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**ZG Group**  
**找钢产业互联集团**

*(A company controlled through weighted voting rights,  
incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as ZGW)*

**(Stock Code: 6676)**  
**(Warrant Code: 2572)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

ZG Group (the “**Company**”, and together with its subsidiaries, the “**Group**”), China’s largest digital platform for third-party steel transactions, as measured by online steel transaction volume in 2023, according to China Insights Industry Consultancy Limited. Through connecting key participants in the steel transactions industry, the Company currently offers a one-stop integrated suite of business to business (B2B) services covering the entire value chain of steel transactions, including online steel transactions, logistics, warehousing and processing, software as a service (SaaS) products, and big data analytics.

The Company announced its audited consolidated financial results for the year ended December 31, 2024 (the “**Reporting Period**”). A summary of the financial highlights of the Company is set out below.

**FINANCIAL HIGHLIGHTS**

**Condensed Profit Loss Statement**

	<b>For the Year Ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>Change</b>
	<b>RMB</b>	<b>RMB</b>	<b>%</b>
<i>(in thousands, except percentages)</i>			
Revenue	1,168,451	<b>1,551,043</b>	32.7%
Gross Profit	380,173	<b>426,189</b>	12.1%
Loss before tax from continuing operations	(468,861)	<b>(67,014)</b>	-85.7%
Loss for the year from continuing operations	(469,649)	<b>(68,667)</b>	-85.4%
Net cash generated from operating activities	211,709	<b>419,945</b>	98.4%
<b>Non-IFRS Financial Measures:</b>			
Adjusted net loss (Non-IFRS measure)	(80,151)	<b>(53,717)</b>	-33.0%
Adjusted EBITDA (Non-IFRS measure)	4,567	<b>7,129</b>	56.1%

## Condensed Balance Sheet

	As of December 31,		
	2023	2024	Change
	RMB	RMB	%
	<i>(in thousands, except percentages)</i>		
Total current assets	11,257,399	<b>9,577,651</b>	-14.9%
Total non-current assets	507,347	<b>470,901</b>	-7.2%
Total assets	11,764,746	<b>10,048,552</b>	-14.6%
Total liabilities	18,202,824	<b>16,554,957</b>	-9.1%
Total shareholders' equity	(6,438,078)	<b>(6,506,405)</b>	1.1%
Total liabilities and shareholders' equity	11,764,746	<b>10,048,552</b>	-14.6%

## Non-IFRS Financial Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use non-IFRS measures, namely adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items, and provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year from continuing operations adjusted by adding back fair value change of convertible preferred shares and warrants, share-based payment expenses and professional fees and expenses related to De-SPAC Transaction (as defined under the “Business Review and Outlook” section). The convertible preferred shares and warrants automatically convert into ordinary shares upon the completion of the De-SPAC Transaction, and no further loss or gain on fair value changes is expected to be recognized afterwards. In addition, share-based payment expenses are non-cash in nature and do not result in cash outflow, and the adjustments have been consistently made during the Reporting Period. We also exclude professional fees and expenses related to De-SPAC Transaction. We define adjusted EBITDA (non-IFRS measure) as adjusted net loss (non-IFRS measure) for the year adjusted by adding back income tax expense, finance costs, interest on bank deposit related to borrowings and depreciation and amortization.

For the Year Ended December 31,	
2023	2024
RMB	RMB
<i>(in thousands)</i>	

Loss for the year from continuing operations	(469,649)	(68,667)
Fair value change of convertible preferred shares and warrants	(6,883)	(5,253)
Share-based payments	(343,058)	–
Professional fees and expenses related to De-SPAC Transaction	(39,557)	(9,697)
<b>Adjusted net loss (non-IFRS measure)</b>	<b>(80,151)</b>	<b>(53,717)</b>
Income tax expense	(788)	(1,653)
Finance costs	(64,873)	(39,994)
Interest on bank deposit related to borrowings	1,974	976
Depreciation and amortization	(21,031)	(20,175)
<b>Adjusted EBITDA (non-IFRS measure)</b>	<b>4,567</b>	<b>7,129</b>

Included in the Adjusted net loss (non-IFRS measure) and Adjusted EBITDA (non-IFRS measure) of RMB53.7 million and RMB7.1 million in 2024 (2023: RMB80.2 million and RMB4.6 million), respectively, an amount of RMB59.0 million, represents the expected credit loss (“ECL”) recognized during the year in relation to other receivables (2023: reversal of ECL of RMB0.1 million), which is not representative of the Group’s normal core business activities, and an amount of loss of RMB7.3 million (2023: loss of RMB2.5 million) from other gains and losses including loss on disposal of interests in associates, impairment loss on investments in associates and loss on disposal of subsidiaries, and loss of RMB0.9 million (2023: gain of RMB4.6 million) from fair value changes of financial assets measured at fair value through profit or loss (“FVTPL”), which are not directly related to the Group’s daily operation.

Management believes that excluding these items, which are not incurred during the Group’s normal core business activities, provides a clearer reflection of the Group’s underlying operating performance and better illustrates the results of its normal core business operations.

For illustrative purposes only, after excluding these amounts, the Adjusted Net Income (non-IFRS measure) and Adjusted EBITDA (non-IFRS measure) would have been RMB13.5 million and RMB74.3 million in 2024, respectively, compared to Adjusted net loss (non-IFRS measure) of RMB82.4 million, and Adjusted EBITDA (non-IFRS measure) of RMB2.4 million in 2023, respectively.

## BUSINESS REVIEW AND OUTLOOK

### OVERVIEW

Aquila Acquisition Corporation (“**Aquila**”), a special purpose acquisition company focused on technology-enabled businesses in Asia, completed a transformative De-SPAC transaction with ZG Group (formerly Zhaogang.com Inc.), upon completion of the De-SPAC transaction on March 10, 2025, now known as the Company. This business combination was effected through a series of agreements, including the Business Combination Agreement, under which Aquila merged with a wholly-owned subsidiary of ZG Group, resulting in Aquila becoming a wholly-owned subsidiary of the Company. The transaction also included private investment in public equities totalling HK\$535.8 million (the “**PIPE Investments**”) from eight investors, a bonus share issue to incentivize Aquila shareholders, and a promoter earn-out right granting additional shares to Aquila’s promoters upon meeting certain conditions. Valued at HK\$10.0 billion, the De-SPAC transaction enabled the Company’s listing on the The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), marking the culmination of Aquila’s mission to partner with a leading player in the new economy sector – ZG Group, China’s largest digital platform for third-party steel transactions by volume in 2023 (the “**De-SPAC Transaction**”).

Upon completion of the De-SPAC Transaction, Aquila shareholders and PIPE investors became shareholders of the Company, which now operates as a listed entity on the Stock Exchange, advancing its mission to revolutionize the steel transaction industry through technology and innovation. This results announcement marks the Company’s first year as a publicly listed entity, reflecting the successful completion of the De-SPAC Transaction and the start of a new chapter in its growth journey. Accordingly, 2024 was a pivotal year of strategic consolidation and bold expansion.

### REVIEW AND OUTLOOK

In 2024, the “Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization” from the Third Plenary Session of the 20th Central Committee highlighted the priority of “developing industrial internet platforms”. As a leading representative of the industrial internet, our Company has consistently been featured on the front pages of People’s Daily and People.com.cn.

Backed by strong policy support, the Group achieved sustained business growth, significantly enhanced profitability, and made substantial progress in its international and non-steel operations. As of December 31, 2024, our steel transaction platform boasted over 15,000 registered suppliers and more than 183,000 registered buyers, covering over 630,000 stock keeping units (“**SKU**”). Our non-steel transaction platform collaborated with 371 suppliers and 1,728 buyers, spanning more than 68,000 SKUs. In 2024, the steel transaction business recorded a gross merchandise volume (“**GMV**”, being the total value of merchandise sold in a given period) of RMB187.6 billion while the non-steel transaction business achieved a GMV of RMB408.4 million, with a total transaction volume of 51.4 million tons. Our Group’s operating revenue reached RMB1.6 billion, reflecting a year-on-year increase of 32.7%. Gross profit stood at RMB426.2 million, up 12.1%, while adjusted EBITDA (non-IFRS measure) profit rose to RMB7.1 million, a 56.1% increase. Operating cash flow surged to RMB419.9 million, marking a 98.4% year-on-year growth.

## **1. Transaction Platform: Significant Profitability Gains**

As China's largest third-party steel transaction platform in 2023, our Group's core business profitability continued to strengthen amid sustained growth and an improving competitive landscape. The successful execution of our "heavy-to-light" strategy has reduced reliance on resources and capital, paving the way for long-term, sustainable growth.

As our scale expands, profitability strengthens, synergies deepen, and cash flow improves. Transaction services drove sustained growth, with an 11.4% increase in revenue, as SME transaction solutions saw volume rise from 44.0 million tons to 50.1 million tons – a 13.9% year-on-year increase. Average per-ton commission grew from RMB5.1 in the prior year to RMB5.6 in 2024, lifting gross profit from SME transaction solutions by 28.8%. Concurrently, growing recognition of our logistics network's value enabled partnerships with over 1,700 carriers and 182 thousand trucks, boosting logistics gross profit from RMB26.2 million to RMB34.8 million, a 32.8% increase. This expansion also enhanced financial resilience, with operating cash flow reaching RMB419.9 million in 2024, up 98.4% year-on-year.

## **2. International Business: Robust Growth Fueled by Demand from the Middle East and Southeast Asia**

Fueled by strong infrastructure demand in the Middle East and the increasing presence of Chinese firms in Belt and Road countries, our Group significantly expanded its international business in 2024. Revenue from this segment grew from RMB221.1 million in 2023 to RMB593.3 million in 2024, a 168.4% increase. Transaction volume surpassed 111,000 tons, up 174.5% year-on-year, while per-ton gross profit rose from RMB297.8 to RMB372.8, a 25.2% increase.

Notably, our Dubai operations saw remarkable growth, positioning our Group among the top five traders of galvanized steel coils and pre-painted galvanized steel coils in the UAE. We actively participated in prominent projects such as Egypt's Alamein New City and the UAE's Elano. Our revenue from the Middle East surged from RMB53.6 million in 2023 to RMB415.2 million in 2024, a 674.0% increase. In 2024, we also established a Saudi subsidiary to initiate operations in Saudi Arabia.

Concurrently, our Southeast Asia business achieved a major milestone by generating its first revenue streams. Our Thailand and Indonesia operations now have the capacity to handle large-scale business, while our Malaysia operations completed a comprehensive product line upgrade, adding high-margin offerings such as cold-formed steel, steel plates, steel pipes, and waterproof steel plates.

Looking ahead, the Group will continue optimizing supply chain management, enhancing market competitiveness and profitability, capitalizing on the growing demand for green building materials, accelerating high-value product deployment, and pursuing global expansion. Simultaneously, we will leverage technology to empower transactions and advance digital management through manufacturing execution systems and enterprise resource planning systems, improving supply chain transparency, operational efficiency, and quality control.

### **3. Non-Steel Segment: Leveraging B2B Infrastructure for Cross-Category Success**

The Group has built an industry-leading pre-sales, in-sales, and after-sales service platform, driving growth through technology and precision operations. We successfully extended this digital infrastructure and operational framework beyond steel to other industries. Terminal steel buyers – primarily factories and construction firms – also procure other industrial goods and raw materials. These industries and categories share characteristics with steel, such as diverse specifications, price volatility, and relative standardization. Our inquiry-and-quotation-based transaction platform effectively addresses industry needs, enabling diversified offerings to meet broader procurement demands, boost revenue growth, and enhance profitability.

In 2018, we partnered with Tencent to establish a joint venture and launched our Trading Customer Relationship Management (“TCRM”) platform, the first B2B transaction-focused customer relationship management platform. Integrating inquiry-and-quotation systems into WeChat Work and QQ Work, and powered by AI and our proprietary SaleMatch engine, TCRM serves users in electronic components, electrical and electric products, and logistics forwarding. As of December 31, 2024, TCRM supported 6,389 paying merchants and reached 534,330 users, covering over 11 million SKUs. It processed 6,730,653 daily opportunities, facilitating over 100 million daily transaction matches.

In 2024, we established the “FatCat Industrial” division, extending our steel-honed infrastructure to non-steel transaction services. Leveraging pre-sales, in-sales, and after-sales digital modules from our steel business – augmented by AI large language models for automated inquiry-and-quotation matching – our non-steel transaction business collaborated with 371 suppliers and 1,728 buyers as of December 31, 2024, covering over 68,000 SKUs and fulfilling 19,811 orders. This generated a GMV of RMB408.4 million, a 192.7% increase from 2023. Currently focused on electrical engineering, our non-steel e-commerce operations are exploring expansion into electronic components, hardware, electromechanical, and non-ferrous metals.

### **4. AI: Driving Internal Efficiency and Customer Service**

Our Group’s sustained growth is underpinned by the pioneering large-scale industrial application of AI large language models, unlocking significant value. With an annual transaction scale exceeding RMB180 billion, our rich e-commerce data across the value chain serves as fertile ground for AI to take root and deliver tangible results.

In 2024, we developed 12 AI Agents, fully integrated with Deepseek by year-end. Through multi-Agent configuration engines and workflows, we launched four AI products – AI transaction assistant, AI procurement assistant, FatCat Cloud AI manager, and FatCat Assistant – enabling full automation across pre-sales, in-sales, after-sales, and internal operations, significantly enhancing collaboration and employee efficiency.



AI is now fully embedded in our operations. For example, in transactions, the AI transaction assistant on the Zhaogang APP redefines the steel-buying experience by analyzing needs, retrieving inventory, and, when logistics are required, querying carrier prices and consolidating quotes. For processed goods, it prompts users to use processing services and allows one-click order submission, followed by reminders like warehouse hours. In procurement, AI streamlines sourcing, smart pricing, and compliance, with our SaleMatch engine processing over 10 million daily messages with 95%+ accuracy and facilitating billions in smart matches. The AI procurement assistant tracks market trends and inventory prices, supporting 12,000 supplier staff and updating 20 million product entries.

In in-sales and after-sales, FatCat Cloud's AI manager automates over 140,000 business documents, accelerates payments (handling 4.4 million transactions), ensures compliance (reviewing 19,841 vehicle credentials and monitoring 405,441 logistics tracks), and manages warehousing (operating in 104 warehouses and confirming 10,189 receipts). Internally, FatCat Assistant leverages our knowledge base to upskill new hires to veteran-level expertise. Beyond internal use, we have empowered merchants by listing our four AI products on the FatCat Cloud marketplace. As of December 31, 2024, 6,389 paying clients also use TCRM AI transaction assistant.

With AI's support, business and sales efficiency soared while costs remained stable. Sales expenses, management expenses, and research and development expenses excluding share payments and listing expenses total RMB419 million, a year-on-year change of 6.1%.

### **Recent Developments after the Reporting Period**

Save as disclosed in this results announcement, there were no other significant events that might affect us since the end of the Reporting Period and up to the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the key operating data of the Group as of the dates indicated.

	For the Year Ended December 31,	
	2023	2024
<b>Total GMV (RMB in billions)</b>	195.5	<b>188.0</b>
GMV for steel products (RMB in billions)	195.4	<b>187.6</b>
GMV for non-steel products transaction business (RMB in millions)	139.4	<b>408.4</b>
<b>Total Transaction Volume (ton in millions)</b>	49.0	<b>51.4</b>
<b>Transaction Services</b>		
Online third-party transaction volume (ton in millions)	47.3	<b>50.3</b>
GMV for online third-party transaction (RMB in billions)	188.8	<b>183.7</b>
Average commission fee per ton charged on sellers (RMB)	5.1	<b>5.6</b>
Average commission fee per ton charged on key accounts (RMB)	132.2	<b>180.9</b>
<b>Transaction Support Services</b>		
Transaction volume supported by logistics services (ton in millions)	7.0	<b>6.9</b>
<b>Overseas Transaction Business</b>		
Transaction volume (in tons)	40,774.2	<b>111,907.9</b>

The following table sets forth the key financial data of the Group for the years indicated.

	For the Year Ended December 31,	
	2023	2024
Gross profit margin <sup>(1)</sup>	32.5%	<b>27.5%</b>
Loss before tax from continuing operations <sup>(2)</sup>	-40.1%	<b>-4.4%</b>
Adjusted EBITDA Margin (non-IFRS measure) <sup>(3)</sup>	0.4%	<b>0.5%</b>

Notes:

- (1) Gross profit margin equals gross profit for the year divided by revenue for the specified period, multiplied by 100%.
- (2) Net profit margin equals loss for the year divided by revenue for the specified period, multiplied by 100%.
- (3) Adjusted EBITDA margin equals adjusted EBITDA for the year (a non-IFRS measure) divided by revenue for the same period, multiplied by 100%.



The following table sets forth the consolidated statements of profit or loss and other comprehensive income of the Group for the years indicated.

	<b>For the Year Ended December 31,</b>		
	<b>2023</b>	<b>2024</b>	<b>Change</b>
	<b>RMB</b>	<b>RMB</b>	<b>%</b>
<i>(in thousands, except percentages)</i>			
<b>Continuing operations</b>			
Revenue	1,168,451	<b>1,551,043</b>	32.7%
Cost of revenue	(788,278)	<b>(1,124,854)</b>	42.7%
Gross profit	380,173	<b>426,189</b>	12.1%
Other income	33,057	<b>50,420</b>	52.5%
Other gains and losses, net	(3,773)	<b>(7,807)</b>	106.9%
Selling and distribution expenses	(259,869)	<b>(293,383)</b>	12.9%
Administrative expenses	(418,490)	<b>(77,127)</b>	-81.6%
Professional fees and expenses related to De-SPAC Transaction	(39,557)	<b>(9,697)</b>	-75.5%
Research and development expenses	(59,338)	<b>(48,121)</b>	-18.9%
Finance costs	(64,873)	<b>(39,994)</b>	-38.4%
Impairment losses under ECL model, net of reversal	(30,188)	<b>(57,874)</b>	91.7%
Fair value changes of financial assets at FVTPL	4,578	<b>(881)</b>	-119.2%
Fair value changes of financial liabilities at FVTPL	(8,041)	<b>(8,004)</b>	-0.5%
Share of results of associates and joint venture	(2,540)	<b>(735)</b>	-71.1%
<b>Loss before tax from continuing operations</b>	<b>(468,861)</b>	<b>(67,014)</b>	<b>-85.7%</b>
Income tax expense	(788)	<b>(1,653)</b>	109.8%
<b>Loss for the year from continuing operations</b>	<b>(469,649)</b>	<b>(68,667)</b>	<b>-85.4%</b>
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	644	–	-100.0%
<b>Loss for the year</b>	<b>(469,005)</b>	<b>(68,667)</b>	<b>-85.4%</b>
<b>(Loss) Profit for the year attributable to:</b>			
Owners of the Company			
– Continuing operations	(468,916)	<b>(69,002)</b>	-85.3%
– Discontinued operations	644	–	-100.0%
Non-controlling interests			
– Continuing operations	(733)	<b>335</b>	-145.7%
– Discontinued operations	–	–	–

## NET REVENUE

Total revenue increased by 32.7% from approximately RMB1,168.5 million in 2023 to approximately RMB1,551.0 million in 2024, primarily due to an increase in revenue from the overseas transaction business. The following table sets forth a financial breakdown of our major business lines:

	For the Year Ended December 31,			
	2023		2024	
	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>			
Transaction Services	281,105	24.1	313,160	20.2
Transaction Support Services	508,994	43.6	432,103	27.9
Technology Subscription Services	34,044	2.9	28,296	1.8
Overseas Transaction Business	221,056	18.9	593,308	38.3
Others	123,252	10.5	184,176	11.8
<b>Total</b>	<b>1,168,451</b>	<b>100.0</b>	<b>1,551,043</b>	<b>100.0</b>

### Transaction services

Revenue generated from our transaction services primarily consist of income from steel transactions on our digital platform, where we sell steel products and charge a commission. We do not take ownership of the steel products sold through our platform. Under IFRS 15, we are considered an agent since the sellers retain control over the goods until they are transferred to the buyers. Accordingly, commission-related revenue is reported on a net basis and recognized when the transaction is completed (i.e., when the right to receive the commission becomes unconditional).

Our revenue from transaction services increased by 11.4% from RMB281.1 million in 2023 to RMB313.2 million in 2024, primarily due to an increase in steel transaction volume, with the average commission fee we charged SME sellers on a per-ton basis rising from RMB5.1 in 2023 to RMB5.6 in 2024.

## Transaction support services

The following table sets forth a breakdown of our transaction support services revenue by nature for the years indicated.

	For the Year Ended December 31,			
	2023		2024	
	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>			
<b>Logistics, warehousing and processing services</b>	<b>453,349</b>	<b>89.1</b>	<b>412,916</b>	<b>95.6</b>
Platform users	429,294	84.4	400,729	92.7
Non-platform users	24,055	4.7	12,187	2.8
<b>Transaction settlement services</b>	<b>55,645</b>	<b>10.9</b>	<b>19,187</b>	<b>4.4</b>
<b>Total</b>	<b>508,994</b>	<b>100.0</b>	<b>432,103</b>	<b>100.0</b>

For logistics, warehousing and processing services, we coordinate logistics, warehousing and processing for buyers who choose to use our services by retaining and matching suitable carriers for the delivery of steel products, and relevant warehousing and processing service providers for warehouse and steel product processing, through which we earn the fee difference between the fees we charge our buyers on a per ton basis and payment to our partnered third-party service providers. Service income is recognized over the service period when the services are performed.

During the Reporting Period, we offered three types of transaction settlement services, namely, FatCat Bai Tiao, FatCat Easy Procurement and Bills Settlement, and earned service fees from our transaction settlement services. We have ceased to provide FatCat Bai Tiao and FatCat Easy Procurement and the underlying systems by August 2024. Upon termination, we no longer generate revenue from providing transaction settlement services, but will continue to provide bills settlement as a payment or settlement method for the transactions on our digital platform.

Revenues generated from our transaction support services decreased by 15.1% from RMB509.0 million in 2023 to RMB432.1 million in 2024, primarily because (i) we ceased to provide FatCat Bai Tiao and FatCat Easy Procurement and the underlying systems by August 2024, leading to a significant drop in transaction support settlement services from RMB55.6 million in 2023 to RMB19.2 million in 2024, and (ii) the revenue from our logistics, warehousing, and processing services decreased by RMB40.4 million, from RMB453.3 million in 2023 to RMB412.9 million in 2024. Although the transaction volume supported by logistics services remained stable at 7.0 million tons in 2023 and 6.9 million tons in 2024, the revenue from our logistics services was affected by the fees we charged buyers, which corresponded to lower third-party logistics rates as a result of (i) changes in the dynamics of the logistics industry and (ii) a decrease in fuel prices during the same period. Such changes in revenue may happen from time to time, and despite the changes in our revenue, our profitability under the logistics services remained stable.

## Technology subscription services

We provide a range of digital solutions through our digital platform to facilitate user transaction services, including our SaaS products, data analytics, and other value-added services such as advertising. Revenue generated from our technology subscription services are recognized over the service period during which the services are provided. We have assessed that the stage of completion is determined based on the proportion of the total service period that has elapsed as of the end of the Reporting Period. This is an appropriate method for measuring progress toward fully satisfying these performance obligations under IFRS 15, as buyers simultaneously receive and consume the benefits of the services we provide throughout the service period.

Revenue generated from our technology subscription services decreased by 16.9% from RMB34.0 million in 2023 to RMB28.3 million in 2024, primarily because we held fewer events and meetings with business partners during the same period.

## Overseas transaction business

The following table sets forth a breakdown of our overseas transaction business revenue by nature for the years indicated.

	For the Year Ended December 31,			
	2023		2024	
	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>			
Middle East	53,638	24.3	415,183	70.0
East Asia	143,559	64.9	139,506	23.5
Southeast Asia	—	—	38,619	6.5
Africa	23,859	10.8	—	—
<b>Total</b>	<b>221,056</b>	<b>100.0</b>	<b>593,308</b>	<b>100.0</b>

During the Reporting Period, we primarily operated under a direct sales model in overseas markets. In accordance with IFRS 15, we primarily act as a principal under the direct sales model because we have obtained control over the specified goods before they are transferred to the buyers. Revenue derived from overseas transaction business is primarily reported on a gross basis and is recognized when goods delivery notes are issued to and the goods are accepted by the buyers at the premises specified in the contract, representing the point in time at which a buyer obtains control of the goods and we satisfy a performance obligation.

Revenues generated from our overseas transaction business increased significantly by 168.4% from RMB221.1 million in 2023 to RMB593.3 million in 2024, primarily because we devoted more resources to developing our overseas transaction business in 2024. Leveraging the opportunities of the Belt and Road Initiative, we supported central enterprises in their overseas expansion by providing efficient and convenient supply chain services, resulting in an increase in transaction volume in regions such as the UAE and Malaysia.

## Others

Others primarily represent our non-steel products transaction business. During the Reporting Period, we actively developed diversified business lines across industries, mainly including wires and cables, as well as electronic components.

Revenues generated from other business increased significantly by 49.4% from RMB123.3 million in 2023 to RMB184.2 million in 2024, primarily attributable to our continued expansion of the non-steel products transaction business.

## COST OF REVENUE

Our cost of revenue primarily consists of (i) logistics, warehousing, and processing costs; (ii) product procurement costs, representing steel product procurement costs for overseas transaction sales and other procurement costs of non-steel products; (iii) stamp duty and extra charges; and (iv) service fees.

The table below sets forth a breakdown of our cost of revenue by nature and as a percentage of revenue for the years indicated.

	For the Year Ended December 31,			
	2023		2024	
	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>			
<b>Cost of revenue</b>				
Logistics, warehousing and processing costs	426,353	54.1	377,525	33.6
Product procurement costs	328,883	41.7	725,437	64.5
Stamp duty and extra charges	22,633	2.9	19,621	1.7
Service fees	10,409	1.3	2,271	0.2
<b>Total</b>	<b>788,278</b>	<b>100.0</b>	<b>1,124,854</b>	<b>100.0</b>

Our cost of revenue increased by 42.7% from RMB788.3 million in 2023 to RMB1,124.9 million in 2024, in line with our increased revenue. Our product procurement costs increased from RMB328.9 million in 2023 to RMB725.4 million in 2024, primarily due to the expansion of our business and transaction volume, especially our overseas transaction business. Such increase was partially offset by a decrease in logistics, warehousing, and processing costs from RMB426.4 million in 2023 to RMB377.5 million in 2024, primarily due to the enhancement of management efficiency for our logistics, warehousing, and processing services.

## GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit represents our revenue from continuing operations less our cost of revenue. Our gross profit margin represents our gross profit as a percentage of our revenue.

The table below sets forth a breakdown of our gross profit and gross profit margin by business lines for the years indicated:

	For the Year Ended December 31,			
	2023		2024	
	RMB	%	RMB	%
	<i>(RMB in thousands, except for percentages)</i>			
<b>Gross profit and gross profit margin</b>				
Transaction services	259,745	92.4	<b>294,246</b>	<b>94.0</b>
Transaction support services	73,373	14.4	<b>53,963</b>	<b>12.5</b>
Technology subscription services	31,692	93.1	<b>26,008</b>	<b>91.9</b>
Overseas transaction business	12,141	5.5	<b>41,716</b>	<b>7.0</b>
Others	3,222	2.6	<b>10,256</b>	<b>5.6</b>
<b>Total</b>	<b>380,173</b>	<b>32.5</b>	<b>426,189</b>	<b>27.5</b>

As a result of the above, our gross profit increased by 12.1% from RMB380.2 million in 2023 to RMB426.2 million in 2024. Our overall gross profit margin decreased from 32.5% in 2023 to 27.5% in 2024, primarily due to an increase in the proportion of revenue from our overseas transaction business and non-steel products transaction business, which had relatively low gross profit margins, offset in part by an increase in the gross profit margin of our transaction services.

### Transaction services

Our gross profit from transaction services increased by 13.3% from RMB259.7 million in 2023 to RMB294.2 million in 2024, primarily due to an increase in transaction volume and per ton charge. The gross profit margin increased from 92.4% in 2023 to 94.0% in 2024, primarily due to a decrease in stamp duty and extra charges.

### Transaction support services

Our gross profit from transaction support services decreased from RMB73.4 million in 2023 to RMB54.0 million in 2024, a decline of 26.5%, primarily because we ceased to provide FatCat Bai Tiao and FatCat Easy Procurement and the underlying systems by August 2024, offset in part by an increase in gross profit from our logistics, warehousing, and processing services as we implemented efficient management for these operations. The gross profit margin decreased from 14.4% in 2023 to 12.5% in 2024, reflecting the termination of high-margin services.

### Technology subscription services

Our gross profit from technology subscription services decreased from RMB31.7 million in 2023 to RMB26.0 million in 2024, a reduction of 17.9%, primarily because we held fewer events and meetings with business partners during the same period. The gross profit margin of technology subscription services remained relatively stable at 91.9% in 2024 as compared to 93.1% in 2023.



## Overseas transaction business

Our gross profit from overseas transaction business increased significantly by 243.6% from RMB12.1 million in 2023 to RMB41.7 million in 2024, in line with our increased revenue from the overseas transaction business. The gross profit margin of overseas services improved from 5.5% in 2023 to 7.0% in 2024, driven by higher margins in newly expanded Middle East business segments.

## Others

Our gross profit from the non-steel products transaction business increased from RMB3.2 million in 2023 to RMB10.3 million in 2024, a rise of 218.3%, in line with our increased revenue from the non-steel products transaction business. The gross profit margin of the non-steel products transaction business increased from 2.6% in 2023 to 5.6% in 2024.

## OTHER INCOME

Other income primarily consists of (i) interest on bank deposits; and (ii) government grants, which represent incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward our support for and contribution to the development of local economies.

The table below sets forth a breakdown of our other incomes for the years indicated:

	For the Year Ended December 31,	
	2023	2024
	<i>(RMB in thousands)</i>	
Interest on bank deposits	26,376	9,883
Government grants	6,681	40,537
<b>Total</b>	<b>33,057</b>	<b>50,420</b>

Our other income increased from RMB33.1 million in 2023 to RMB50.4 million in 2024, a rise of 52.5%, primarily because we recorded one-off government grants of RMB40.5 million in 2024, and partially offset by decrease in interest on bank deposits.

## OTHER GAINS AND LOSSES, NET

Other gains and losses primarily consist of (i) loss on disposal of interests in associates; (ii) fair value changes of derivative financial instruments in connection with derivative futures contracts and foreign exchange forwards we hold, which are marked to market with the resulting gain or loss taken to profit or loss; (iii) impairment loss on investments in associates; and (iv) net foreign exchange loss. The following table sets forth a breakdown of our other gains and losses during the years indicated:

	<b>For the Year Ended December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<b>(RMB in thousands)</b>	
Loss on disposal of interests in associate	–	(7,324)
Gain (loss) on fair value changes of derivative financial instruments	415	(1,139)
Impairment loss on investments in associates	(2,112)	–
Gain on disposal of property and equipment	596	475
Loss on early termination of right-of-use assets	(398)	–
Net foreign exchange loss	(2,651)	(1,890)
Loss on disposal of subsidiaries	(425)	–
Others	802	2,071
<b>Total</b>	<b>(3,773)</b>	<b>(7,807)</b>

Our net other losses increased from RMB3.8 million in 2023 to RMB7.8 million in 2024, a rise of 106.9%, primarily due to an increase of RMB7.3 million in the loss on disposal of interests in associates.

## **SELLING AND DISTRIBUTION EXPENSES**

Our selling and distribution expenses increased by 12.9% from RMB259.9 million in 2023 to RMB293.4 million in 2024, primarily attributable to an increase in employee benefit expenses associated with sales personnel's performance, and an increase in business development and travel expenses as a result of our expanded business.

## **ADMINISTRATIVE EXPENSES**

Our administrative expenses decreased significantly from RMB418.5 million in 2023 to RMB77.1 million in 2024, a reduction of 81.6%, primarily attributable to a decrease in share-based payment expenses (2023: RMB343.1 million) as we did not record such expenses in 2024. Excluding these share-based payments, administrative expenses would have been RMB75.4 million in 2023, remaining largely consistent with the 2024 level.

## **RESEARCH AND DEVELOPMENT EXPENSES**

Our research and development expenses decreased by 18.9% from RMB59.3 million in 2023 to RMB48.1 million in 2024, primarily because we enhanced the effectiveness of our research and development activities and had completed the major research and development products in the past years.

## **FINANCE COSTS**

Our finance costs decreased by 38.4% from RMB64.9 million in 2023 to RMB40.0 million in 2024, primarily due to a decrease of RMB24.9 million in interest on borrowings and bank handling fees.

## **IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL**

Our impairment losses under the expected credit loss model, net of reversal, increased from RMB30.2 million in 2023 to RMB57.9 million in 2024, a rise of 91.7%, primarily because we recognized more impairment losses for other receivables in 2024. This resulted from the expected non-recoverability, assessed on a more prudent basis, of amounts from certain sellers who failed to complete the delivery of steel products to buyers, from whom we requested refunds of prepayments paid to them. These certain sellers constituted only a small portion of the Group's seller base for the full year of 2024. We have added these sellers to our blacklist and plan not to conduct transactions with them going forward.

## **INCOME TAX EXPENSE**

Our income tax expense increased from RMB0.8 million in 2023 to RMB1.7 million in 2024, an increase of 109.8%, primarily due to the expansion of our international business segment in 2024, which led to higher foreign income tax expenses for international entities.

## **LOSS FOR THE YEAR**

As a result of the above, our loss for the year decreased from RMB469.0 million in 2023 to RMB68.7 million in 2024, a reduction of 85.4%.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the consolidated statements of financial position of the Group as of the dates indicated.

	As of December 31,		
	2023	2024	Change
	RMB	RMB	%
	<i>(in thousands, except percentages)</i>		
<b>Non-current Assets</b>			
Property and equipment	207,057	209,525	1.2%
Right-of-use assets	21,685	34,043	57.0%
Goodwill	31,954	31,954	0.0%
Intangible assets	114,194	110,226	-3.5%
Interests in associates and joint venture	47,156	34,897	-26.0%
Financial assets at fair value through profit and loss	44,008	42,806	-2.7%
Deferred tax assets	294	–	-100.0%
Prepayments and other receivables	10,999	7,450	-32.3%
Restricted cash	30,000	–	-100.0%
	<u>507,347</u>	<u>470,901</u>	<u>-7.2%</u>
<b>Current Assets</b>			
Inventories	10,033	20,077	100.1%
Trade receivables, prepayments and other receivables	10,154,735	8,696,367	-14.4%
Financial assets at fair value through other comprehensive income (“FVTOCI”)	69,413	114,349	64.7%
Derivative financial instruments	28	–	-100.0%
Restricted cash	712,286	506,695	-28.9%
Cash and cash equivalents	310,904	240,163	-22.8%
	<u>11,257,399</u>	<u>9,577,651</u>	<u>-14.9%</u>
<b>Current Liabilities</b>			
Trade, bills and other payables	10,676,418	9,181,814	-14.0%
Bank and other borrowings	582,326	406,358	-30.2%
Lease liabilities	2,999	7,990	166.4%
Contract liabilities	28,090	67,045	138.7%
Financial liabilities at FVTPL	6,816,687	6,821,940	0.1%
	<u>18,106,520</u>	<u>16,485,147</u>	<u>-9.0%</u>
<b>Net Current Liabilities</b>	<u>(6,849,121)</u>	<u>(6,907,496)</u>	<u>0.9%</u>
<b>Total Assets Less Current Liabilities</b>	<u><u>(6,341,774)</u></u>	<u><u>(6,436,595)</u></u>	<u><u>1.5%</u></u>

	As of December 31,		
	2023	2024	Change
	RMB	RMB	%
	<i>(in thousands, except percentages)</i>		
<b>Capital and Reserves</b>			
Share capital	71	<b>71</b>	0.0%
Reserves	(6,480,801)	<b>(6,549,463)</b>	1.1%
Equity attributable to owners of the Company	(6,480,730)	<b>(6,549,392)</b>	1.1%
Non-controlling interests	42,652	<b>42,987</b>	0.8%
<b>Total Deficit</b>	<b>(6,438,078)</b>	<b>(6,506,405)</b>	1.1%
<b>Non-Current Liabilities</b>			
Financial liabilities at FVTPL	25,008	<b>27,759</b>	11.0%
Bank and other borrowings	28,600	–	-100.0%
Contract liabilities	16,898	<b>10,956</b>	-35.2%
Lease liabilities	1,265	<b>7,112</b>	462.2%
Deferred tax liabilities	24,533	<b>23,983</b>	-2.2%
	96,304	<b>69,810</b>	-27.5%
<b>Net Liabilities</b>	<b>(6,438,078)</b>	<b>(6,506,405)</b>	1.1%

## Trade Receivables, Prepayments and Other Receivables

The following table sets forth the trade receivables, prepayments and other receivables of the Group as of the dates indicated.

	<b>As of December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
	<i>(in thousands)</i>	
Trade receivables	373,452	<b>298,683</b>
– Transaction services	266,598	<b>76,973</b>
– Transaction support services	12,655	<b>6,675</b>
– Technology subscription services	3,326	<b>1,200</b>
– Overseas transaction business	35,394	<b>213,229</b>
– Others	55,479	<b>606</b>
Less: allowance for credit losses	(26,292)	<b>(25,198)</b>
Sub-total	347,160	<b>273,485</b>
Prepayment to sellers in relation to transaction services and transaction support services	9,720,907	<b>8,251,935</b>
Prepayment to sellers in relation to overseas transaction business	27,147	<b>54,261</b>
Interest receivable	6,643	<b>3,529</b>
Value-added tax recoverable	3,245	–
Prepaid expenses	13,926	<b>27,736</b>
Advances to staff	300	–
Amounts due from related parties	24,906	<b>23,340</b>
Refundable deposits to sellers	9,735	<b>8,801</b>
Deferred issue cost	2,188	<b>3,019</b>
Receivable from disposal of subsidiaries	150	–
Others	9,524	<b>73,651</b>
Sub-total	9,818,671	<b>8,446,272</b>
Less: allowance for credit losses	(97)	<b>(15,940)</b>
Sub-total	9,818,574	<b>8,430,332</b>
<b>Total</b>	<b>10,165,734</b>	<b>8,703,817</b>



In terms of transaction services, we charge sellers a commission and buyers a service fee. As we typically collect advances from buyers and disburse prepayments to sellers on a back-to-back basis, we recognize the advances from buyers and the prepayments to sellers.

Our trade receivables, prepayments and other receivables decreased by 14.4% from RMB10,165.7 million as of December 31, 2023, to RMB8,703.8 million as of December 31, 2024. This reduction was primarily due to a decline in the outstanding loan balance of transaction volume and a drop in average steel prices as of December 31, 2024, which led to a decrease in prepayments to sellers related to our transaction services. The decrease in transaction volume was largely attributable to our decision to phase out legacy settlement services, “FatCat Bai Tiao” (胖貓白條) and “FatCat Easy Procurement” (胖貓易採), by August 2024.

## Restricted Cash

The following table sets forth the restricted cash of the Group as of the dates indicated.

	As of December 31,	
	2023	2024
	RMB	RMB
	<i>(in thousands)</i>	
Margin deposits to secure open derivatives	30,206	2,297
Deposits for bank borrowing and bills payable	696,465	470,280
Others	15,615	34,118
Total	<u>742,286</u>	<u>506,695</u>

Our restricted cash primarily includes margin deposits to secure open derivatives, deposits for bank borrowing and bills payable, and others. Others mainly refers to deposits associated with derivative futures contracts that we periodically enter into, as well as deposits restricted by banks due to certain business disputes.

## Trade, Bills and Other Payables

The following table sets forth the trade, bills and other payables of the Group as of the dates indicated.

	As of December 31,	
	2023	2024
	RMB	RMB
	<i>(in thousands)</i>	
Trade payables	71,058	145,174
– Transaction services	34,674	78,601
– Transaction support services	35,471	27,557
– Overseas transaction business	896	38,710
– Technology subscription services	17	11
– Others	–	295
	71,058	145,174
Bills payable	650,000	438,800
Advances received from buyers in relation to transaction services and transaction support services	9,866,100	8,516,647
Interest payable	350	361
Salary and bonus payables	37,281	38,381
Stamp duty payable	33,476	17,553
Other taxes payable	2,311	3,937
Accrued expenses	4,452	2,235
Accrued professional fees and expenses related to De-SPAC		
Transaction	9,772	8,482
Accrued issue costs	428	352
Construction cost payables	355	157
Others	835	9,735
Total	10,676,418	9,181,814

Our trade, bills and other payables decreased from RMB10,676.4 million as of December 31, 2023, to RMB9,181.8 million as of December 31, 2024, primarily due to a reduction in transaction volume and a decline in average steel prices as of December 31, 2024, which led to a decrease in advances received from buyers related to transaction services and transaction support services.

## Bank and Other Borrowings

The following table sets forth our bank and other borrowings as of the dates indicated:

	As of December 31,	
	2023	2024
	RMB	RMB
	<i>(in thousands)</i>	
Bank borrowings	424,258	399,978
Bank borrowings under supplier finance arrangements	9,705	—
Other borrowings	176,963	6,380
<b>Total</b>	<b>610,926</b>	<b>406,358</b>
The carrying amounts of the above borrowings are repayable		
Within one year	582,326	406,358
Within a period of more than one year but not exceeding two years	28,600	—
<b>Total</b>	<b>610,926</b>	<b>406,358</b>

As of December 31, 2023, and December 31, 2024, our bank and other borrowings amounted to RMB610.9 million and RMB406.4 million, respectively, all of which were fixed-rate borrowings. Bank borrowings include bills discounted to banks but not derecognized, amounting to RMB65.6 million and RMB53.4 million as of December 31, 2023 and December 31, 2024, respectively. The remaining balance of other borrowings arose from factoring trade receivables to non-bank financial institutions with full recourse.

The Group has complied with the covenants throughout the Reporting Period.

## Financial Liabilities at FVTPL

The following table sets forth the financial liabilities at FVTPL of the Group as of the dates indicated.

	As of December 31,	
	2023	2024
	RMB	RMB
	<i>(in thousands)</i>	
Convertible preferred shares	6,816,687	<b>6,821,940</b>
Redeemable preferred shares	25,008	<b>27,759</b>
<b>Total</b>	<b>6,841,695</b>	<b>6,849,699</b>

Our financial liabilities at FVTPL are the convertible preferred shares and redeemable preferred shares issued to investors. The fair values of the convertible preferred shares and redeemable preferred shares are affected by changes in our equity value and various parameters and inputs.

Following the listing of the Company's shares on March 10, 2025, the convertible preferred shares of the Company have been automatically converted into ordinary shares of the Company.

## Contractual Commitments

Our contracted capital expenditure refers to capital expenditure related to the acquisition of prepaid lease payments and property and equipment that have been contracted for but not yet provided for in the historical financial information. As of December 31, 2024, we did not record any capital commitments.

## LIQUIDITY AND CAPITAL RESOURCES

We primarily funded our cash requirements through proceeds from business operations, bank borrowings, other debt financing, and shareholder equity contributions. Our cash position decreased from RMB1,053.2 million as of December 31, 2023, to RMB746.9 million as of December 31, 2024. The cash position includes cash and cash equivalents, financial investments, and restricted cash.

## Cash Flows

The following table sets forth the components of our consolidated statement of cash flows for the years indicated.

	<b>For the Year Ended December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
	<i>(in thousands)</i>	
Net cash generated from operating activities	211,709	<b>419,945</b>
Net cash used in investing activities	(546,511)	<b>(600,366)</b>
Net cash generated from financing activities	209,407	<b>102,979</b>
Net decrease in cash and cash equivalents	<u>(125,395)</u>	<u><b>(77,442)</b></u>
Cash and cash equivalents at beginning of the year	436,213	<b>310,904</b>
Effect of foreign exchange rate changes	<u>86</u>	<u><b>6,701</b></u>
<b>Cash and cash equivalents at end of the year</b>	<u><b>310,904</b></u>	<u><b>240,163</b></u>

### ***Operating activities***

For the year 2024, our net cash generated from operating activities was RMB419.9 million. This net cash inflow was primarily attributable to an increase in working capital, which primarily resulted from (i) a decrease of RMB1,391.9 million in trade receivables, prepayments and other receivables, and (ii) an increase of RMB33.0 million in contract liabilities, partially offset by (i) an increase of RMB412.9 million in receivables at fair value through other comprehensive income (FVTOCI), and (ii) a decrease of RMB640.7 million in trade, bills and other payables. This net cash inflow was partially offset by our loss for the year of RMB68.7 million, adjusted by non-cash items, principally comprising (i) impairment losses under the ECL model, net of reversal, of RMB57.9 million, and (ii) finance costs of RMB40.0 million.

### ***Investing activities***

For the year 2024, our net cash used in investing activities was RMB600.4 million, which was primarily attributable to (i) placement of pledged bank deposits for bills payable related to transaction services of RMB762.2 million, and (ii) placement of pledged bank deposits for bank borrowing of RMB44.5 million, partially offset by withdrawal of pledged bank deposits for bank borrowing of RMB70.3 million.

### ***Financing activities***

For the year 2024, our net cash generated from financing activities was RMB103.0 million, which was primarily attributable to (i) proceeds from bills discounted to banks that are not derecognized in their entirety of RMB355.8 million, and (ii) proceeds from bank and other borrowings of RMB501.6 million, partially offset by repayments of bank and other borrowings of RMB684.2 million.

## CAPITAL EXPENDITURES

During the Reporting Period, our capital expenditures primarily consists of purchases of property and equipment, as well as intangible assets.

	For the Year Ended December 31,	
	2023	2024
	RMB	RMB
	<i>(in thousands)</i>	
Purchases of property and equipment	(11,237)	(12,398)
Purchases of intangible assets	(27)	—
<b>Total</b>	<b>(11,264)</b>	<b>(12,398)</b>

## SIGNIFICANT INVESTMENTS HELD, SIGNIFICANT ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

For the year ended December 31, 2024, except for the “Future Plans and Use of Proceeds” disclosed in the circular published by Aquila on February 5, 2025, titled “(1) De-SPAC Transaction comprising (a) the Business Combination Agreement (b) Reverse Takeover involving a New Listing Application by ZG Group (c) the PIPE Investments (d) Grant of Promoter Earn-out Right (2) Merger Proposal (3) Proposed Adoption of New Memorandum and Articles of Association by Aquila (4) Withdrawal of Listing of Aquila Class A Shares and (5) Notice of Extraordinary General Meeting”, the Group did not hold any significant investments and did not make any significant acquisitions or disposals of subsidiaries, associates or joint ventures.

## PLEDGE OF ASSETS

As of December 31, 2024, we had pledged property, plant and equipment and land use rights with net book values of RMB198.5 million and RMB16.5 million, respectively, as security for the Group’s long-term borrowings of RMB280.0 million. The Group is not allowed to use such assets as security for other borrowings.

## GEARING RATIO

As of December 31, 2024, the Group’s gearing ratio (calculated as total liabilities divided by total assets, expressed as a percentage) was 164.7%, compared with 154.7% as of December 31, 2023. The increase was primarily due to the impact of convertible preferred shares. Following the listing of the Company’s shares on March 10, 2025, the convertible preferred shares of the Company have been automatically converted into Class A ordinary shares of the Company. Excluding the effect of convertible preferred shares, the Group’s adjusted gearing ratio would have been 96.9% as of December 31, 2024 and 96.8% as of December 31, 2023.



## **FOREIGN EXCHANGE EXPOSURE**

We primarily conduct our operations in China, with the majority of our transactions settled in RMB. Our exposure to foreign exchange risks arises predominantly from international business activities, involving currencies such as the U.S. dollar (“USD”), Hong Kong dollar HKD, Malaysian Ringgit, Indonesian Rupiah, and Thai Baht. These risks stem from assets and liabilities recognized when we receive or anticipate receiving foreign currency from overseas business partners, or when we pay or expect to pay foreign currency to them. Consequently, fluctuations in exchange rates can affect our financial performance, particularly in the context of cross-border transactions.

For example, when the RMB appreciates, converting USD into RMB for operational needs results in receiving less RMB, which can strain liquidity. On the other hand, converting RMB into USD for obligations like dividends during USD appreciation reduces the USD amount available, potentially affecting returns for stakeholders. While our main revenue and cost streams are in RMB, a significant shift in exchange rates – such as a hypothetical 10% fluctuation in RMB-USD rates, which we use as an internal benchmark – could substantially impact our financial results. As of December 31, 2024, we have not employed long-term contracts, currency borrowings, or other mechanisms to hedge these foreign exchange risks, leaving us reliant on the natural alignment of our operations to manage exposure.

### **Regulatory and Conversion Constraints**

PRC foreign exchange controls further complicate risk management. While current account transactions (e.g., profit repatriation, trade payments) may proceed without SAFE pre-approval, capital account activities, such as debt repayments or offshore investments, require stringent registrations with SAFE, NDRC, or market regulators. These constraints, coupled with limited access to hedging instruments in China, heighten exposure. Although we have not yet utilized financial hedges, future efforts may be restricted in scope or effectiveness. Furthermore, exchange control policies could amplify losses by impeding timely currency conversion, particularly if RMB depreciates sharply. Failure to comply with regulatory requirements may disrupt cash utilization, constrain cross-border funding, and erode the value of your investment.

## **CONTINGENT LIABILITIES**

As at December 31, 2024, we did not have any significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION**

As of December 31, 2024, we employed 1,120 full-time staff. Our success hinges on our ability to attract, retain, and motivate qualified personnel. As part of our human resources strategy, we offer competitive salaries, performance-linked cash bonuses, and other incentives to our employees. Additionally, we have implemented robust training programs for new hires and provide tailored online and offline regular and professional training based on the needs of employees across different departments. These training courses are customized according to the roles and skill levels of new hires, current employees, and management.

As required by regulations in China, we participate in various government statutory employee benefit plans. These include social insurance plans – covering pension, medical, unemployment, work-related injury, and maternity benefits – as well as housing provident funds. Under PRC law, we must contribute to these employee benefit plans at specified percentages of our employees' salaries, bonuses, and certain allowances, up to a maximum amount determined periodically by local governments.

We believe that we maintain good working relationships with our employees and during the Reporting Period, we have not experienced any strikes nor labour disputes that had any material adverse effect to our operations in 2024.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Save as disclosed in this results announcement, neither the Company nor any of its subsidiaries and consolidated affiliated entities had purchased, sold or redeemed any of the Company's listed securities since March 10, 2025 (the "**Listing Date**") up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Corporate Governance Code has become applicable to the Company with effect from the Listing Date.

The Company and the directors of the Company (the "**Directors**") are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all shareholders of the Company (the "**Shareholders**"), including the rights and interests of the minority Shareholders. In light of this, the Company has established a corporate governance committee which has adopted terms of reference consistent with Code Provision D.3.1 of Appendix C1 to, and Rule 8A.30 of the Listing Rules. The members of the corporate governance committee are independent non-executive Directors. The primary duties of the corporate governance committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the WVR structure of the Company.

Under the articles of association of the Company, Shareholders, including holders of Class A Shares, holding not less than one-tenth of the paid-up capital of the Company that carries the right of voting at general meetings (on a one share one vote basis) are entitled to convene an extraordinary general meeting of the Company and add resolutions to the meeting agenda. In addition, pursuant to the Shareholder communication policy, Shareholders are encouraged to put governance related matters to the Directors of the Company and to the Company directly in writing.

The Group has adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between the Group and the Controlling Shareholders (namely Mr. Wang Dong, Mr. Wang Changhui, Mr. Rao Huigang, Jeremy Global Development Limited, Kiwi Global Development Limited, Restriven Limited, Wangdong Holdings Limited, Pangmao1 Ltd, Wangchanghui Holdings Limited, Pangmao2 Ltd and Raohuigang Holdings Limited):

- (a) under the articles of association of, where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders has a material interest, the relevant Controlling Shareholders will not vote on the relevant resolutions;
- (b) the Company has established internal control mechanisms to identify connected transactions, and will comply with applicable Listing Rules upon entering into connected transactions;
- (c) the independent non-executive Directors of the Company will review, on an annual basis, whether there are any conflict of interest between the Group and the Controlling Shareholders and provide impartial and professional advice to protect the interests of the minority Shareholders;
- (d) the Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors of the Company for the purpose of their annual review;
- (e) the Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (f) where the Directors of the Company reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at the Company's expense;
- (g) the Company has appointed a compliance adviser on a permanent basis, Altus Capital Limited, to provide advice and guidance to the Group in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (h) the Company has established its audit committee, remuneration committee, nomination committee and corporate governance committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and the Corporate Governance Report in Appendix C1 to the Listing Rules and Chapter 8A to the Listing Rules. All members of the audit committee and the corporate governance committee, including the chairman, are independent non-executive Directors.

Based on the above, during the period from the Listing Date and up to the date of this announcement, the Directors of the Company are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between the Group and the Controlling Shareholders, and to protect the minority Company Shareholders' interests. During the period from the Listing Date and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the "Corporate Governance Code" contained in Part 2 of Appendix C1 to the Listing Rules, save for the deviation set out below.

## **Code Provision C.2.1 of the Corporate Governance Code**

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In view of Mr. Wang Dong's experience, personal profile and his roles in the Company and that Mr. Wang Dong has assumed the role of chief executive officer of the Company since its commencement of business, the board of directors of the Company (the **"Board"**) considers it beneficial to the business prospect and operational efficiency of the Company that upon the completion of the De-SPAC Transaction, Mr. Wang Dong acts as the chairman of the Board and continues to act as the chief executive officer of the Company. While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Mr. Wang Dong and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Company accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Company in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted its own code (the **"Company's Code"**), with terms no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as its own securities dealing code to regulate all dealings by Directors and relevant employees in the securities of the Company.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Company's Code during the period since the Listing Date and up to the date of this announcement.

## **REVIEW OF FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE**

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The audit committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Wang Weisong, Mr. Chen Yin and Mr. Jiang Rongfeng. Mr. Wang Weisong is the chairman of the audit committee and possesses the appropriate qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the audit committee include (i) reviewing and supervising the effectiveness of the Company's financial reporting, risk management and internal control systems; (ii) reviewing the Company's financial information; (iii) considering issues relating to external auditors and their appointment; (iv) reviewing and approving connected transactions; and (v) other duties and responsibilities as assigned by the Board.

The audit committee held one meeting as of the date of this announcement, during which it reviewed and approved the financial results and consolidated financial statements of the Group for the Reporting Period through audit committee resolutions and met with the independent auditor, who audited the statements. The audit committee also discussed matters related to the accounting policies and practices, internal control, and financial reporting policies with the Company's senior management.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on March 28, 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **DIVIDEND**

The Board did not recommend the distribution of an annual dividend for the year ended December 31, 2024. There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company's annual general meeting (the "AGM") will be held on Friday, 27 June 2025. For determining the eligibility to attend and vote at the AGM, the register of shareholders of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the eligibility to attend and vote at the AGM will be Friday, 27 June 2025. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 June 2025.

## ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The Board is pleased to announce the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended December 31, 2024 and the Group's consolidated statement of financial position as at December 31, 2024, together with the comparative figures for the corresponding period in 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

	NOTES	2023 RMB'000	2024 RMB'000
<b>Continuing operations</b>			
Revenue	4	1,168,451	1,551,043
Cost of revenue		(788,278)	(1,124,854)
Gross profit		380,173	426,189
Other income	5	33,057	50,420
Other gains and losses, net	6	(3,773)	(7,807)
Selling and distribution expenses		(259,869)	(293,383)
Administrative expenses		(418,490)	(77,127)
Professional fees and expenses related to De-SPAC Transaction		(39,557)	(9,697)
Research and development expenses		(59,338)	(48,121)
Finance costs		(64,873)	(39,994)
Impairment losses under ECL model, net of reversal		(30,188)	(57,874)
Fair value changes of financial assets at FVTPL		4,578	(881)
Fair value changes of financial liabilities at FVTPL		(8,041)	(8,004)
Share of results of associates and joint venture		(2,540)	(735)
Loss before tax from continuing operations		(468,861)	(67,014)
Income tax expense		(788)	(1,653)
Loss for the year from continuing operations	7	(469,649)	(68,667)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations		644	—
<b>Loss for the year</b>		(469,005)	(68,667)
(Loss) profit for the year attributable to:			
Owners of the Company			
– Continuing operations		(468,916)	(69,002)
– Discontinued operations		644	—
		(468,272)	(69,002)
Non-controlling interests			
– Continuing operations		(733)	335
– Discontinued operations		—	—
		(733)	335

<i>NOTE</i>	<i>2023</i> <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
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**Other comprehensive income**

*Items that may be reclassified subsequently to profit or loss:*

Exchange differences arising on translation of foreign operations

1,063      **340**

**Other comprehensive income for the year, net of income tax**

1,063      **340**

**Total comprehensive expense for the year**

(467,942)      **(68,327)**

Total comprehensive (expense) income attributable to:

Owners of the Company

– Continuing operations

(467,853)      **(68,662)**

– Discontinued operations

644      –

(467,209)      **(68,662)**

Non-controlling interests

– Continuing operations

(733)      **335**

– Discontinued operations

–      –

(733)      **335**

**Loss per share**

8

From continuing operations

– Basic and diluted (RMB)

(2.61)      **(0.32)**

From continuing and discontinued operations

– Basic and diluted (RMB)

(2.61)      **(0.32)**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**

	<i>NOTES</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current Assets</b>			
Property and equipment		207,057	<b>209,525</b>
Right-of-use assets		21,685	<b>34,043</b>
Goodwill		31,954	<b>31,954</b>
Intangible assets		114,194	<b>110,226</b>
Interests in associates and joint venture		47,156	<b>34,897</b>
Financial assets at FVTPL		44,008	<b>42,806</b>
Deferred tax assets		294	–
Prepayments and other receivables	<i>10</i>	10,999	<b>7,450</b>
Restricted cash	<i>11</i>	30,000	–
		<u>507,347</u>	<u><b>470,901</b></u>
<b>Current Assets</b>			
Inventories		10,033	<b>20,077</b>
Trade receivables, prepayments and other receivables	<i>10</i>	10,154,735	<b>8,696,367</b>
Financial assets at FVTOCI		69,413	<b>114,349</b>
Derivative financial instruments		28	–
Restricted cash	<i>11</i>	712,286	<b>506,695</b>
Cash and cash equivalents	<i>11</i>	310,904	<b>240,163</b>
		<u>11,257,399</u>	<u><b>9,577,651</b></u>
<b>Current Liabilities</b>			
Trade, bills and other payables	<i>12</i>	10,676,418	<b>9,181,814</b>
Bank and other borrowings		582,326	<b>406,358</b>
Lease liabilities		2,999	<b>7,990</b>
Contract liabilities		28,090	<b>67,045</b>
Financial liabilities at FVTPL		6,816,687	<b>6,821,940</b>
		<u>18,106,520</u>	<u><b>16,485,147</b></u>
<b>Net Current Liabilities</b>		<u>(6,849,121)</u>	<u><b>(6,907,496)</b></u>
<b>Total Assets Less Current Liabilities</b>		<u><u>(6,341,774)</u></u>	<u><u><b>(6,436,595)</b></u></u>

	<i>NOTE</i>	<i>2023 RMB'000</i>	<i>2024 RMB'000</i>
<b>Non-current Liabilities</b>			
Financial liabilities at FVTPL		25,008	<b>27,759</b>
Bank and other borrowings		28,600	–
Contract liabilities		16,898	<b>10,956</b>
Lease liabilities		1,265	<b>7,112</b>
Deferred tax liabilities		<u>24,533</u>	<u><b>23,983</b></u>
		<u>96,304</u>	<u><b>69,810</b></u>
<b>Net Liabilities</b>		<u>(6,438,078)</u>	<u><b>(6,506,405)</b></u>
<b>Capital and Reserves</b>			
Share capital	<i>13</i>	71	<b>71</b>
Reserves		<u>(6,480,801)</u>	<u><b>(6,549,463)</b></u>
Equity attributable to owners of the Company		(6,480,730)	<b>(6,549,392)</b>
Non-controlling interests		<u>42,652</u>	<u><b>42,987</b></u>
<b>Total Deficit</b>		<u>(6,438,078)</u>	<u><b>(6,506,405)</b></u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands on February 27, 2012, and its shares have been listed by way of De-SPAC Transaction on the Main Board of the Stock Exchange of Hong Kong Limited on March 10, 2025.

The Company acts as an investment holding company and its subsidiaries, including the consolidated affiliated entities, are principally engaged in providing an integrated suite of services across the steel trading value chain, including online steel commerce, logistics, warehousing and processing services.

The consolidated financial statements are presented in the currency of Renminbi (“RMB”), which is the Company’s functional currency.

### **2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS**

In the current year, the Group has consistently applied all the new and amendments to IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”), which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements.

### **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

#### 4. REVENUE AND SEGMENT INFORMATION

##### (i) Disaggregation of revenue

Segments	Year ended 31 December 2023					Total RMB'000
	Transaction services RMB'000	Transaction support services RMB'000	Technology subscription services RMB'000	Overseas transaction business RMB'000	Others RMB'000	
Commission income	281,105	–	–	–	–	281,105
Service income	–	476,830	34,044	–	–	510,874
Sales of goods	–	–	–	221,056	123,252	344,308
Revenue from contracts with customers	281,105	476,830	34,044	221,056	123,252	1,136,287
Interest income	–	32,164	–	–	–	32,164
Total	<u>281,105</u>	<u>508,994</u>	<u>34,044</u>	<u>221,056</u>	<u>123,252</u>	<u>1,168,451</u>
Timing of revenue recognition from contracts with customers						
A point in time	281,105	21,434	–	221,056	123,252	646,847
Over time	–	455,396	34,044	–	–	489,440
	<u>281,105</u>	<u>476,830</u>	<u>34,044</u>	<u>221,056</u>	<u>123,252</u>	<u>1,136,287</u>
Year ended 31 December 2024						
Segments	Transaction services RMB'000	Transaction support services RMB'000	Technology subscription services RMB'000	Overseas transaction business RMB'000	Others RMB'000	Total RMB'000
Commission income	313,160	–	–	–	2,642	315,802
Service income	–	414,152	28,296	–	–	442,448
Sales of goods	–	–	–	593,308	181,534	774,842
Revenue from contracts with customers	313,160	414,152	28,296	593,308	184,176	1,533,092
Interest income	–	17,951	–	–	–	17,951
Total	<u>313,160</u>	<u>432,103</u>	<u>28,296</u>	<u>593,308</u>	<u>184,176</u>	<u>1,551,043</u>
Timing of revenue recognition from contracts with customers						
A point in time	313,160	2,214	–	593,308	184,176	1,092,858
Over time	–	411,938	28,296	–	–	440,234
	<u>313,160</u>	<u>414,152</u>	<u>28,296</u>	<u>593,308</u>	<u>184,176</u>	<u>1,533,092</u>

#### 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

##### (ii) Geographical information

The Group's revenue from continuing operations from external customers is presented based on the location of the operation which are detailed below:

	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mainland China	947,396	<b>957,736</b>
Ghana	23,859	–
Hong Kong	64,550	<b>73,857</b>
United Arab Emirates (“UAE”)	53,638	<b>415,183</b>
Korea	79,008	<b>65,649</b>
Malaysia	–	<b>34,671</b>
Others ( <i>note</i> )	–	<b>3,947</b>
	<u>1,168,451</u>	<u><b>1,551,043</b></u>

*Note:* Including Thailand, Vietnam, Myanmar, Indonesia and Tanzania.

#### 5. OTHER INCOME

	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank deposits	26,376	<b>9,883</b>
Government grants ( <i>note</i> )	<u>6,681</u>	<u><b>40,537</b></u>
	<u>33,057</u>	<u><b>50,420</b></u>

*Note:* The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives rewarding the Group's support and contribution for the development of local economies. There were no specific conditions attached to the grants received from local government authorities in the PRC

## 6. OTHER GAINS OR LOSSES

	2023 RMB'000	2024 RMB'000
Loss on disposal of interests in associate	–	(7,324)
Gain (loss) on fair value changes of derivative financial instruments	415	(1,139)
Impairment loss on investments in associates	(2,112)	–
Gain on disposal of property and equipment	596	475
Loss on early termination of right-of-use assets	(398)	–
Net foreign exchange loss	(2,651)	(1,890)
Loss on disposal of subsidiaries ( <i>note</i> )	(425)	–
Others	802	2,071
	<u>(3,773)</u>	<u>(7,807)</u>

*Note:* On 1 December 2023, pursuant to an agreement entered with an independent third party, the Group disposed Steel Searcher and Trading Company Limited and Steel Searcher Manufacturing Limited (collectively, the “Ghana” entities”) at total cash consideration of RMB150,000, net off with the net identifiable assets of the Ghana entities amounting to RMB575,000, resulting a recognition of loss on disposal of subsidiaries of RMB425,000.

## 7. LOSS FOR THE YEAR

Loss for the year from continuing operations has been arrived at after charging:

	2023 RMB'000	2024 RMB'000
Cost of inventories recognised as an expense	209,055	551,592
Auditors’ remuneration:		
– Audit services	–	1,801
Depreciation of property and equipment	10,454	9,617
Depreciation of right-of-use assets	4,615	6,589
Amortisation of intangible assets	5,962	3,969
Total depreciation and amortisation	<u>21,031</u>	<u>20,175</u>
Directors’ remuneration (excluding equity-settled share-based expense)	7,023	6,387
Equity-settled share-based payments ( <i>note</i> )	343,058	–
Salaries, allowances and benefits	259,945	270,494
Retirement benefits scheme contributions	26,210	27,968
Total staff costs (including directors)	<u>636,236</u>	<u>304,849</u>

*Note:* Included the share-based payments paid/payable to key management personnel and directors.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year attributable to owners of the Company from continuing and discontinued operations	(468,272)	(69,002)
Less: profit for the year from discontinued operations	<u>644</u>	<u>–</u>
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share from continuing operations	(468,916)	(69,002)

### Number of shares

	2023	2024
Weighed average number of ordinary shares for the purpose of basic and diluted loss per share	<u>179,615,767</u>	<u>218,008,756</u>

The computation of diluted loss per share for the years ended 31 December 2024 and 2023 does not assume the exercise of warrants or the conversion of the Company's outstanding convertible preferred shares and the effect of share options granted under the 2023 Pre-Listing Share Option Scheme as these would result in the decrease in the loss per share.

## 9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

# 10. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2023 RMB'000	2024 RMB'000
Trade receivables ( <i>note i</i> )		
– Transaction services ( <i>note ii</i> )	266,598	76,973
– Transaction support services ( <i>note iii</i> )	12,655	6,675
– Technology subscription services	3,326	1,200
– Overseas transaction business	35,394	213,229
– Others	55,479	606
	<hr/>	<hr/>
	373,452	298,683
Less: allowance for credit losses	(26,292)	(25,198)
	<hr/>	<hr/>
	347,160	273,485
Prepayment to sellers in relation to transaction services and transaction support services ( <i>note iv</i> )	9,720,907	8,251,935
Prepayment to sellers in relation to overseas transaction business	27,147	54,261
Interest receivable	6,643	3,529
Value-added tax recoverable	3,245	–
Prepaid expenses	13,926	27,736
Advances to staff	300	–
Amounts due from related parties	24,906	23,340
Refundable deposits to sellers	9,735	8,801
Deferred issue cost	2,188	3,019
Receivable from disposal of subsidiaries	150	–
Others ( <i>note vi</i> )	9,524	73,651
	<hr/>	<hr/>
	9,818,671	8,446,272
Less: allowance for credit losses	(97)	(15,940)
	<hr/>	<hr/>
	9,818,574	8,430,332
	<hr/>	<hr/>
Total trade receivables, prepayments and other receivables	<u>10,165,734</u>	<u>8,703,817</u>
Analysed for reporting purposes as:		
Current assets	10,154,735	8,696,367
Non-current assets ( <i>note v</i> )	10,999	7,450
	<hr/>	<hr/>
	<u>10,165,734</u>	<u>8,703,817</u>

As at 1 January 2023, 31 December 2023, and 2024, trade receivables from contracts with customers amounted to RMB31,928,000, RMB97,634,000 and RMB218,654,000, respectively.

## Notes:

- (i) Before accepting any new buyer, the Group assesses the potential buyer's credit quality by investigating their historical transaction records and defines credit limits by buyer. Credit sales are made to buyers with good credit history and credit limits granted to buyers are under regular review.
- (ii) Trade receivables from transaction services include those receivables which are factored to non-bank financial institutions with full recourse.
- (iii) Included in the trade receivables in relation to transaction support services amounting to nil during the year ended 31 December 2024 (2023: RMB3,501,000) are interest receivable pertaining to Bilateral Bai Tiao.



## 10. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

*Notes: (Continued)*

- (iv) Prepayment to sellers in relation to transaction services and transaction support services as set out above refer to the gross transaction amount paid, and the corresponding revenue on transaction services is recognised on a net basis while that in relation to Bilateral Bai Tiao and Easy Procurement is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate as disclosed in Note 4.
- (v) Non-current assets mainly represent prepaid expenses to be amortised over one year.
- (vi) Other than restricted deposit as disclosed in Note 11, an amount of RMB25,155,000 included in others represented a deposit demanded by the court relating to a business dispute. In addition, the balance of others included a government grant receivable amounting to RMB27,820,000 which the directors of the Company believe that there is reasonable assurance to recognise the government grant as the conditions attached to the government grant have been met, and the receipt of which is highly certain based on the Group's historical collection experience. Subsequent to 31 December 2024, an amount of RMB15,090,000 of such government grant had been received.

The Group generally allows credit periods ranging from 30 days to 90 days to its trade buyers. The following is an aged analysis of trade receivables (net of allowance for credit losses), presented based on the invoice or contract date, which approximates the respective revenue recognition dates.

	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Not past due	196,145	170,392
Past due:		
0-90 days	38,607	78,170
91-180 days	47,345	17,103
181-365 days	61,212	5,550
1-2 years	3,851	151
Over 2 years	—	2,119
	<u>151,015</u>	<u>103,093</u>
	<u><u>347,160</u></u>	<u><u>273,485</u></u>

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB65,304,000 (2023: RMB147,931,000), which are past due but not credit-impaired as the Group is satisfied with the credit quality of these buyers as the management of the Group had not seen that these receivables had deteriorated. The Group does not hold any collateral over these balances.

The Group's trade and other receivables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
United States Dollar ("US\$")	3,007	3,314
HK\$	<u>6</u>	<u>—</u>

## 11. CASH AND CASH EQUIVALENTS/RESTRICTED CASH

### Cash and cash equivalents

Cash and cash equivalents comprised of cash and short-term bank deposits with an original maturity of three months or less. The short-term bank deposits are carried interest at market rates, ranging from 0.1% to 3.75% per annum as at 31 December 2024 (2023: 0.15%-3.75% per annum).

### Restricted cash

	2023 RMB'000	2024 RMB'000
Margin deposits to secure open derivatives	30,206	2,297
Deposits for bank borrowing and bills payable (note i)	696,465	470,280
Others (note iii)	15,615	34,118
	<hr/>	<hr/>
Total	742,286	506,695
	<hr/>	<hr/>
Analysed for reporting purposes as:		
Current	712,286	506,695
Non-current (note ii)	30,000	–
	<hr/>	<hr/>
	742,286	506,695
	<hr/>	<hr/>

### Notes:

- (i) The pledged bank deposits carry annual fixed interest rates ranging from 0.1% to 3.2% for the year ended 31 December 2024 (2023:0.3% to 3.2%). At the end of each reporting period, the bank deposits have been pledged to secure short-term banking facilities and bills payable, and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of the relevant borrowings and bills.
- (ii) As at 31 December 2023, the restricted cash represents long-term certificate of deposit with maturity date in June 2025 pledged for long-term bank borrowing.
- (iii) As at 31 December 2024, deposits amounting to RMB28,174,000 were restricted by banks pertaining to certain business disputes.

The Group's bank balances and pledged bank deposits that are denominated in a currency other than the functional currencies of that relevant entities are set out below:

	2023 RMB'000	2024 RMB'000
US\$	2,306	669
RMB	3	1,861
Japanese Yen ("JPY")	–	2
HK\$	–	36
	<hr/>	<hr/>
Total	2,309	2,568
	<hr/>	<hr/>

## 12. TRADE, BILLS AND OTHER PAYABLES

	2023 RMB'000	2024 RMB'000
Trade payables		
– Transaction services	34,674	78,601
– Transaction support services	35,471	27,557
– Overseas transaction business	896	38,710
– Technology subscription services	17	11
– Others	–	295
	<u>71,058</u>	<u>145,174</u>
Bills payable	650,000	438,800
Advances received from buyers in relation to transaction services and transaction support services ( <i>note</i> )	9,866,100	8,516,647
Interest payable	350	361
Salary and bonus payables	37,281	38,381
Stamp duty payable	33,476	17,553
Other taxes payable	2,311	3,937
Accrued expenses	4,452	2,235
Accrued professional fees and expenses related to De-SPAC Transaction	9,772	8,482
Accrued issue costs	428	352
Construction cost payables	355	157
Others	835	9,735
	<u>10,676,418</u>	<u>9,181,814</u>

*Note:* In relation to transaction services, the Group normally collects advances based on gross transaction amount from steel buyers and make prepayments to steel sellers on a back-to-back basis. On the other hand, in relation to transaction support services, the Group normally collects advances equivalent to approximately 10% to 30% of gross transaction amount from steel buyers and makes full gross transaction amount to steel sellers.

The average credit period on purchase of goods and services is 30 days.

The following is an aged analysis of trade payables presented based on the goods received date.

	2023 RMB'000	2024 RMB'000
0-30 days	18,488	125,151
31-180 days	52,570	20,023
	<u>71,058</u>	<u>145,174</u>

## 12. TRADE, BILLS AND OTHER PAYABLES (CONTINUED)

The Group's trade payables that are denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2023 RMB'000	2024 RMB'000
RMB	—	537
US\$	7,830	4,442
HK\$	541	206

At the end of each reporting period, the Group had bills payable issued by banks with the following maturity.

	2023 RMB'000	2024 RMB'000
0-180 days	650,000	438,800

## 13. SHARE CAPITAL

The movement of share capital of the Company is set out as below:

	Par value per share <i>US\$</i>	Number of ordinary shares	Share capital <i>US\$'000</i>	Share capital presented in RMB <i>RMB'000</i>
Authorised:				
As at 1 January 2023, 31 December 2023 and 2024	0.00005	2,000,000,000	100	622
	Par value per share <i>US\$</i>	Number of ordinary shares	Share capital <i>US\$</i>	Share capital presented in RMB <i>RMB'000</i>
Issued:				
As at 1 January 2023	0.00005	167,860,786	8,393	53
Exercise of share option	0.00005	50,147,970	2,507	18
As at 31 December 2023 and 31 December 2024	0.00005	218,008,756	10,900	71

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website (<https://ir.zhaogang.com/>) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report for the year ended December 31, 2024 will be dispatched to the Shareholders (upon requests from Shareholders) and made available on the above websites in due course.

By Order of the Board  
**ZG Group**  
**Mr. Wang Dong**  
*Chairman and Executive Director*

Hong Kong, March 28, 2025

*As of the date of this announcement, the Board comprises Mr. Wang Dong, Mr. Wang Changhui, Ms. Gong Yingxin and Ms. Zhou Min as executive Directors, Mr. Ye Qian and Mr. Jiang Rongfeng as non-executive Directors, and Mr. Wang Xiang, Mr. Chen Yin and Mr. Wang Weisong as independent non-executive Directors.*