any increase in the enterprise income tax rate applicable to our PRC subsidiaries, or any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments and local government subsidies currently enjoyed by our PRC subsidiaries could adversely affect our business, financial condition and results of operations. Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. If the PRC tax authorities successfully challenge our tax provision and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

Certain PRC regulations may make it more difficult for us to pursue growth through acquisitions.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Such regulation requires, among other things, that the MOFCOM be notified in advance of any change of control transaction in which a foreign investor acquires control of a PRC domestic enterprise and involves any of the following circumstances: (i) any important industry is concerned; (ii) such transaction involves factors that have or may have an impact on the national economic security; or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. We do not expect that the [REDACTED] will trigger MOFCOM pre-notification under each of the above-mentioned circumstances or any review by other PRC government authorities. Moreover, the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007 and amended on June 24, 2022, and the Regulations on Filing Threshold for Concentration of Undertakings (《國務院關於經營者集中申報標準的規定》) require that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the SAMR, the successive authority of MOFCOM, before they can be completed. In addition, Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) that became effective in September 2011 and Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) that became effective in January 2021 require acquisitions by foreign investors of PRC companies engaged in military related or certain other industries that are crucial to national defense and security be subject to security review before consummation of any such acquisition. In August 2021, the SAMR issued the Draft Provisions on Preventing Unfair Online Competition, which detailed the implementation of the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), including specified certain online unfair competition behavior that shall be prohibited. As of the Latest Practicable Date, the Draft Provisions on Preventing Unfair Online Competition has not been formally adopted, and due to the lack of further clarifications, there are still uncertainties regarding the interpretation and implementation of the Draft Provisions on Preventing Unfair Online Competition.

We may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of these regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from MOFCOM and the NDRC and their respective local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. It is unclear whether our business would be deemed to be in an industry that raises

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national defense and security or national security concerns. Recently, the SAMR imposed administrative penalties on a number of anti-monopoly cases in the internet industry, and the regulatory environment of anti-monopoly is tightening.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC law.

In July 2014, the State Administration of Foreign Exchange, or SAFE, promulgated the Circular on Issues Concerning Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37. SAFE Circular 37 requires PRC residents to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities and also requires the foreign-invested enterprise that is established through round-trip investment to truthfully disclose its controller(s). In February 2015, SAFE promulgated a Circular on Further Simplifying and Improving the Direct Investment-Related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13, effective since June 2015. Under SAFE Circular 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, should be filed with qualified banks instead of SAFE. The qualified banks examine the applications and accept registrations under the supervision of SAFE. See “Regulations—Regulations Related to Foreign Exchange Registration of Overseas Investment by PRC” for details.

We may not at all times be fully informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under SAFE Circular 37 or other related rules. And there is no assurance that the registration under SAFE Circular 37 and any amendment has been and will be completed in a timely manner, or will be completed at all. Failure by our shareholders or beneficial owners who are PRC residents to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries’ ability to make distributions or pay dividends or affect our ownership structure. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

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.

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 will become effective on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities through a filing-based regulatory regime.

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

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through the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas [REDACTED] by PRC domestic companies: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. Where an issuer submits an application for [REDACTED] to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

On the same day, the CSRC 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 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 cannot assure you that we could meet such requirements, complete such filing in a timely manner. Any failure may restrict our ability to complete the proposed listing or any future equity capital raising activities, which would have a material adverse effect on our business and financial positions. Further, as the Overseas Listing Trial Measures was recently promulgated, there remains substantial uncertainties as to its interpretation and implementation and how it may impact our ability to raise or utilize fund for business operation.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange Used for Domestic Individuals’ Participation in Equity Incentive Plans of Companies Listed Overseas (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the SAFE Circular 7, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees

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who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of the [REDACTED]. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary’s ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See “Regulations—Regulations Related to Stock Incentive Plans”.

In addition, the State Administration of Taxation, or SAT, has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If any of our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our WFOE, which are our wholly foreign-owned enterprises, may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to a staff welfare and bonus fund. The reserve fund and staff welfare and bonus fund cannot be distributed to us as dividends.

Our PRC subsidiaries generate primarily all of their revenue in RMB, which is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their RMB revenue to pay dividends to us.

The PRC government may continue to strengthen its capital controls, and more restrictions and a substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

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In addition, the Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by PRC companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

Governmental control of currency conversion may affect the value of [REDACTED].

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenue in RMB. Under our current corporate structure, our Cayman Islands holding company primarily relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries and VIE to pay off their respective debt in a currency other than RMB owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than RMB. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our Shares.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and our VIE. We may make loans to our PRC subsidiaries and VIE subject to the approval from governmental authorities and foreign exchange loan registrations and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries. For example, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE, and medium or long-term loans by us to our PRC subsidiaries must be recorded and registered with the NDRC. If we provide funding to our wholly foreign-owned subsidiaries through shareholder loans, in the event that the foreign debt management mechanism as provided in the Administrative Measures for Foreign Debts Registration (《外債登記管理辦法》) and other relevant rules applies, the balance of such loans cannot exceed the difference between the total investment and the registered capital of the subsidiaries and we will need to register such loans with the SAFE or its local branches. In addition, a foreign-invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope.

SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-Invested

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Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, effective June 2015. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for equity investments, the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. SAFE Circular 19 may significantly limit our ability to transfer any foreign currency we hold, including the [REDACTED], to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in China.

We may not be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or VIE or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the [REDACTED] we expect to receive from the [REDACTED] and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within China is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the SAT issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

The tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body”. If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax

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purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises (or 20% in the case of non-resident individuals). In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, any gain realized on the transfer of our Shares by individual shareholders or holders of our Shares may be subject to PRC tax at a rate of 20%. Any PRC tax imposed on dividends or gains may be subject to a reduction under an applicable tax treaty. However, it is unclear whether non-PRC shareholders of our company would be able to obtain the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on [REDACTED] in our Shares.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In February 2015, the SAT issued the Public Notice Regarding Certain Enterprise Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises (《國家稅務局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Bulletin 7. SAT Bulletin 7 extends its tax jurisdiction to not only indirect transfers but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, SAT Bulletin 7 provides certain criteria on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owns the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a tax rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes. However, according to the aforesaid safe harbor rule, the PRC tax would not be applicable to the transfer by any non-resident enterprise of Shares of the Company acquired and sold on public securities markets.

On October 17, 2017, the SAT issued the Public Notice on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or the SAT Bulletin 37, which came into effect on December 1, 2017. According to SAT Bulletin 37, where the non-resident enterprise fails to declare its tax payable pursuant to Article 39 of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), the tax authority may order it to pay its tax due within required time limits, and the non-resident enterprise shall declare and pay its tax payable within such time limits specified by the tax authority. If the non-resident enterprise voluntarily declares and pays its tax payable before the tax authority orders it to do so, it shall be deemed that such enterprise has paid its tax payable in time.

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We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under SAT Bulletin 7 and SAT Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

All of our executive Directors and executive officers reside within China, and substantially all of our assets are located within China. Therefore, it may be difficult for [REDACTED] to effect service of process upon us or our executive Directors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement, and promulgated on July 3, 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the 2006 Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement may still be uncertain.

On January 18, 2019, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the 2019 Arrangement, which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a

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written choice of court agreement. The 2006 Arrangement will be superseded upon the effectiveness of the 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear as to its effective date and uncertain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigations that are common in common law jurisdictions (including securities law class actions and fraud claims) generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Furthermore, according to Article 177 of the PRC Securities Law (《中華人民共和國證券法》), or Article 177, which became effective in March 2020, no overseas securities regulator may directly conduct investigations or collect evidence and no entities or individuals may provide documents or materials in connection with securities activities without proper authorization as stipulated under Article 177. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigations or collect evidence within China may further increase difficulties faced by you in protecting your interests.

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