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

2024

ANNUAL REPORT


AI

Company Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Dong (王東)
(Chairman and chief executive officer)
Mr. Wang Changhui (王常輝)
Ms. Gong Yingxin (宮穎欣)
Ms. Zhou Min (周敏)

Non-Executive Directors

Mr. Ye Qian (葉芊)
Mr. Jiang Rongfeng (蔣榕烽)

Independent non-executive Directors

Mr. Wang Xiang (王翔)
Mr. Wang Weisong (王蔚松)
Mr. Chen Yin (陳垠)

AUDIT COMMITTEE

Mr. Wang Weisong *(Chairman)*
Mr. Chen Yin
Mr. Jiang Rongfeng

REMUNERATION COMMITTEE

Mr. Wang Xiang *(Chairman)*
Mr. Chen Yin
Mr. Ye Qian

NOMINATION COMMITTEE

Mr. Wang Xiang *(Chairman)*
Mr. Wang Weisong
Ms. Gong Yingxin

CORPORATE GOVERNANCE COMMITTEE

Mr. Chen Yin *(Chairman)*
Mr. Wang Weisong
Mr. Wang Xiang

JOINT COMPANY SECRETARIES

Mr. Meng Long
Ms. Lai Siu Kuen *(FCG, HKFCG)*

AUTHORIZED REPRESENTATIVES

Mr. Wang Dong
Ms. Lai Siu Kuen

REGISTERED OFFICE

Maples Corporate Services Limited
Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 123, Xinpei Road
Jiading District, Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Company Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

COMPLIANCE ADVISOR

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

PRINCIPAL BANK

Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
Ping An Bank Co., Ltd.

STOCK CODE

6676

WARRANT CODE

2572

LEGAL ADVISORS AS TO HONG KONG LAW

King & Wood Mallesons
13/F Gloucester Tower
The Landmark
15 Queen's Road
Central
Hong Kong

LEGAL ADVISORS AS TO CAYMAN ISLANDS LAW

Maples and Calder (Hong Kong) LLP
26/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR AND REPORTING ACCOUNTANTS

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F One Pacific Place
88 Queensway
Hong Kong

COMPANY WEBSITE

ir.zhaogang.com

Chairman's Letter to Shareholders

Steel is the lifeblood of manufacturing and infrastructure industries, profoundly influencing cost management, operational efficiency, supply chain reliability, and overall business stability. As the world's leading producer and consumer of steel, China hosts the most expansive steel trading market, fostering the growth of its manufacturing and construction sectors, which, in turn, impact the global economy.

Despite its vast scale – worth trillions – the Chinese steel trading market has historically been fragmented, with numerous traders and disjointed supply chain elements, such as logistics. This fragmentation has scattered operational data, making data verification challenging and hindering financial institutions' ability to directly support steel-consuming enterprises, resulting in elevated financial costs for the industry.

Since its inception, ZG Group has pursued a bold dream: to build a comprehensive platform serving the steel trading industry, offering end-to-end B2B services, including online steel transactions, logistics, warehousing and processing, financial solutions, SaaS products, and big data analytics. Unlike consumer-focused internet platforms, ours is an industrial internet platform tailored to enterprise users. Central to this dream is the establishment of an industry-grade service center that supports pre-sale, in-sale, and after-sale stages, anchored in seamless transaction order management.

Unlike the straightforward pricing of B2C transactions, B2B steel trading involves complex pre-sale inquiry and quotation processes – often described as "haggling." To provide rapid quotations, our platform relies on extensive supplier collaboration, with suppliers actively and promptly sharing daily tradable inventory and product prices. Through advanced technology, we process this data to deliver swift quotes, boosting conversion rates from inquiry to successful transactions. Over the past 13 years, we have invested significant resources in this domain, evolving from free matchmaking in our early days to closed-loop transactions and now leveraging AI to automatically process vast supplier inventory data and enable intelligent matching. No other company or organization globally surpasses our expertise in this field.

In the in-sale phase, we efficiently handle diverse payment methods, including online banking, acceptance bills, and China's unique central enterprise commercial bills. This phase holds immense potential, particularly in its synergy with digital technology. In the after-sale phase, our users can entrust our logistics platform, FatCat Logistics – China's largest third-party terminal steel logistics service provider in 2023 – for transportation or arrange their own. Our platform also facilitates reconciliation, settlement, and the issuance of special VAT invoices. In 2024, we issued nearly RMB200 billion in VAT invoices, distinguishing our GMV from that of consumer internet platforms, as ours is fully backed by corresponding invoices.

As our users expand globally, particularly in construction and manufacturing, we, as their trusted domestic supply chain partner, are rapidly internationalizing to deliver the same high-standard services abroad. Beyond steel, our users procure non-steel industrial raw materials, including electronic components, electrical and electric, hardware and electromechanical products, and non-ferrous metals. Building on the trust established in steel trading, we are expanding into these non-steel industries to offer a broader range of products, strengthening user loyalty.

Chairman's Letter to Shareholders

Amid intensifying competition in domestic manufacturing and trade, coupled with the rise of artificial intelligence, enterprises increasingly prioritize digitalization. This trend presents significant opportunities for our FatCat Cloud ERP, which empowers businesses with advanced digital solutions. Over the past 13 years, our strategic focus on pre-sale, in-sale, and after-sale excellence has enabled us to outpace competitors, establishing ZG Group as the world's leading industrial raw materials trading platform. Our successful listing on the Stock Exchange in March this year has further bolstered our team's confidence.

As a new entrant in the capital markets, we recognize that it will take time for the market to fully understand and appreciate our unique value proposition. Nevertheless, we are confident that the future belongs to us.

Wang Dong
Chairman

Financial Highlights

Condensed Profit Loss Statement

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

Condensed Balance Sheet

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

Financial Highlights

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. 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,	
	2024	2023
	RMB	*RMB*
	(in thousands)	
Loss for the year from continuing operations	**(68,667)**	(469,649)
Fair value change of convertible preferred shares and warrants	**(5,253)**	(6,883)
Share-based payments	**–**	(343,058)
Professional fees and expenses related to De-SPAC Transaction	**(9,697)**	(39,557)
Adjusted net loss (non-IFRS measure)	**(53,717)**	(80,151)
Income tax expense	**(1,653)**	(788)
Finance costs	**(39,994)**	(64,873)
Interest on bank deposit related to borrowings	**976**	1,974
Depreciation and amortization	**(20,175)**	(21,031)
Adjusted EBITDA (non-IFRS measure)	**7,129**	4,567

Financial Highlights

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 associate, 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 PIPE Investments totalling a final amount of HK$532.6 million 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 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.

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 annual report 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 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 GMV 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.

Business Review and Outlook

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.

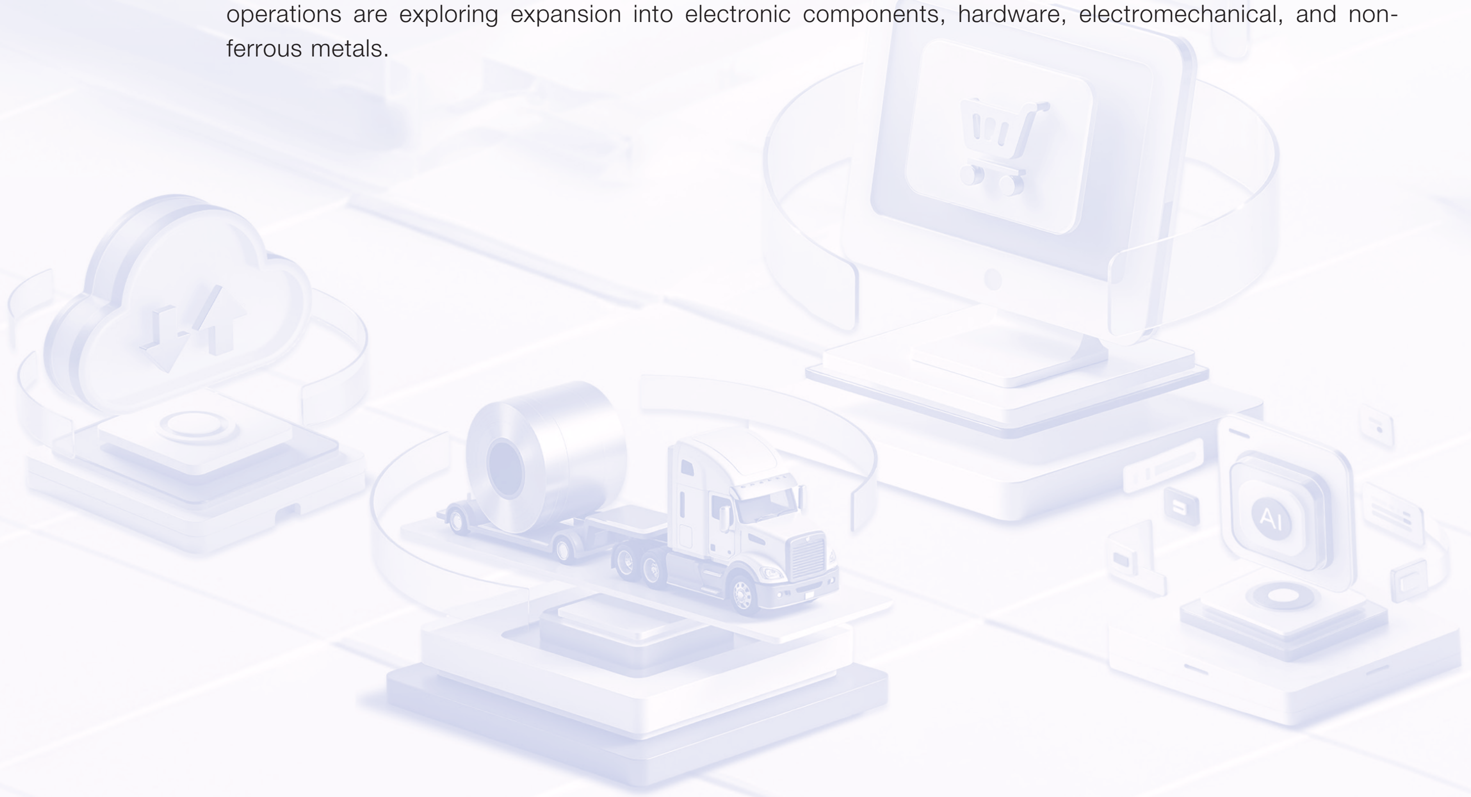
Business Review and Outlook

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 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.



Business Review and Outlook

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 annual report, there were no other significant events that might affect us since the end of the Reporting Period and up to the Latest Practicable Date.

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

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

	For the Year Ended December 31,	
	2024	2023
Gross profit margin[(1)]	**27.5%**	32.5%
Loss before tax from continuing operations[(2)]	**-4.3%**	-40.1%
Adjusted EBITDA Margin (non-IFRS measure)[(3)]	**0.5%**	0.4%

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.

Management Discussion and Analysis

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

Management Discussion and Analysis

NET REVENUE

The majority of our Company's revenue and gross profit is derived from charging internet service fees. During the Reporting Period, our 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,			
	2024		2023	
	RMB	***%***	*RMB*	*%*
	(in thousands, except percentages)			
Transaction Services	**313,160**	**20.2**	281,105	24.1
Transaction Support Services	**432,103**	**27.9**	508,994	43.6
Technology Subscription Services	**28,296**	**1.8**	34,044	2.9
Overseas Transaction Business	**593,308**	**38.3**	221,056	18.9
Others	**184,176**	**11.8**	123,252	10.5
Total	**1,551,043**	**100.0**	1,168,451	100.0

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.

Management Discussion and Analysis

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

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.

Management Discussion and Analysis

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,			
	2024		2023	
	RMB	***%***	*RMB*	*%*
	(RMB in thousands, except for percentages)			
Middle East	**415,183**	**70.0**	53,638	24.3
East Asia	**139,506**	**23.5**	143,559	64.9
Southeast Asia	**38,619**	**6.5**	–	–
Africa	**–**	**–**	23,859	10.8
Total	**593,308**	**100.0**	221,056	100.0

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.

Management Discussion and Analysis

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

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.

Management Discussion and Analysis

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

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.

Management Discussion and Analysis

Transaction services

Our gross profit from transaction services rose by 13.3%, from RMB259.7 million in 2023 to RMB294.2 million in 2024. This increase was primarily driven by higher transaction volumes, the growing scale of our platform, a shift in transaction mix toward higher-margin industrial and construction steel, the introduction of pipes and niche steel products, and an increase in per-ton commission to RMB5.6/ton in 2024. Additionally, 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. We continued to optimize and adjust our logistics business structure, focusing on short-haul transportation services with lower unit prices but higher gross margins. Additionally, we enhanced our bargaining power with logistics carriers, resulting in a counter-trend increase in gross profit from RMB26.0 million in 2023 to RMB35.0 million in 2024, despite a decline in revenue. The gross profit per ton also improved from RMB3.8/ton in 2023 to RMB5.0/ton in 2024. 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.

Management Discussion and Analysis

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,	
	2024	*2023*
	(RMB in thousands)	
Interest on bank deposits	**9,883**	26,376
Government grants	**40,537**	6,681
Total	**50,420**	33,057

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.

Management Discussion and Analysis

OTHER GAINS AND LOSSES, NET

Other gains and losses primarily consist of (i) loss on disposal of interests in associate; (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:

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

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 associate.

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.

Management Discussion and Analysis

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 RMB25.0 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%.

Management Discussion and Analysis

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,		
	2024	2023	Change
	RMB	*RMB*	*%*
	(in thousands, except percentages)		
Non-current Assets			
Property and equipment	**209,525**	207,057	1.2%
Right-of-use assets	**34,043**	21,685	57.0%
Goodwill	**31,954**	31,954	0.0%
Intangible assets	**110,226**	114,194	-3.5%
Interests in associates and joint venture	**34,897**	47,156	-26.0%
Financial assets at fair value through profit and loss	**42,806**	44,008	-2.7%
Deferred tax assets	**–**	294	-100.0%
Prepayments and other receivables	**7,450**	10,999	-32.3%
Restricted cash	**–**	30,000	-100.0%
	470,901	507,347	-7.2%
Current Assets			
Inventories	**20,077**	10,033	100.1%
Trade receivables, prepayments and other receivables	**8,696,367**	10,154,735	-14.4%
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	**114,349**	69,413	64.7%
Derivative financial instruments	**–**	28	-100.0%
Restricted cash	**506,695**	712,286	-28.9%
Cash and cash equivalents	**240,163**	310,904	-22.8%
	9,577,651	11,257,399	-14.9%

Management Discussion and Analysis

	As of December 31,		
	2024	2023	Change
	RMB	*RMB*	*%*
	(in thousands, except percentages)		
Current Liabilities			
Trade, bills and other payables	**9,181,814**	10,676,418	-14.0%
Bank and other borrowings	**406,358**	582,326	-30.2%
Lease liabilities	**7,990**	2,999	166.4%
Contract liabilities	**67,045**	28,090	138.7%
Financial liabilities at FVTPL	**6,821,940**	6,816,687	0.1%
	16,485,147	18,106,520	-9.0%
Net Current Liabilities	**(6,907,496)**	(6,849,121)	0.9%
Total Assets Less Current Liabilities	**(6,436,595)**	(6,341,774)	1.5%
Capital and Reserves			
Share capital	**71**	71	0.0%
Reserves	**(6,549,463)**	(6,480,801)	1.1%
Equity attributable to owners of the Company	**(6,549,392)**	(6,480,730)	1.1%
Non-controlling interests	**42,987**	42,652	0.8%
Total Deficit	**(6,506,405)**	(6,438,078)	1.1%
Non-Current Liabilities			
Financial liabilities at FVTPL	**27,759**	25,008	11.0%
Bank and other borrowings	**–**	28,600	-100.0%
Contract liabilities	**10,956**	16,898	-35.2%
Lease liabilities	**7,112**	1,265	462.2%
Deferred tax liabilities	**23,983**	24,533	-2.2%
	69,810	96,304	-27.5%
Net Liabilities	**(6,506,405)**	(6,438,078)	1.1%

Management Discussion and Analysis

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.

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

Management Discussion and Analysis

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. This includes amounts prepaid to sellers for providing credit sales services to buyers, with such prepayments amounting to RMB209.4 million and RMB89.7 million as of December 31, 2023, and December 31, 2024, respectively. 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,	
	2024	2023
	RMB	*RMB*
	(in thousands)	
Margin deposits to secure open derivatives	**2,297**	30,206
Deposits for bank borrowing and bills payable	**470,280**	696,465
Others	**34,118**	15,615
Total	**506,695**	742,286

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.

Management Discussion and Analysis

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

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.

Management Discussion and Analysis

Bank and Other Borrowings

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

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

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.

Net Deficit

As of December 31, 2023, and December 31, 2024, the Company's owner's equity amounted to a deficit of RMB6,438.1 million and a deficit of RMB6,506.4 million, respectively. The deficit was primarily due to the impact of convertible preferred shares, which were recorded at RMB6,816.7 million and RMB6,821.9 million as of December 31, 2023, and December 31, 2024, respectively. Following the Listing, the aforementioned convertible preferred shares were automatically converted into ordinary shares of the Company and recognized within the Company's share capital.

Management Discussion and Analysis

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,	
	2024	2023
	RMB	*RMB*
	(in thousands)	
Convertible preferred shares	**6,821,940**	6,816,687
Redeemable preferred shares	**27,759**	25,008
Total	**6,849,699**	6,841,695

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.

Management Discussion and Analysis

Cash Flows

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

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

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.

Management Discussion and Analysis

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,	
	2024	2023
	RMB	*RMB*
	(in thousands)	
Purchases of property and equipment	**(12,398)**	(11,237)
Purchases of intangible assets	**–**	(27)
Total	**(12,398)**	(11,264)

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" as disclosed in the Circular, 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 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.

Management Discussion and Analysis

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 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.

Management Discussion and Analysis

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 annual report, 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 Latest Practicable Date.

MATERIAL LITIGATION

During the Reporting Period and up to the Latest Practicable Date, unless otherwise disclosed in the Circular under the section headed "Business of the Target Group", our Company has not been involved in any material litigation or arbitration. Furthermore, our Directors are not aware of any material litigation or claims, whether pending or threatened, against our Company.

Directors' Report

The Board is pleased to present this Directors' Report together with the consolidated financial statements of the Group for the year ended December 31, 2024.

DIRECTORS

The Directors who held office during the period from the Listing Date and up to the Latest Practicable Date are:

Executive Directors

Mr. Wang Dong (王東) *(Chairman and chief executive officer)*
Mr. Wang Changhui (王常輝)
Ms. Gong Yingxin (宮穎欣)
Ms. Zhou Min (周敏)

Non-Executive Directors

Mr. Ye Qian (葉芊)
Mr. Jiang Rongfeng (蔣榕烽)

Independent non-executive Directors

Mr. Wang Xiang (王翔)
Mr. Wang Weisong (王蔚松)
Mr. Chen Yin (陳垠)

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 59 to 64 of this annual report.

GENERAL INFORMATION

The Company was the first in China to offer a one-stop integrated suite of B2B services covering the entire value chain of steel transactions, including online steel transactions, logistics, warehousing and processing, SaaS products, and big data analytics, by connecting key participant in the steel transactions industry onto its digital platform.

The Company was incorporated in the Cayman Islands on February 27, 2012 as an exempted company with limited liability. Prior to the completion of the Reorganization, the Group's business was carried out by Zhaogang Netcom and its subsidiaries. The Group's history can be traced back to March 2012, when the Co-founders, Mr. Wang Dong, Mr. Wang Changhui and Mr. Rao Huigang, established Shanghai Gangfu (the predecessor of Zhaogang Netcom) to develop online steel trading services in the PRC. For further details of the background of Mr. Wang Dong and Mr. Wang Changhui, see the section headed "Directors" in "Directors and Senior Management". Since 2019, the Group has gone through a series of changes through which it has decreased the scale of its direct sales business and has transformed itself into a digital platform.

Directors' Report

PRINCIPAL ACTIVITIES

The Group is a leading digital platform in China, primarily engaged in facilitating third-party steel transactions, offering a comprehensive suite of B2B services along the steel industry value chain, including online steel transactions, logistics, warehousing, processing, SaaS products, and big data analytics. The Company connects key participants in the steel transactions industry to its digital platform. Analysis of the principal activities of the Group during the Reporting Period is set out in Note 1 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group, as required by Schedule 5 to the Companies Ordinance, including a fair review of the Company's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Business Review and Outlook" and "Management Discussion and Analysis" on pages 9 to 34 of this annual report. These discussions form part of this Directors' Report. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "Recent Developments after the Reporting Period" in "Business Review and Outlook".

PRINCIPAL RISKS AND UNCERTAINTIES

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. Below is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

Risks Relating to the Group's Business and Industry

- We are exposed to fluctuations in the supply of and demand for, steel products within and outside of China, along with the underlying conditions of such fluctuations, which could adversely affect our business, results of operations and financial performance.

- If we cannot manage to grow our business or execute our strategies effectively, our business and prospects may be materially and adversely affected.

- Our success depends on our ability to create strong synergies among all participants on our digital platform. If we fail to retain our existing participants, or to acquire new ones, or to keep or increase their engagement effectively, our business, results of operations and financial performance may be materially and adversely affected.

- We incurred net losses during the Reporting Period, and we may continue to do so in the future.

- We recorded net liabilities and net current liabilities during the Reporting Period.

Directors' Report

- We have had net operating cash outflow in the past, which may expose us to certain liquidity risks, constrain our operational flexibility as well as adversely affect our financial conditions and ability to expand our businesses.

- Our business is subject to intense competition, and we may fail to compete successfully against existing or new competitors.

- We rely on third-party steel product sellers and service providers to provide quality products and services. If we fail to maintain good relationships with them, or find alternatives on reasonable terms, our business and financial performance may be materially and adversely affected.

- We rely on third-party sellers to offer quality products to buyers on our digital platform. Any quality issues in the products offered by such third-party sellers through our platform may subject us to liability, and may adversely affect our business and results of operations.

- We are subject to risks relating to the logistics, warehousing and processing of steel products. If any of these risks materialize, our business, results of operations and financial performance could be materially and adversely affected.

- If PRC laws and regulations concerning the Internet finance become stricter and any of our transaction settlement services are deemed to be non-compliant with applicable laws and regulations, or are deemed to not obtain approvals from relevant governmental authorities, our business, financial condition and results of operations would be adversely affected.

- Our financial conditions and results of operations may be subject to adverse effect from customer concentration.

- We rely on a mixture of public price indexes and quotations from sellers to provide prices of steel products on our digital platform. Inaccuracy in pricing information provided by sellers may adversely affect our brand name, business and financial performance.

- Fluctuations in foreign currency exchange rates may lead to volatility in foreign currency exchange losses and thus affect our results of operations and financial performance.

- The sophisticated and innovative technologies we use for our business operations are everchanging and may require more time to prove their reliability and effectiveness. We cannot assure you that the performance of these technologies will be stable enough to support our business.

- Failure to obtain, renew, or retain licenses, permits or approvals may affect our abilities to conduct or expand our business, and may incur financial penalties and other regulatory actions.

- Our expansion into global markets may expose us to new challenges and more risks, and we may fail to expand effectively. If we fail to overcome the challenges presented by our global operations, our business, financial condition and results of operations may suffer a material and adverse impact.

Directors' Report

Risks Relating to Government Regulations

- We may be subject to the approval of, or filing with, CSRC or other regulatory authorities in connection with capital raising activities.

- Regulatory requirements on currency conversion may limit our abilities to utilize our revenues effectively and affect the value of your investment.

- Regulatory, legislative or self-regulatory developments for online businesses in general, including privacy and data protection regimes, are expansive and if new regulations are enacted in the future and we are unable to respond to these developments promptly, we may be subject to enforcement actions for compliance failures, or restrictions on how we are able to operate our business. We may also need to incur significant compliance costs or make adjustments to our digital platform or business model.

- If our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations, we may be subject to penalties, including restrictions on our abilities to make capital contributions to our PRC subsidiaries and our PRC subsidiaries' abilities to distribute profits to us.

- Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

- Dividends paid to our Hong Kong subsidiaries might not qualify for the reduced withholding tax rate of China mainland under the special arrangement between Hong Kong and China mainland.

- PRC regulations establish certain procedures for some acquisitions of or investment into PRC companies by foreign investors, which through acquisitions in China.

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

Risks Relating to the WVR Structure

- The concentration of Share ownership in Class B Shareholders limits the shareholders' ability to influence corporate matters.

- Holders of our Class B Shares may exert substantial influence over us and may not act in the best interests of our independent shareholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. Details of such are set out in the Environmental, Social and Governance Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as disclosed in the Circular and the Environmental, Social and Governance Report, the Company has complied with the relevant laws and regulations that have a significant impact on the operations of the Group during the Reporting Period.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background of the Contractual Arrangements

We primarily engage in the provision of internet information services. As advised by our PRC Legal Advisor, internet information services are subject to foreign investment restrictions under current PRC laws and regulations. It was not viable for us to hold the Consolidated Affiliated Entities directly through equity ownership. Hence, in line with common practice, we, through WFOE 1, our indirect wholly-owned subsidiary, entered into the Contractual Arrangements with the Consolidated Affiliated Entities and the Registered Shareholders of Zhaogang Netcom to gain effective control over, and receive all the economic benefits generated by, the businesses currently operated by the Consolidated Affiliated Entities.

To comply with PRC laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities. Pursuant to the Reorganization, the Contractual Arrangements currently in effect were entered into on May 18, 2018, whereby WFOE 1 acquired effective control over the Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations. The Contractual Arrangements enable the results of operations, assets, and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations, assets, and liabilities under IFRS as if they are our subsidiaries. Under the Contractual Arrangements, we do not directly own any equity interest in the Consolidated Affiliated Entities.

The Consolidated Affiliated Entities are Zhaogang Netcom and its subsidiaries. As of the Latest Practicable Date, the principal activities of each of the Consolidated Affiliated Entities are as follows:

Consolidated Affiliated Entities		Principal Activities
(1)	Zhaogang Netcom.	Online steel commerce and warehousing
(2)	Tushu Information Services[2]	No material activities
(3)	Pan King Global[1][2]	No material activities
(4)	Qimao Equity Investment[3]	Equity investment
(5)	Xinmao Equity Investment[3]	Equity investment
(6)	Pangmao Zhineng	Technology
(7)	Steel Searcher[3]	Equity investment
(8)	Shenzhen Tushu[2]	No material activities
(9)	Zhaogang (Shanghai) Metal Materials	Online steel commerce
(10)	Qingdao Zhaogang Netcom E-commerce	Online steel commerce
(11)	Shanghai Tengcai Technology	Technology
(12)	Shenzhen Xinwuyou	Technology
(13)	Pangmao Yuanzheng[2]	No material activities
(14)	Pangmao Logistics	Logistics
(15)	Pangmao Logistics Technology[4]	No material activities

Consolidated Affiliated Entities		Principal Activities
(16)	Pangmao Metal Materials	Metal processing
(17)	Puhuida Digital Technology(2)	No material activities
(18)	Pangmao Lianxiang	Technology
(19)	Chongqing Zhaogang Netcom Technology	Online steel commerce
(20)	Jiangsu Zhaogang Netcom E-commerce	Online steel commerce
(21)	Zhejiang Zhaogang Netcom E-commerce	Online steel commerce
(22)	Henan Zhaogang Netcom Technology	Online steel commerce
(23)	Pangmao Logistics Gansu	Logistics
(24)	Guangdong Zhaogang Netcom	Online steel commerce
(25)	Shanghai Pangmao Zhiyuan(2)	No material activities

Notes:

(1) Pan King Global terminated its steel export services in June 2022.

(2) These entities may conduct activities subject to foreign investment restrictions in accordance with our business plans. To the extent that any of these entities conduct any material activities, they will only conduct activities subject to foreign investment restrictions, failing which we shall restructure them so that we will directly own them to the extent permitted by relevant laws.

(3) These entities are investment holding entities of certain minority interests and do not have any business operations of their own.

(4) We plan to dissolve this entity in accordance with our business plans.

A summary of our business that is subject to foreign investment restrictions in accordance with the Negative List (2024), effective from November 1, 2024, is set out below:

Categories	Our Business
Restricted Value-added telecommunication services business	The principal business of Zhaogang Netcom, Pangmao Logistics, and Pangmao Logistics Gansu involves the provision of internet information services through mobile apps and websites, which falls within the scope of "value-added telecommunications services" under the Telecommunications Regulations of the PRC《中華人民共和國電信條例》. Each of Zhaogang Netcom, Pangmao Logistics, and Pangmao Logistics Gansu holds an ICP License for the provision of internet information services. According to the Negative List (2024), foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting such business (except for the specified exceptions).

Directors' Report

We operate a third-party digital platform, Zhaogang Mall, in the steel transaction sector that can be accessed via our official websites and mobile apps. Our core business model is centered around our digital platform, through which we offer the following services: (1) transaction services; and (2) transaction support services, including logistics services, warehousing and processing services, and technology subscription services (collectively, the "**Supporting Services**", and together with (1), the "**Relevant Businesses**").

The transaction services, being our core business, require an ICP license and are subject to foreign investment restrictions in the PRC. Zhaogang Netcom possesses an ICP License to carry out our transaction services through the digital platform. Therefore, as confirmed by our PRC Legal Advisor, the Consolidated Affiliated Entities (other than those with no material business activities as mentioned above) conduct value-added telecommunication services via our digital platform, which are considered "restricted" where foreign investors are restricted from holding more than 50% equity interests in companies providing such services and shall meet certain qualification requirements (the "**Restricted Business**").

Although the Supporting Services do not require an ICP License or fall into any foreign prohibited or foreign-restricted business category, the Supporting Services are fully integrated with the transaction services and cannot be separated from the digital platform. We are of the view that the Contractual Arrangements are narrowly tailored for the reasons below:

(1) Our core business model is centered around our digital platform, Zhaogang Mall. Since our inception, our digital platform has provided the foundation for substantially all of our businesses. The transaction services offered through the digital platform generate the online traffic and users for almost all of our other business services. As we accumulated a substantial steel buyer and seller base, we expanded our business by providing transaction services under the ICP License;

(2) The Supporting Services are fully integrated with the digital platform and rely on steel buyer and data accumulated from the digital platform. The Supporting Services are considered supplementary to the steel transactions on the digital platform, and splitting services across different companies and platforms, rather than offering them seamlessly through a single checkout process, would impair the convenience and efficiency of the digital platform for steel buyers and undermine the "one-stop" shop experience that lies at the core feature of the digital platform;

(3) From a technological support perspective, there is only one unified technical support service. The integration of technical support extends to the entire steel transaction ecosystem, including but not limited to the transaction services and the Supporting Services. Our proprietary technology and cloud-based infrastructure supports each segment of our business. Therefore, it is technologically impossible to separate the transaction services and the Supporting Services into two different entities without fundamentally changing our digital platform;

(4) From a documentation perspective, the agreements and "fa piao" documenting the provision of services from the transaction services and/or certain services provided to the steel buyers and sellers are premised on the one unified platform; and

(5) Separating the Supporting Services would fundamentally undermine our transaction services. We benefit from our digital infrastructure that redefined the transaction process and service standards. Our logistics fulfillment network and technological management tools have enabled our digital transaction platform to cover pre-sales, in-sales, and post-sales transaction processes to achieve standardized management of buyers, sellers, and all aspects of transactions, which significantly improve transaction efficiency and effectively reduce the manpower involved. The Supporting Services, comprising logistics services, warehousing and processing services, and technology subscription services, are integral parts of our digital infrastructure and are practically inseparable from the digital platform.

Furthermore, in order to create more potential cooperation opportunities and obtain potential investment gain in the future, the Consolidated Affiliated Entities make minority investments in companies which we consider to have increasing market value and expanding prospects of business diversity. These investments are primarily made through (i) Zhaogang Netcom, and (ii) Qimao Equity Investment, Xinmao Equity Investment, and Steel Searcher, all of which are subsidiaries of Zhaogang Netcom. The investments are passive, non-controlling interests that are classified as (i) financial assets at fair value through profit or loss or (ii) interests in associates and joint ventures, and are neither consolidated in our financial statements nor form part of our group. Our Directors consider that the minority investments are not material to us. Given their immateriality and the fact that we do not consolidate or control these investee companies, our Directors consider that the Contractual Arrangements are narrowly tailored notwithstanding the minority investments.

By way of illustration that none of the investments held under the Contractual Arrangements are material to us, the long-term investments measured as financial assets at FVTPL and interests in associates and joint ventures held under the Contractual Arrangements accounted for approximately 0.8%, and 0.8% of our total assets as of December 31, 2023, and December 31, 2024, respectively. The long-term investments measured as financial assets at FVTPL and interests in associates and joint ventures attributed by the top 5 investments held under the Contractual Arrangements in aggregate account for approximately 0.4%, and 0.4% of our total assets as of December 31, 2023, and December 31, 2024, respectively.

The fair value gains on investments measured at fair value through profit or loss under the Contractual Arrangements and share of losses of results of associates and joint ventures under the Contractual Arrangements account for approximately 0.4% and 2.4% of our net losses for the year ended December 31, 2023 and December 31, 2024, respectively.

Based on the above and as set out in the section headed "Contractual Arrangements of Our Group" in the Circular, we believe that the Contractual Arrangements are narrowly tailored to minimize potential conflicts with relevant PRC laws and regulations.

Risks Relating to the Group's Contractual Arrangements

- If the PRC government finds that the structure we have adopted for our business operations does not comply with PRC laws and regulations, or if any new interpretation on these regulations emerges, we could be subject to severe penalties, including the nullification of the Contractual Arrangements, or be forced to relinquish our interests in those operations.

- We rely on Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders for our business operations, which may not be as effective as direct ownership in providing operational control.

Directors' Report

- Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material adverse effect on our business.

- The shareholders, directors, and executive officers of our Consolidated Affiliated Entities may have potential conflicts of interest with us, which may materially and adversely affect our business, results of operations and financial performance.

- Contractual Arrangements in relation to our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our Consolidated Affiliated Entities owe additional taxes, which could negatively affect our financial performance.

- We conduct business operations in the PRC through our Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under applicable laws.

- Our exercise of the options to acquire equity ownership and assets of our Consolidated Affiliated Entities may subject us to certain limitations and substantial costs.

- We may lose the ability to use licenses, approvals, and assets held by our Consolidated Affiliated Entities that are material to the operation of certain portions of our business if the Consolidated Affiliated Entities go bankrupt or become subject to a dissolution or liquidation proceeding.

- The interpretation and implementation of the PRC Foreign Investment Law may impact the viability of our current corporate structure, corporate governance and business operations.

The structuring and implementation of the Contractual Arrangements, including the detailed terms discussed in this annual report and in the Circular under the section headed "Contractual Arrangements of the Target Group", are designed to mitigate these risks.

Summary of the Material Terms of the Contractual Arrangements

A summary description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreements

Under the exclusive business cooperation agreement dated May 18, 2018, between Zhaogang Netcom and WFOE 1 (the "**Exclusive Business Cooperation Agreement**"), Zhaogang Netcom engaged WFOE 1, our indirect wholly-owned subsidiary, as its exclusive provider of technical support, consultation, and other services, including the following:

(1) the use of any relevant software legally owned by WFOE 1;

(2) development, maintenance, and update of software in respect of Zhaogang Netcom's business;

(3) design, installation, daily management, maintenance, and update of network systems, hardware, and database design;

Directors' Report

(4) providing technical support and staff training services for relevant employees of Zhaogang Netcom;

(5) providing assistance in consultation, collection, and research of technology and market information (excluding market research business that wholly foreign-owned enterprises are prohibited from conducting under PRC laws);

(6) providing business management consultation;

(7) providing strategic development consultation;

(8) providing finance consultation and management services;

(9) providing business operation-related information consultation;

(10) providing marketing and promotional services;

(11) providing customer order management and customer services;

(12) transfer, leasing, and disposal of equipment or properties; and

(13) other relevant services requested by Zhaogang Netcom from time to time to the extent permitted under PRC laws.

Pursuant to the Exclusive Business Cooperation Agreement, the service fees shall be 100% of the total consolidated profit of Zhaogang Netcom before tax, after the deduction of any accumulated deficit of the Consolidated Affiliated Entities in respect of the preceding financial years, operating costs, expenses, taxes, and other statutory contributions. Notwithstanding the foregoing, WFOE 1 may adjust the scope and amount of service fees according to PRC tax law and tax practices, and Zhaogang Netcom will accept such adjustments. WFOE 1 shall calculate the service fee on a monthly basis and issue a corresponding invoice to Zhaogang Netcom. Notwithstanding the payment arrangements in the Exclusive Business Cooperation Agreement, WFOE 1 may adjust the payment time and payment method, and Zhaogang Netcom will accept any such adjustment.

In addition, absent our prior written consent through WFOE 1, during the term of the Exclusive Business Cooperation Agreement, with respect to the services and other matters subject to the Exclusive Business Cooperation Agreement, Zhaogang Netcom shall not directly or indirectly enter into any same or similar exclusive business cooperation agreement with any third party, accept the same or any similar services provided by any third party, and shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreement with any third party. WFOE 1 may appoint other parties, who may enter into certain agreements with Zhaogang Netcom, to provide Zhaogang Netcom with the services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement also provides that WFOE 1 has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by Zhaogang Netcom during the performance of the Exclusive Business Cooperation Agreement.

Directors' Report

The Exclusive Business Cooperation Agreement became effective upon its execution and shall remain effective unless terminated (a) upon mutual agreement between WFOE 1 and Zhaogang Netcom; or (b) in writing by WFOE 1.

Exclusive Option Agreements

Zhaogang Netcom, WFOE 1 and the Registered Shareholders of Zhaogang Netcom, at that time entered into an option agreement on May 18, 2018, which was subsequently amended and restated on August 31, 2021 and on September 29, 2022 (the "**Exclusive Option Agreement**"). Pursuant to the Exclusive Option Agreement, the Registered Shareholders granted WFOE 1 an irrevocable and exclusive right to require the Registered Shareholders to transfer any or all their equity interests in Zhaogang Netcom to WFOE 1 and/or a third party designated by it, in whole or in part at any time and from time to time, at the lowest purchase price that permitted by the PRC laws or at the price that the registered capital of Zhaogang Netcom multiplied by the proportion of equity interests to be purchased in the total equity interests of Zhaogang Netcom, provided that such transfer shall comply with the applicable PRC laws and regulations. Zhaogang Netcom and the Registered Shareholders, among other things, have covenanted that:

(1) without the prior written consent of WFOE 1, Zhaogang Netcom shall not assist or permit Registered Shareholders to sell, transfer, pledge or in any other manner dispose or impose encumbrance on the equity interest held in Zhaogang Netcom, except for any encumbrance as set under the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney;

(2) without the prior written consent of WFOE 1, they shall not in any manner supplement, change or amend the constitutional documents of Zhaogang Netcom, increase or decrease their registered capital, or change the structure of their registered capital in other manner;

(3) they shall maintain Zhaogang Netcom's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits and prudently and effectively operate their business and handle their affairs;

(4) without the prior written consent of WFOE 1, they shall not, and shall procure the subsidiaries of Zhaogang Netcom not, at any time following the signing of the Exclusive Option Agreement sell, transfer, pledge or dispose of in any manner any material assets of Zhaogang Netcom or legal or beneficial interest in the business or revenues of Zhaogang Netcom of more than RMB1,000,000, or allow the encumbrance thereon of any security interest;

(5) without the prior written consent of WFOE 1, Zhaogang Netcom shall not incur, inherit, guarantee or allow the existence of any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan;

(6) Zhaogang Netcom shall always operate all of their businesses during the ordinary course of business to maintain their asset value and refrain from any action/omission that may adversely affect Zhaogang Netcom's operating status and asset value;

(7) without the prior written consent of WFOE 1, they shall not cause Zhaogang Netcom to execute any material contract with a value above RMB1,000,000 or any contract that contravenes with existing material contracts, except the contracts executed in the ordinary course of business;

(8) without the prior written consent of WFOE 1, they shall not cause Zhaogang Netcom to provide any person with any loan or credit or provide any guarantee to any third party;

(9) they shall provide WFOE 1 with information on Zhaogang Netcom's business operations and financial condition at the request of WFOE 1;

(10) if requested by WFOE 1, they shall procure and maintain insurance in respect of Zhaogang Netcom's assets and business from an insurance carrier acceptable to WFOE 1, at an amount and type of coverage typical of companies that operate similar businesses;

(11) without the prior written consent of WFOE 1, they shall not cause or permit Zhaogang Netcom to split, merge, consolidate with, acquire or invest in any person;

(12) they shall immediately notify WFOE 1 of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Zhaogang Netcom's assets, business or revenue;

(13) to maintain the ownership by Zhaogang Netcom of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;

(14) without the prior written consent of WFOE 1, Zhaogang Netcom shall not in any manner distribute dividends to its shareholders, provided that upon the written request of WFOE 1, Zhaogang Netcom shall immediately distribute all distributable profits to its shareholders;

(15) at the request of WFOE 1, they shall appoint any persons designated by WFOE 1 as the directors and/or senior management of Zhaogang Netcom or remove any existing directors and/or senior management of Zhaogang Netcom;

(16) without the written consent of WFOE 1, the Registered Shareholders shall not engage in any business in competition with WFOE 1 or its affiliates;

(17) unless otherwise mandatorily required by PRC laws, Zhaogang Netcom shall not be dissolved or liquidated without prior written consent by WFOE 1;

(18) once foreign investors are allowed by the PRC laws to invest in the principal business of Zhaogang Netcom and relevant competent authority accepts application for transfer of such business, the Registered Shareholders shall immediately transfer the shares of Zhaogang Netcom to WFOE 1 or its appointee(s) when WFOE 1 exercises its option rights, and Zhaogang Netcom shall cooperate to deal with the procedures of share transfer;

(19) in the event that WFOE 1 is impeded to exercise purchase rights due to the failure of the Registered Shareholders and/or Zhaogang Netcom to fulfill their tax obligations under applicable laws, WFOE 1 shall be entitled to demand them to fulfill such tax obligations; and

Directors' Report

(20) the Registered Shareholders and Zhaogang Netcom shall procure subsidiaries of Zhaogang Netcom to comply with all undertakings applicable to the Registered Shareholders under this clause in the same circumstances, as if such subsidiaries will be treated as Zhaogang Netcom under the corresponding clause.

In addition, the Registered Shareholders, among other things, have covenanted that:

(1) without the written consent of WFOE 1, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Zhaogang Netcom, or allow the encumbrance thereon of any security interest, except for the Exclusive Option Agreement, the Equity Pledge Agreement and the interests prescribed in the Powers of Attorney, and procure the shareholders' meeting and the board of directors (or executive directors) of Zhaogang Netcom not to approve such matters;

(2) without the written consent of WFOE 1, for any division, merger or consolidation to be conducted with anyone, or acquisition or investment of anyone by Zhaogang Netcom, to cause the shareholders' meeting and/or the board of directors (or executive directors) of Zhaogang Netcom to vote on the approval of the transfer of equity interests and any other action requested by WFOE 1;

(3) any Registered Shareholders who have not transferred its Shares shall waive any pre-emptive right that he/she is entitled to (if any), and give consent to the execution, by other shareholders of Zhaogang Netcom with WFOE 1 and Zhaogang Netcom, of any exclusive option agreements, equity interest pledge agreements and powers of attorney similar to the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney, and undertake not to take any actions that would be in conflict with such documents executed by the other shareholders of Zhaogang Netcom (if any); and

(4) each of the Registered Shareholders will transfer to WFOE 1 or its appointee(s) by way of gift any profit, dividend, bonus and liquidation income in accordance with the PRC laws.

The Registered Shareholders shall, subject to the relevant laws and regulations, return to WFOE 1 or any person designated by WFOE 1, any consideration they receive in the event that WFOE 1 exercise the options under the Exclusive Option Agreement to acquire the equity interests in Zhaogang Netcom.

The Exclusive Option Agreement became effective upon its execution and shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in Zhaogang Netcom have been transferred to WFOE 1 or its appointee(s). WFOE 1 may terminate the Exclusive Option Agreement upon written notice according to its own discretion.

Equity Pledge Agreements

Zhaogang Netcom, WFOE 1 and the Registered Shareholders at that time entered into an equity pledge agreement on May 18, 2018, which was subsequently amended and restated on August 31, 2021 and on September 29, 2022 (the "**Equity Pledge Agreement**"). Pursuant to the Equity Pledge Agreement, the Registered Shareholders pledged all their respective equity interests in Zhaogang Netcom, including any interest or dividend paid for the shares, to WFOE 1 as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

Directors' Report

The pledge in respect of Zhaogang Netcom takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until after (i) all the contractual obligations of the Registered Shareholders and Zhaogang Netcom under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and Zhaogang Netcom under the relevant Contractual Arrangements have been fully paid, or (ii) WFOE 1 and/or its appointee(s) decide to purchase all equity interests of Zhaogang Netcom to the extent acceptable by the PRC laws pursuant to the Exclusive Option Agreement, the equity interests of Zhaogang Netcom has been transferred to WFOE 1 and/or its appointee(s) pursuant to laws, and WFOE 1 and/or its appointee(s) could lawfully engage in the business of Zhaogang Netcom. The Equity Pledge Agreement became effective upon its execution and shall remain valid until all the contractual obligations therein have been fully performed and all the outstanding debts thereunder have been fully paid.

Upon the occurrence and during the continuance of an event of default, WFOE 1 shall have the right to dispose the pledge after sending the notice of default to the Registered Shareholders. WFOE 1 shall also have the right to exercise all such rights as a secured party under any applicable PRC laws and the Equity Pledge Agreement, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

The registration of the Equity Pledge Agreement as required by the relevant laws and regulations became effective in accordance with the terms of the Equity Pledge Agreement and PRC laws and regulations.

Powers of Attorney

The Registered Shareholders executed powers of attorney on May 18, 2018, August 31, 2021 and September 29, 2022 (collectively, the "**Powers of Attorney**"), respectively. Under the Powers of Attorney, the Registered Shareholders irrevocably appointed WFOE 1 and its designated persons (including the Directors and their only and exclusive successors and liquidators replacing the Directors) as their attorneys-in-fact to exercise on their behalf:

(1) to convene and attend shareholders' meetings of Zhaogang Netcom;

(2) to file documents with the relevant company registry;

(3) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of Zhaogang Netcom, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in Zhaogang Netcom;

(4) to execute any and all written resolutions and meeting minutes and to approve the amendments to the articles of associations in the name and on behalf of such shareholder; and

(5) to nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of Zhaogang Netcom.

Any non-independent persons or those who may give rise to conflict of interest will not be appointed as a designated person of WFOE 1.

Directors' Report

Each of the Registered Shareholders has undertaken that it will not directly or indirectly participate in, engage in, involve in, or own any business which potentially compete with WFOE 1, Zhaogang Netcom's affiliates or its main business.

Further, the Powers of Attorney shall remain effective for so long as each shareholder holds equity interest in Zhaogang Netcom.

Confirmations from the Relevant Individual Shareholders

Each of the Relevant Individual Shareholders, namely, Mr. Wang Dong, Mr. Wang Changhui and Mr. Rao Huigang, has confirmed to the effect that (i) his spouse does not have the right to claim any interests in the equity interest of Zhaogang Netcom (together with any other interests therein) or exert influence on the day-to-day management by Zhaogang Netcom; (ii) in the event of his death, incapacity, divorce or any other event which causes his/her inability to exercise his rights as a shareholder of Zhaogang Netcom, they will take necessary actions to safeguard their interests in Zhaogang Netcom (together with any other interests therein) and their successors (including his/her spouse) will not take any actions to claim any interests in Zhaogang Netcom (together with any other interests therein) such that its interests in Zhaogang Netcom shall not be affected.

Spouse Undertakings

The spouse of each of the Relevant Individual Shareholders, where applicable, has signed an undertaking (the "**Spouse Undertakings**") to the effect that (i) the respective Relevant Individual Shareholder is entitled to dispose of the interests in Zhaogang Netcom (together with any other interests therein) and (ii) she will not have any claim on such interests.

The PRC Legal Advisor to the Company is of the view that (i) the above arrangements provide protection to WFOE 1 (as an indirect wholly-owned subsidiary of the Group) even in the event of death or divorce of any Relevant Individual Shareholders or bankruptcy of any corporate Registered Shareholders; and (ii) the death, bankruptcy or divorce (where applicable) of such shareholder would not affect the validity of the Contractual Arrangements, and pursuant to the Contractual Arrangements, relevant provisions thereunder (as applicable) are also binding on the successors or permitted transferees of the Registered Shareholders.

Based on the above, the Board is of the view that the Contractual Arrangements provide sufficient protection to the Group in the event of death, bankruptcy or divorce of the Registered Shareholders.

Directors' Report

Confirmation from the Company's independent auditor

According to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions Under Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, auditors are not typically required to provide confirmation regarding annual caps for transactions under the Contractual Arrangements. This is because the Stock Exchange does not usually mandate the establishment of annual caps for such transactions.

Having considered this, our independent external auditor has confirmed in a letter to our Board that, with respect to the continuing connected transactions of our Company:

(1) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by our Board;

(2) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(3) with respect to the transactions contemplated under the Contractual Arrangements among the Company, WFOE, the Consolidated Affiliated Entities and Registered Shareholders of Zhaogang Netcom, nothing has come to the auditor's attention that causes the auditor to believe that there were any dividends or other distributions made by the Consolidated Affiliated Entities to the Registered Shareholders of Zhaogang Netcom.

Confirmation from the Independent Non-Executive Directors

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group's legal structure and business operations, and the relevant transactions have been and will be entered into in its ordinary and usual course of business, are on normal commercial terms or better and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company Shareholders as a whole. The Directors (including the independent non-executive Directors) also confirmed that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

During the Reporting Period, save as disclosed in this annual report, no related party transaction disclosed in Note 40 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required.

The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

Directors' Report

WEIGHTED VOTING RIGHTS

The Company is controlled through a WVR structure. Under this structure, each Class A Share entitles the holder to exercise one vote, while each Class B Share entitles the holder to exercise ten votes on all matters requiring a shareholder vote, except for the Reserved Matters, where each share carries one vote as mandated by Rule 8A.24 of the Listing Rules. The Reserved Matters include: (i) any amendment to the constitutional documents of the Company, including variations to class rights, (ii) the appointment, election, or removal of independent non-executive Directors, (iii) the appointment or removal of the Company's auditors, and (iv) the voluntary liquidation or winding-up of the Company. This WVR structure allows Mr. Wang Dong and Mr. Wang Changhui, the holders of Class B Shares (the "**WVR Beneficiaries**"), to exercise voting control over the Company despite not holding a majority economic interest in its share capital. This arrangement enables the Company to benefit from the continued vision and leadership of the WVR Beneficiaries.

Shareholders and prospective investors should note the potential risks associated with investing in companies with a WVR structure. The interests of the WVR Beneficiaries may not always align with those of the Company Shareholders as a whole, and the WVR Beneficiaries are positioned to exert significant influence over the Company's affairs and the outcome of shareholders' resolutions, regardless of how other shareholders vote. Prospective investors are urged to carefully consider these factors before deciding to invest in the Company.

As of the Latest Practicable Date, the WVR Beneficiaries collectively hold 36,108,114 Class A Shares, representing approximately 3.4% of the issued share capital and approximately 1.3% of the voting rights, and 191,035,862 Class B Shares, representing approximately 17.8% of the issued share capital and approximately 68.5% of the voting rights with respect to shareholders' resolutions on matters other than the Reserved Matters. Class B Shares may be converted into Class A Shares on a one-to-one basis. Upon full conversion of all issued and outstanding Class B Shares into Class A Shares, the Company would issue an additional 191,035,862 Class A Shares, bringing the total to 1,071,092,361 Class A Shares, with the converted shares then representing approximately 17.8% of the total issued share capital.

As of December 31, 2024, Mr. Wang Dong beneficially owns 157,523,425 Class B Shares, representing approximately 56.5% of the voting rights in the Company with respect to matters other than the Reserved Matters. These shares are held through Wangdong Holdings and Pangmao1 Ltd, with Pangmao1 Ltd wholly owned by Wangdong Holdings, a company indirectly wholly-owned by a trust established by Mr. Wang Dong for the benefit of himself and his family. As of the same date, Mr. Wang Changhui beneficially owns 33,512,437 Class B Shares, representing approximately 12.0% of the voting rights in the Company with respect to matters other than the Reserved Matters. These shares are held through Wangchanghui Holdings and Pangmao2 Ltd, with Pangmao2 Ltd wholly owned by Wangchanghui Holdings, a company indirectly wholly-owned by a trust established by Mr. Wang Changhui for the benefit of himself and his family.

The weighted voting rights attached to the Class B Shares will cease when neither of the WVR Beneficiaries retains beneficial ownership of any Class B Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

(i) upon the occurrence of circumstances outlined in Rule 8A.17 of the Listing Rules, including where a WVR Beneficiary is: (1) deceased; (2) no longer a member of the Company Board; (3) deemed by the Stock Exchange to be incapacitated for performing director duties; or (4) deemed by the Stock Exchange to no longer meet the director requirements under the Listing Rules;

(ii) when a WVR Beneficiary transfers the beneficial ownership of, or economic interest in, all Class B Shares or their attached voting rights to another person, except in circumstances permitted by Rule 8A.18 of the Listing Rules;

(iii) where a vehicle holding Class B Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules; or

(iv) when all Class B Shares have been converted into Class A Shares.

The Company confirms that, during the period from the Listing Date to the Latest Practicable Date, it has complied with the Corporate Governance Code set out in Appendix C1 to the Listing Rules, to the extent required by Chapter 8A of the Listing Rules.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

During the year ended December 31, 2024, our largest customer and five largest customers in the aggregate accounted for 13.9% and 28.5% of our total revenue, respectively. During the year ended December 31, 2024, our largest supplier and five largest suppliers in the aggregate accounted for 10.9% and 33.2% of our total purchases, respectively.

During the year ended December 31, 2024, none of our Directors, their close associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

Directors' Report

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 42 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of property and equipment of the Group for the year ended December 31, 2024 are set out in Note 16 to the consolidated financial statements.

During the Reporting Period, none of the Company's properties was held for development and/or sale or for investment purposes.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 are set out in the Consolidated Statement of Changes in Equity in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as of the Latest Practicable Date, the Company had maintained the prescribed percentage of public float under the Listing Rules since the Listing Date and up to the Latest Practicable Date.

DONATION

During the Reporting Period, the Group made charitable donations of RMB0.21 million.

DEBENTURE ISSUED

The Group did not issue any debentures during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Schemes" and "Repurchase of the Company's Shares" in this annual report, no equity-linked agreement was entered into by the Group or existed during the Reporting Period.

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.

PERMITTED INDEMNITY

Pursuant to Article 49.1 of the Company's Articles of Association, every Director and officer of the Company, together with every former Director and former officer (each an "**Indemnified Person**"), shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages, or expenses, including legal expenses, which they or any of them may incur as a result of any act or failure to act in carrying out their functions, except where such liability arises from their own actual fraud or wilful default. No Indemnified Person shall be liable to the Company for any loss or damage incurred by the Company as a result of carrying out their functions, unless such liability is determined to stem from their actual fraud or wilful default, as adjudged by a court of competent jurisdiction.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2024 are set out in the Consolidated Statement of Changes in Equity.

As of December 31, 2024, the Company did not have any distributable reserves.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group for the year ended December 31, 2024 are set out in Note 28 to the consolidated financial statements.

DIRECTOR AGREEMENTS

Each of our executive Directors entered into an appointment agreement with the Company on March 10, 2025. The initial term of the appointment commenced from March 10, 2025 and shall continue for a period of three years, or until the third annual general meeting of the Company, subject always to retirement and re-election as and when required under the Company Articles. The term may be terminated in accordance with the terms and conditions of the appointment letter or by either party providing at least one month's prior notice in writing.

Each of our non-executive Directors entered into a service contract with the Company. The initial term of their appointment as non-executive Directors of the Company shall commence from March 10, 2025 and shall continue for a period of three years, or until the third annual general meeting of the Company, subject always to retirement and re-election as and when required under the Company Articles. The term may be terminated in accordance with the terms and conditions of the appointment letter or by either party providing at least one month's prior notice in writing.

Each of the independent non-executive Director of the Company entered into a service contract with the Company. Their appointment as an independent non-executive Director of the Company commenced from March 10, 2025 and shall continue for a period of three years, or until the third annual general meeting of the Company, subject always to retirement and re-election as and when required under the Company Articles. The term may be terminated in accordance with the terms and conditions of the appointment letter or by either party providing at least one month's prior notice in writing.

Directors' Report

Save as disclosed above, none of the Directors has or will have a service contract with any member of the Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the Reporting Period.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

In compliance with the Corporate Governance Code, the Board will review and determine the remuneration and compensation packages of the Directors and senior management officers with the benefit of recommendations from the Remuneration Committee. The Remuneration Committee will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

The remuneration is determined and recommended based on each Director's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and members of senior management of the Company will receive compensation in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus, share-based payments, retirement benefits scheme, allowances and other benefits in kind) paid to the Directors in the Company for the Reporting Period was approximately RMB6.4 million. Save as disclosed above, no other amounts have been paid or are payable by any member of the Group to the Directors or members of the senior management of the Company during the Reporting Period.

For further details of the remuneration of the Directors and the five highest paid individuals are set out in Note 13 to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

RETIREMENT BENEFITS PLANS

Details of the retirement benefits plans are set out in Note 36 to the consolidated financial statements.

For the year ended December 31, 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the Reporting Period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

AUDITOR

The consolidated financial statements of the Group for Hong Kong financial reporting have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at the AGM. There was no change in the Company's independent external auditors in any of the preceding three years.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

REPURCHASE OF THE COMPANY'S SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its listed securities during the Reporting Period.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, June 27, 2025. For determining the eligibility to attend and vote at the AGM, the register of shareholders of the Company will be closed from Tuesday, June 24, 2025 to Friday, June 27, 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, June 27, 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 (for both holders of Class A Shares and holder of Class B Shares), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, June 23, 2025.

Directors' Report

CHANGES TO DIRECTORS' INFORMATION

Save as disclosed above, since the Listing Date and up to the Latest Practicable Date, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Since the Listing Date and up to the Latest Practicable Date, neither our Controlling Shareholders nor any of our Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONFIRMATION OF INDEPENDENCE

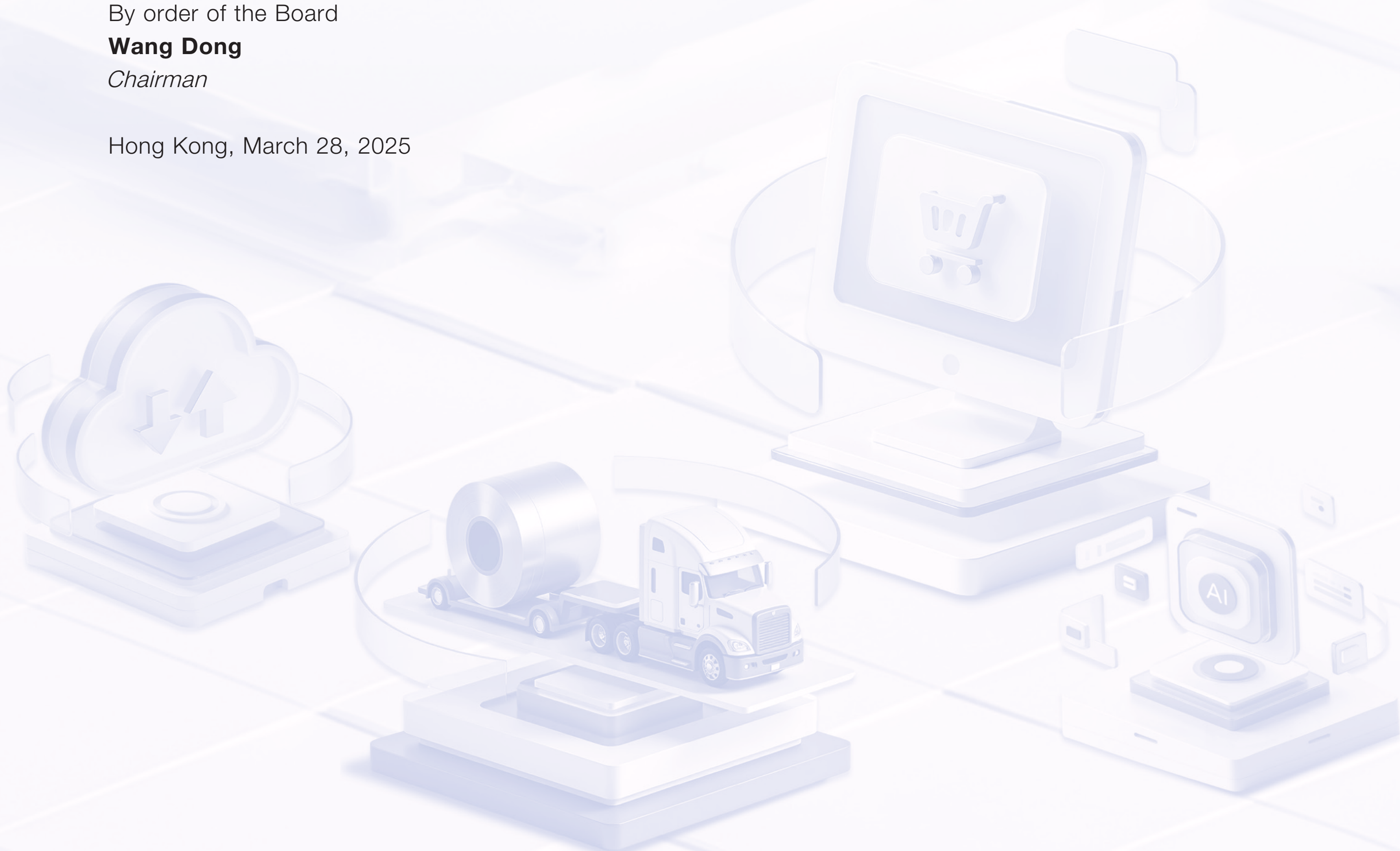
We have received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and our Board considers each of them independent.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

By order of the Board
Wang Dong
Chairman

Hong Kong, March 28, 2025



Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Wang Dong, 49, has served as our executive Director, chairman of the Board, and chief executive officer since March 10, 2025. He has been a director of the Company since February 27, 2012, and has served as a director and chief executive officer of Zhaogang Netcom since March 2012. With approximately 16 years of experience in the steel industry, Mr. Wang Dong has led the strategic development of the Company since its inception. His visionary leadership and innovative thinking have transformed the Company into an industry pioneer in China by introducing online information services and integrating supply chain services into its business model since 2014. Under his guidance, the Company leveraged its extensive transaction data and customer base to pioneer big data analytics and SaaS-based services. Mr. Wang Dong also spearheaded angel investment in e-commerce platforms, such as the TCRM Platform (an e-commerce solution), extending internet-based solutions to traditional industries beyond steel. Notably, he masterminded the heavy-to-light transformation strategy since 2019, a shift from capital-intensive to asset-light operations, creating a digital platform that connects participants along the steel value chain while minimizing capital risks.

Mr. Wang Dong graduated from Sichuan University (四川大學) majoring in electrical technology in the PRC in July 1999 and further obtained his master's degree in software engineering from Huazhong University of Science and Technology (華中科技大學) by way of in-service postgraduate study in the PRC in December 2007. Mr. Wang Dong obtained an EMBA degree at PBC School of Finance, Tsinghua University (清華五道口金融學院) in December 2024.

Mr. Wang Changhui, 41, has served as our executive Director and chief operating officer since March 10, 2025. He co-founded the Company with Mr. Wang Dong in February 2012 and has been a director and chief operating officer of the Company since February 27, 2012, as well as a director of Zhaogang Netcom since March 2012. With over 16 years of experience in sales and operation management in the steel industry, Mr. Wang Changhui has driven the operational success of the Company. His deep insights into supply and demand dynamics have facilitated the adoption of steel e-commerce within the traditional industry. Mr. Wang Changhui shaped the Company's vision by building strong relationships with suppliers and clients, establishing a robust digital platform. In 2019, alongside Mr. Wang Dong, he led the transformation of the Company's business model, spearheading a joint venture that transitioned it into a leading online digital platform. Mr. Wang Changhui's deep market insights and manufacturer relationships were pivotal in scaling the platform's transaction volumes while maintaining asset-light discipline.

Mr. Wang Changhui obtained a diploma in marketing from Henan Finance and Taxation College (河南財政稅務高等專科學校) in the PRC in July 2006. Mr. Wang Changhui is currently pursuing his EMBA degree in China Europe International Business School (CEIBS).

Directors and Senior Management

Ms. Gong Yingxin, 49, has served as our Director and senior vice president since March 10, 2025. She joined the Company in October 2013 as head of the public affairs department, was promoted to senior vice president in December 2015, and has been a director of the Company since January 6, 2021. Ms. Gong Yingxin has also served as vice president of Zhaogang Netcom since December 2015. With extensive experience in public affairs and management, she has overseen the functional departments of the Company, including legal, public relations, and administration. Her leadership has supported the Company's strategic objectives, ensuring operational stability and alignment with its pioneering digital transformation.

Ms. Gong Yingxin obtained her bachelor's degree in economics from Lanzhou Jiaotong University (蘭州交通大學) in the PRC in July 1999, and an EMBA degree from Peking University (北京大學) in the PRC in July 2019.

Ms. Zhou Min, 37, has served as our executive Director and financial vice president since March 10, 2025. She joined the Group in July 2015, was appointed senior financial controller on December 16, 2019, and became financial vice president in April 2023. She has also served as financial vice president of Zhaogang Netcom since April 2023. With a strong background in financial management, Ms. Zhou Min has guided the financial strategy of the Company. Her expertise has been crucial in maintaining fiscal discipline during the Company's expansion into digital and service-based operations, supporting its growth under the leadership of Mr. Wang Dong and Mr. Wang Changhui.

Ms. Zhou Min received a bachelor's degree in food science and engineering from Zhengjiang A&F University (浙江農林大學) in the PRC in June 2011, and an MBA degree from Shanghai University of Finance and Economics (上海財經大學) in the PRC in December 2022. Ms. Zhou Min obtained the Intermediate Accountant Certificate (中級會計師證書) from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2016, the American Certified Management Accountant Certificate (美國註冊管理會計師證書) from the Institute of Management Accountants in the United States in July 2018, the Senior Accountant Certificate (高級會計師證書) from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in 2023, and was selected into the Training Project of Shanghai Municipal Finance Bureau for Accounting Talents (上海市財政局會計優秀人才培養工程) in 2024.

Non-executive Directors

Mr. Ye Qian, 40, has served as our non-executive Director since March 10, 2025. He joined the Group as a director of the Company in August 2021 and has been a director of Zhaogang Netcom since December 2021. With extensive experience in corporate governance and investment management, Mr. Ye has provided strategic guidance to the Board. His roles as a director of BAIC Motor Corporation Limited since March 2021 and general manager of Beijing Shouyuan New Energy Investment Management Co., Ltd. since January 2017 have enriched his contributions, supporting the Company's evolution into a digital platform leader in the steel industry.

Mr. Ye obtained his bachelor's degree in Russian from Heilongjiang University (黑龍江大學) in the PRC in June 2007, and obtained his MBA from the University of Wales through in-service postgraduate study in the UK in December 2014.

Directors and Senior Management

Mr. Jiang Rongfeng, 47, has served as our non-executive Director since March 10, 2025. He has been chairman of the board of directors of Aquila since November 2021 and chief executive officer of Aquila since January 2022. Mr. Jiang Rongfeng brings over a decade of financial expertise from his roles as managing director of CMB International Capital Corporation Limited and general manager of CMB International Asset Management Limited since September 2015. His strategic insights have bolstered the Board, aligning with the Company's focus on innovation and sustainable growth in the steel industry.

Mr. Jiang Rongfeng obtained a bachelor's degree in Economics from Peking University in the PRC in July 1998 and an MBA degree from Columbia Business School in the U.S. in May 2008.

Independent non-executive Director

Mr. Wang Xiang, 64, has served as our independent non-executive Director since March 10, 2025. With over 30 years of experience in technology and business operations from leadership roles at Xiaomi Corporation and Qualcomm China, Mr. Wang Xiang has provided independent judgment on the Company's strategy and governance. His tenure as president of Xiaomi Corporation from November 2019 to August 2020 drove significant operational and investment initiatives. Mr. Wang Xiang's expertise has been vital in ensuring robust oversight as the Company advances its digital solutions in the steel sector.

Mr. Wang Xiang obtained his bachelor's degree in semiconductor physics and devices from Beijing University of Technology (北京工業大學) in the PRC in July 1984. Mr. Wang Xiang was recognized as 2022 Global Chinese Elite TOP 100 by Forbes China in October 2022.

Mr. Chen Yin, 45, has served as our independent non-executive Director since March 10, 2025. Since May 2016, he has been an executive director of Shanghai Sunho Capital Management Co., Ltd., bringing extensive experience in corporate strategy and investment banking from roles at China International Capital Corporation and Deutsche Bank. Mr. Chen Yin's independent perspective has strengthened the Company's governance and performance, supporting its transition to a digital platform while maintaining accountability.

Mr. Chen Yin obtained his bachelor's degree in management from Tsinghua University (清華大學) in the PRC in July 2002 and obtained his master's degree in management from China Academy of Sciences (中國科學院) in July 2005.

Mr. Wang Weisong, 66, has served as our independent non-executive Director since March 10, 2025. An associate professor at Shanghai University of Finance and Economics since July 1982, Mr. Wang Weisong has over four decades of expertise in accounting and corporate governance. His extensive experience as an independent non-executive Director and audit committee chairman in multiple listed companies has provided critical independent judgment on strategy, internal controls, and performance, ensuring the Company's accountability as it scales its digital operations.

Mr. Wang Weisong obtained his bachelor's degree in industrial and civil construction from Tongji University (同濟大學) in the PRC in June 1982, and obtained his master's degree in industrial management engineering from Tongji University (同濟大學) by way of in-service postgraduate study in the PRC in April 1988, then further obtained his doctor's degree in management science and engineering from Tongji University (同濟大學) by way of in-service postgraduate study in the PRC in September 2003.

Directors and Senior Management

SENIOR MANAGEMENT

Our senior management team comprises Mr. Wang Dong, Mr. Wang Changhui, Ms. Gong Yingxin and Ms. Zhou Min, who are each an executive Director of our Company, and Mr. Zhang Xiaokun, Mr. Zhang Xurui, Mr. Tong Yaming, Ms. Chen Qing, Mr. Zeng Lingyu and Mr. Meng Long. See the section headed "Directors" in "Directors and Senior Management" for biographies of the executive Directors.

Mr. Zhang Xiaokun, 39, has served as our vice president since January 1, 2022. Mr. Zhang Xiaokun joined the Company in April 2012 and was appointed as vice president. He is primarily responsible for the management of the TCRM Platform (騰採通) business unit and the new business unit of the Company. Mr. Zhang Xiaokun has also served as the vice president of Zhaogang Netcom since January 1, 2022. Prior to joining the Company, Mr. Zhang Xiaokun worked as a technician at China Land Resources Aerial Geophysical Remote Sensing Center (中國國土資源航空物探遙感中心) from July 2009 to June 2012. From October 2010 to April 2012, he served as the chief executive officer of Beijing Smart Tao Network Technology Co., Ltd. (北京智能淘網絡技術有限公司), where he oversaw the operation and daily management of the company.

Mr. Zhang Xiaokun received his bachelor's degree in exploration technology and engineering in July 2006 and his master's degree in geotechnical engineering in July 2009, both from China University of Geosciences, Beijing (中國地質大學(北京)) in the PRC.

Mr. Zhang Xurui, 47, has served as our vice president since April 2021. Mr. Zhang Xurui joined the Company in April 2021 as vice president and is primarily responsible for the management of the digital technology division and risk management division of the Company. He has also served as the vice president of Zhaogang Netcom since April 2021. Prior to joining the Company, Mr. Zhang Xurui was the general manager of the portfolio investment department at Bohai International Trust Co., Ltd. (渤海國際信託股份有限公司) from March 2013 to April 2021, where he led the launch of trust business within the department.

Mr. Zhang Xurui received his bachelor's degree in economic law from China University of Political Science and Law (中國政法大學) in the PRC in July 1999. He was awarded the 12th "Chengxintuo" Best Innovative Trust Product Award ("誠信託"最佳創新信託產品獎) by Shanghai Securities News (上海證券報), the Award of Excellence for Key Research Topics for 2019 (2019 年度重點研究課題優秀獎) from the Finance Association of Hebei Province (河北省金融學會) in April 2020, and the Gold Medal Innovative Financial Products for 2020 (2020年度金牌創新力金融產品) by Financial Management Magazine (金融理財雜誌社).

Mr. Tong Yaming, 49, has served as our vice president since June 18, 2013. Mr. Tong Yaming joined the Company on June 18, 2013 as vice president and is primarily responsible for the management of upstream suppliers of the Company. He has also served as the vice president of Zhaogang Netcom since June 2013. Prior to joining the Company, Mr. Tong Yaming was a vice president at Zhejiang Guoyuan Holdings Co., Ltd. (浙江國遠控股有限公司) from October 2007 to June 2013, where he managed the Company's business operations.

Mr. Tong Yaming received an EMBA through in-service postgraduate study from Sichuan Agricultural University (四川農業大學) in the PRC in January 2022.

Directors and Senior Management

Ms. Chen Qing, 39, has served as our vice president since November 1, 2018. Ms. Chen Qing joined the Company on February 1, 2013 and was appointed as vice president. She is in charge of the transaction service department and responsible for downstream customer management of the Company. Ms. Chen Qing has also served as the vice president of Zhaogang Netcom since November 2018. Prior to joining the Company, Ms. Chen Qing was employed by Zhejiang Guoyuan Holdings Co., Ltd. (浙江國遠控股有限公司) from March 2008 to February 2013.

Ms. Chen Qing received her bachelor's degree in accounting from Jiaxing University (嘉興學院) in the PRC in June 2007 and an EMBA degree from Fudan University (復旦大學) in the PRC in June 2020.

Mr. Zeng Lingyu, 47, has served as our vice president since July 2019. Mr. Zeng Lingyu joined the Company in February 2014 as human resource director and was appointed as vice president in July 2019. He is primarily responsible for the management of human resources of the Company. Mr. Zeng Lingyu has also served as a vice president of Zhaogang Netcom since July 2019. Prior to joining the Company, Mr. Zeng Lingyu worked at Shanghai Honghua Education and Science Consulting Co., Ltd. (上海泓華科教諮詢有限公司) from March 2003 to March 2005, Shanghai Weixun Tianda Information Technology Co., Ltd. (上海威訊天達信息科技有限公司) from April 2005 to November 2007, Beijing Shouzheng Information Technology Co., Ltd., Shanghai Branch (北京首正信息技術有限公司上海分公司) from December 2007 to December 2008, Shanghai Quancheng Communication Technology Co., Ltd. (上海全成通信技術有限公司) from December 2008 to April 2009, and Shanghai Yuantong Technology Co., Ltd. (上海緣通科技有限公司) from August 2009 to May 2013.

Mr. Zeng Lingyu received his bachelor's degree in computer application from University of Electronic Science and Technology (電子科技大學) in the PRC in December 2001 and a master's degree in project management from Shanghai Jiaotong University (上海交通大學) in the PRC in March 2010 through part-time learning.

Mr. Meng Long, 35, has served as the secretary of our Board and assistant to the chief executive officer since November 2020. Mr. Meng Long joined the Company in November 2020 in these roles and is primarily responsible for the management of capital operation and investor relationships of the Company. He has also served as the secretary of the board and assistant to the chief executive officer of Zhaogang Netcom since November 2020. Prior to joining the Company, Mr. Meng Long was the deputy director of the capital operation department and securities representative at Sundiro Holding Co., Ltd. (新大洲控股股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000571), from January 2014 to October 2016, where he managed capital operation, information disclosure, and investor relations. From November 2016 to January 2020, he served as the secretary to the board of directors and financial director of Shanghai Taidu Intelligent Technology Co., Ltd. (上海鈦度智能科技有限公司), overseeing investment, financing, capital operation, and finance management. From March 2020 to November 2020, he was the financial director of Shanghai Etong Technology Co., Ltd. (上海易同科技股份有限公司), a company delisted on the National Equities Exchange and Quotations in the PRC on February 28, 2023 (stock code: 430258), where he handled investment, financing, and financial management.

Mr. Meng Long received his bachelor's degree in finance from Hunan University (湖南大學) in the PRC in July 2012 and a master's degree in finance from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2014. He holds a qualification certificate for board secretary from the Shenzhen Stock Exchange (obtained October 2014), a Certified Public Accountant (CPA) certificate from the CPA Examination Committee of the Ministry of Finance (obtained March 2020), and a Chartered Financial Analyst (CFA) certificate from the CFA Institute (obtained September 2019).

Directors and Senior Management

JOINT COMPANY SECRETARIES

Mr. Meng Long and Ms. Lai Siu Kuen are our joint company secretaries. See the section headed "Senior Management" in "Directors and Senior Management" for the biography of Mr. Meng Long.

Ms. Lai Siu Kuen is a director of company secretarial services of Tricor Services Limited. She has more than 20 years of experience in advising and assisting with the corporate secretarial and corporate governance matters of Hong Kong listed companies. She is currently the sole or joint company secretary of several companies listed on the Stock Exchange. She is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Lai Siu Kuen obtained a bachelor of arts degree in accountancy.

Corporate Governance Report

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2024.

CORPORATE GOVERNANCE CULTURE

Our Company believes that a strong corporate governance culture is fundamental to its long-term success and sustainability as a leading digital platform in the steel industry. Our Board is committed to upholding the highest standards of integrity, compliance, and governance, ensuring effective risk management, fostering sustainable growth, and safeguarding the interests of all Shareholders.

During the Reporting Period, our Company advanced its mission to pioneer the digital transformation of steel transactions, connecting key industry participants through its comprehensive suite of B2B services, including online steel transactions, logistics, warehousing, processing, SaaS products, and big data analytics. Guided by a commitment to business ethics, our Company prioritizes the protection of customer data, privacy, and intellectual property, fostering trust and innovation. These efforts enable our Company to deliver a high-quality platform that enhances customer satisfaction.

Our Company maintains a robust governance framework characterized by transparency, accountability, and regulatory compliance, complemented by an environmental, social and governance strategy that embeds sustainable development into its core operations. In pursuit of sustainable trade, our Company partners with suppliers committed to carbon reduction, promoting shared growth through collaborative initiatives. Talent development is also a cornerstone of our Company's culture. We support this through regular employee training, a comprehensive compensation and benefits package, and initiatives that foster a diverse, equitable, and inclusive workplace, enhancing employee well-being and engagement.

Looking ahead, our Company remains dedicated to advancing its digital platform, driving technological innovation, and enhancing service quality. With the collective efforts of our employees, senior management, and Board, we believe our Company is well-positioned to contribute meaningfully to our business partners and the broader economy.

For further details on our Company's corporate governance and sustainability initiatives, please refer to the Environmental, Social and Governance Report, published on the Stock Exchange's website (www.hkexnews.hk) and our investor relations website (ir.zhaogang.com).

Corporate Governance Report

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 are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of 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 the Corporate Governance Code 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 Company Articles, 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 Company Articles, 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 for the purpose of their annual review;

Corporate Governance Report

(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 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 advisor 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 Chapter 8A to the Listing Rules. All members of 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 Latest Practicable Date, the Directors 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 Shareholders' interests. During the period from the Listing Date and up to the Latest Practicable Date, the Company has complied with all applicable code provisions set out in the Corporate Governance Code, save for the deviation set out below.

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 considers it beneficial to the business prospect and operational efficiency to have Mr. Wang Dong act 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, 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 they act 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.

Corporate Governance Report

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 Latest Practicable Date.

BOARD COMPOSITION

Since the Listing Date and up to the Latest Practicable Date, the composition of the Board comprised the following Directors:

Directors

Executive Directors
Mr. Wang Dong *(Chairman and chief executive officer)*
Mr. Wang Changhui
Ms. Gong Yingxin
Ms. Zhou Min

Non-executive Directors
Mr. Ye Qian
Mr. Jiang Rongfeng

Independent non-executive Directors
Mr. Wang Xiang *(chairman of the Nomination Committee and the Remuneration Committee)*
Mr. Chen Yin *(chairman of the Corporate Governance Committee)*
Mr. Wang Weisong *(chairman of the Audit Committee)*

The biographical information of the Directors is disclosed under the section headed "Directors and Senior Management" on pages 59 to 64 of this annual report.

Save as set out in this annual report, there are no other material/relevant relationships (including financial, business, family) between members of the Board.

BOARD MEETINGS

Code Provision C.5.1 of the Corporate Governance Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. The Board meeting will involve active participation of a majority of Directors. Schedules for regular Board meetings are normally agreed with Directors in advance to facilitate their attendance. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors are given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying meeting papers will be sent to all Directors in a timely manner and at least three days in advance of every regular Board meeting.

Apart from regular Board meetings, the Chairman of the Board will also hold meetings with the independent non-executive Directors without the presence of other Directors.

As the Company was listed on March 10, 2025, the attendance record of the Directors at Board meetings and general meetings will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers each of the independent non-executive Directors to be independent.

Since the Listing Date and up to the Latest Practicable Date, the Board had at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Paragraph 4(2) of Appendix A1 to the Listing Rules stipulates that all directors appointed to fill a casual vacancy shall hold office only until the first general meeting after appointment and subject to re-election by shareholders, and Code Provision B.2.2 of the Corporate Governance Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of 3 years, subject to renewal after the expiry of the then current term.

Under the Company Articles, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Company Articles as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

Corporate Governance Report

Under Company Articles, at every annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision-making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. In particular, the role of an independent non-executive Director of a listed issuer with a WVR structure includes but is not limited to the functions described in Code Provisions C.1.2, C.1.6 and C.1.7 of the Corporate Governance Code. The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations.

Liability insurance for the Directors and senior management officers of the Company has been maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference (the charter). The terms of reference (the charter) of the Board committees are available on the Company's investor relations website and the Stock Exchange's website.

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. The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Jiang Rongfeng, Mr. Wang Weisong and Mr. Chen Yin. 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 monitoring the Company's environmental, social responsibility and corporate governance policies and practices; (v) reviewing and approving connected transactions; and (vi) other duties and responsibilities as assigned by the Board.

The Audit Committee held one meeting as of the date of the Latest Practicable Date, during which it reviewed and approved the annual 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.

The attendance record of the Audit Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the Corporate Governance Code. The Remuneration Committee comprises one non-executive Director and two independent non-executive Directors, namely Mr. Ye Qian, Mr. Wang Xiang and Mr. Chen Yin. Mr. Wang Xiang is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include: (i) establishing, reviewing and advising the Board on the policy and structure of remuneration to the Directors and senior management officers; (ii) establishing a formal and transparent procedure for developing policies concerning such remuneration; (iii) determining the terms and specific remuneration packages of all Directors and senior management officers; (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (v) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The attendance record of the Remuneration Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Details of the remuneration payable to each Director for the Reporting Period are set out in Note 13 to the consolidated financial statements.

Corporate Governance Report

During the Reporting Period, pursuant to Code Provision E.1.5 of the Corporate Governance Code, the remuneration by band of the senior management of the Company (excluding executive Directors), whose biographies are set out in the section headed "Directors and Senior Management" of this annual report is set out below:

Remuneration bands (RMB)	Number of Persons
1 - 1,000,000	2
1,000,001 - 2,000,000	4
Total	6

Nomination Committee

The Company has established a Nomination Committee in compliance with Rule 3.27A, 8A.27 and 8A.28 of the Listing Rules and paragraph B.3.1 of the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Ms. Gong Yingxin, Mr. Wang Xiang and Mr. Wang Weisong. Mr. Wang Xiang, our independent non-executive Director, is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include: (i) reviewing the structure, diversity, size and composition of the Board on a regular basis and making recommendations regarding any proposed changes to its composition; (ii) identifying, selecting or making recommendations to the Board on the selection of nominees for directorship; (iii) ensuring the diversity of the Board; (iv) assessing the independence of the Company's independent non-executive Directors; (v) making recommendations to the Board regarding the appointment, re-appointment, removal and succession of the Directors; and (vi) assessing each Director's time commitment and contribution to the Board annually.

The attendance record of the Nomination Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

Corporate Governance Committee

The Company has established a Corporate Governance Committee in compliance with the Corporate Governance Code and Chapter 8A of the Listing Rules. The Corporate Governance Committee comprises three independent non-executive Directors, namely Mr. Chen Yin, Mr. Wang Weisong and Mr. Wang Xiang. Mr. Chen Yin is the chairman of the Corporate Governance Committee.

Corporate Governance Report

The Corporate Governance Committee is required to confirm to the Board it is of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interest between the Group and the beneficiaries of weighted voting rights in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole indiscriminately. In accordance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code, the primary duties of the Corporate Governance Committee include:

a. to develop, review and assess the adequacy of the Company's policies and practices on corporate governance and make recommendations to the Board;

b. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees;

e. to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report;

f. to review and monitor whether the Company is operated and managed for the benefit of all its shareholders;

g. to confirm, on an annual basis, that the beneficiaries of weighted voting rights have been members of the Board throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;

h. to confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;

i. to review and monitor the management of conflicts of interests and make a recommendation to the Board on any matter where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or shareholders of the Company (considered as a group) on one hand and any beneficiary of weighted voting rights on the other;

Corporate Governance Report

j. to review and monitor all risks related to the Company's weighted voting rights structure, including connected transactions between the Company and/or a subsidiary of the Company on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the Board on any such transaction;

k. to make a recommendation to the Board as to the appointment or removal of the compliance advisor;

l. to seek to ensure effective and on-going communication between the Company and its shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;

m. to report on the work of the Corporate Governance Committee on at least a half-yearly and annual basis covering all areas of the Terms of Reference; and

n. to disclose, on a comply or explain basis, its recommendations to the Board in respect of the matters in sub-paragraphs (i) to (k) above in the report referred to in sub-paragraph (m) above.

The attendance record of the Corporate Governance Committee members will be disclosed in accordance with the Listing Rules in subsequent annual reports of our Company.

The Corporate Governance Committee confirms that, except as otherwise disclosed in this annual report, it is not aware of any significant subsequent events that have occurred between the end of the Reporting Period and the date of publication of this annual report.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. The Company will select potential board candidates based on merit and his/her potential contribution to the Board while taking into consideration the Company's own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

Corporate Governance Report

The Board has a balanced mix of knowledge, skills and experience, including but without limitation to operation, management, financial investment, administrative management, economics, electrical technology and marketing. They completed studies in various majors including but without limitation to accounting, industrial and construction, physics, management and engineering. The Company has three independent non-executive Directors who have different industry backgrounds, including but without limitation to accounting and auditing, management, industrial and construction. Furthermore, the Directors are of a wide range of age, from 37 to 66 years old. Taking into account the Company's business model and specific needs as well as the presence of two female Directors out of a total of nine Board members (representing approximately 22.2%), the Company considers that the composition of the Board satisfies the Board Diversity Policy.

The Company recognizes the particular importance of gender diversity on the Board. The Company has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the board and senior management levels. The Board Diversity Policy provides that the Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim of increasing the proportion of female members over time. The Company will also ensure that there is gender diversity when recruiting staff at the middle to senior levels so that the Company has a pipeline of female senior management and potential successors to the Board going forward. It is the Company's objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectations and international and local recommended best practices.

GENDER DIVERSITY

As at December 31, 2024, the Group had 1,120 employees, of which approximately 58% were male and approximately 42% were female. The Board considers the current gender diversity across its employees to be satisfactory and targets to maintain the current gender ratio. The Company has been taking, and will continue to take steps to promote gender diversity across the workforce.

We value gender equality and diversity, and we have taken initiatives to broaden the impact of female workers, empower and encourage them to share their perspectives. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. We are on a continuous journey to improve well-being of everyone working with and for us. We foster inclusion and equality among employees from all backgrounds, regardless of religion, age, gender, disability, citizenship status and parental status, among others. We focus on embracing diversity within our Company and equal and respectful treatment of all of our employees, including those with disabilities. We offered people with disabilities employment training and job opportunities, and we plan to continue to roll out more measures to carry out our commitment to supporting people with diverse backgrounds.

The Nomination Committee is responsible for ensuring the diversity of the Board members. The Company shall regularly review the Board Diversity Policy and its implementation, including its continued effectiveness, and considers that an appropriate balance has been achieved among the Board members in terms of skills, experience, and perspectives.

Corporate Governance Report

BOARD INDEPENDENCE EVALUATION

The Company has established a board independence evaluation mechanism (the "**Board Independence Evaluation Mechanism**") which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

The evaluation results and the implementation and effectiveness of the Board Independence Evaluation Mechanism will be disclosed in subsequent annual reports of our Company.

Corporate Governance Report

DIVIDEND POLICY

Currently, the Company does not have a formal dividend policy or a fixed dividend payout ratio. Any future determination of the Company to pay dividends will be made at the discretion of its directors and may be based on a number of factors, including its future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the directors may deem relevant. As advised by the Company's Cayman Islands legal counsel, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to the shareholders out of either the Group's profit or its share premium account, provided this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. You should not make your investment decision with the expectation of receiving cash dividends. The Company did not declare or pay any dividends on its Shares during the Reporting Period, and it does not anticipate paying any cash dividends in the foreseeable future.

The company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from its subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require a foreign-invested enterprise to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Distributions from the Company and its subsidiaries may also become subject to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that the Company or its subsidiaries may enter into in the future.

RISK MANAGEMENT AND INTERNAL CONTROL

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and implemented risk management policies and corporate governance measures to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. These risk management policies and internal control measures cover various aspects of our business operations, including supply chain management, financial control, information system and data security, human resources, and anti-corruption.

The Company has established an internal audit function through its Internal Control and Compliance Department, which operates under the leadership of the Audit Committee and reports directly to it. This department conducts independent and objective audits to supervise and evaluate the authenticity, legality, and effectiveness of the Company's operations and internal controls. The internal audit function assists the Board and management in evaluating and improving the effectiveness and efficiency of corporate governance, risk management, and internal control processes. It also identifies deficiencies in internal control systems, provides improvement recommendations, and ensures the sustained effectiveness of these systems.

The Board, supported by the Internal Control and Compliance Department, is responsible for supervising the operations of our business and managing the overall risks of the Company. It is tasked with considering, reviewing, and approving significant business decisions involving material risk exposures. The Board monitors the ongoing implementation of our risk management policies and corporate governance measures. The risk management and internal control systems are reviewed at least annually by the Board, with additional reviews conducted as needed based on audit findings or significant changes in the business environment. The Internal Control and Compliance Department submits reports to the Audit Committee at least quarterly, detailing the execution of the internal audit plan, significant issues identified, and proposed solutions.

Corporate Governance Report

During the Reporting Period, our Board reviewed the Company's risk management and internal control systems and considers them effective and adequate.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and financial department and staff management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our financial department staff to ensure that they understand our accounting policies.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and to prevent leakage and loss of such data. During the Reporting Period, we did not experience any material information leakage or loss of user data. Our technology department is responsible for ensuring that the usage, maintenance and protection of data are in compliance with our internal rules and applicable laws and regulations. We provide regular training to our information technology team and discuss key issues or updates on a timely basis.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. We regularly organize internal training sessions conducted by senior employees or outside consultants on topics of interest of our employees. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our buyers' needs.

We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practices, work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular trainings and resources to explain the guidelines contained in the employee handbook.

Internal Control on Anti-Money Laundering and Anti-Corruption

To protect our reputation and integrity, we have implemented an anti-bribery, anti-money laundering and anti-corruption policy to prohibit any form of fraud or corruption by our service providers or employees during our business operations. Our service providers must comply with all the applicable laws and regulations relating to the procurement transactions in relevant countries or regions and our anti-bribery. We further require our service providers to sign a letter of commitment to comply with anti-money laundering and anti-corruption laws (the "**Letter of Commitment**"), through which they commit in writing not to engage in non-compliances, fraud, money laundering, corruption or bribery during the course of business. The Letter of Commitment prohibits our service providers from offering our employees or their family members any improper benefits, including cash or cash equivalents, lavish entertainment and meals or any other benefits. In addition, where our employees request any bribery explicitly or implicitly, our service providers must refuse such requests and report to us.

Corporate Governance Report

We also have put in place an anti-corruption policy to safeguard against any corruption within us. The policy contains potential corruption conducts and our anti-corruption measures. We make our internal reporting channel open and available to our staff to report any acts of corruption, and our staff can also make anonymous reports to our internal audit department. Our internal audit department is responsible for investigating reported incidents and taking appropriate measures. We also have an employee code of conduct in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anticorruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee code of conduct.

DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

In accordance with paragraph J(a) of the Corporate Governance Code, the Company has adopted a director nomination policy (the "**Director Nomination Policy**") which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Corporate Governance Report

Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;

- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

Since the Listing Date and up to the Latest Practicable Date, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Report

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Pursuant to Code Provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

Before the Listing, a training session was provided to each of the Directors with topics of legal and regulatory duties of directors and the Listing Rules.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

JOINT COMPANY SECRETARIES

Mr. Meng Long and Ms. Lai Siu Kuen are the joint company secretaries. Ms. Lai Siu Kuen is an external secretarial service provider. Mr. Meng Long is Ms. Lai Siu Kuen's primary corporate contact person at the Company who works and communicates with Ms. Lai Siu Kuen on the Company's corporate governance, secretarial and administrative matters.

During the Reporting Period, Ms. Lai Siu Kuen has taken not less than 15 hours of relevant professional training. As the Company's shares became listed on the Stock Exchange on March 10, 2025, Mr. Meng Long undertakes to attend not less than 15 hours of relevant professional training in 2025 and thereafter in compliance with Rule 3.29 of the Listing Rules.

AUDITOR'S SCOPE OF WORK

The Auditor's statement in respect of their reporting responsibilities is set out in the "Independent Auditor's Report" of this annual report.

AUDITOR'S REMUNERATION

A breakdown of the remuneration in respect of audit and non-audit services provided by the Auditor to the Company for the year ended December 31, 2024 is set out below:

Service Category	**Fees (RMB'000)**
— Auditor of the Company and reporting accountants related to the Company's De-SPAC Transactions	1,153
— Auditor of the Company related to annual report	1,801
— Non-audit services (Note)	1,949
Total	4,903

Note: The non-audit services mainly include internal control and other services.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the Company's investor relations website and the Stock Exchange's website after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to the Company Articles, the Directors may call general meetings, and they shall, on a members' requisition, forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding, at the date of deposit of the requisition, not less than 10% of the voting rights (on a one vote per share basis) of the issued Shares which, as at that date, carry the right to vote at general meetings of the Company. The members' requisition must state the objects of the meeting and the resolutions to be added to the agenda, and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company. The requisition may consist of several documents in like form, each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition, or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, provided that any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21-day period.

Members who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

PROCEDURE FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Shareholders may propose a person for election as a director, the procedures for which are available on the Company's website.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: No. 123, Xinpei Road, Jiading District, Shanghai, PRC

Email: Long.Meng@Zhaogang.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholder(s) may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Our Company is committed to maintaining transparent, timely and effective communication with our Shareholders and investors in accordance with the Companies Ordinance, Listing Rules and our Company Articles. The Board oversees the implementation of the Shareholders Communication Policy to ensure all disclosures regarding the Group's financial performance, strategic objectives and governance matters are accurate, comprehensive and equally accessible, enabling Shareholders to make informed decisions.

We maintain multiple communication channels to engage our stakeholders. Financial reports including annual reports and interim reports, together with notices for annual general meetings and extraordinary general meetings, are published on the Stock Exchange's website (www.hkexnews.hk) and our investor relations website (ir.zhaogang.com). Shareholders are actively encouraged to participate in general meetings, where executive Directors, non-executive Directors and independent non-executive Directors are available to address questions and discuss matters relating to the Company's operations and governance. For shareholding-related enquiries, Shareholders may contact our Hong Kong share registrar, while other questions regarding the Company's publicly available information may be directed to the Board through our head office in Shanghai or our Hong Kong office, with correspondence addressed to our Company Secretary.

To foster ongoing dialogue, the Company regularly conducts investor briefings, roadshows and analyst meetings. These engagements provide opportunities for existing and potential investors to gain deeper insights into our Group's business strategies, operational performance and governance practices.

To ensure that we continue to meet the Corporate Governance Code, our Shareholder Communication Policy may be updated as necessary to reflect changes in the Listing Rules, Company Articles or other applicable regulations. The Board conducts an annual review of this Shareholder Communication Policy's effectiveness and, with guidance from Altus Capital Limited, our compliance advisor, ensures its continued alignment with best practices for shareholder communication and engagement. From the Listing Date and up to the Latest Practicable Date, the Board has reviewed and confirmed the policy's proper implementation and effectiveness.

SIGNIFICANT CHANGES TO CONSTITUTIONAL DOCUMENTS

The Company adopted the Company Memorandum and Company Articles on July 14, 2023, which has been effective from the Listing Date. There was no change in the Company Memorandum and Company Articles since the Listing Date and up to the Latest Practicable Date.

Other Information

DISCLOSURE OF INTERESTS

Substantial Shareholders' interests in securities

The Company was listed on March 10, 2025 and as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) have interests and/or short positions (as applicable) in the Company Shares or underlying Company Shares that would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Capacity/ Nature of interest	Number of Company Shares	Approximate percentage of shareholding of each class of Company Shares(1)(2)	Approximate percentage of shareholding in the total issued Company Shares(1)(2)
Pangmao1 Ltd(3)(6)	Beneficial interest; Interest of a party to an agreement	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
Wangdong Holdings(3)(6)	Beneficial interest; Interest of a party to an agreement; Interest in a controlled corporation	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
Pangmao2 Ltd(4)(6)	Beneficial interest; Interest of a party to an agreement	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
Wangchanghui Holdings(4)(6)	Beneficial interest; Interest of a party to an agreement; Interest in a controlled corporation	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
Raohuigang Holdings(5)(6)	Beneficial interest; Interest of a party to an agreement	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
Mr. Rao Huigang(5)(6)	Interest in a controlled corporation; Interest of a party to an agreement	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
TMF (Cayman) Ltd.(7)	Trustee	36,108,114 Class A Shares 191,035,862 Class B Shares	4.1% 100.0%	3.4% 17.8%
Fatcat International Limited(8)	Beneficial interest	173,145,133 Class A Shares	19.7%	16.2%
Beijing Jianshi Hongyuan Investment Management Centre (L.P.)(9)	Beneficial interest	102,686,809 Class A Shares	11.7%	9.6%
K2 Partners II L.P.(10)	Beneficial interest	66,699,433 Class A Shares	7.6%	6.2%

Other Information

Name of substantial shareholders	Capacity/ Nature of interest	Number of Company Shares	Approximate percentage of shareholding of each class of Company Shares[(1)(2)]	Approximate percentage of shareholding in the total issued Company Shares[(1)(2)]
KPartners Limited[(10)]	Interest in controlled corporations	95,207,229 Class A Shares	10.8%	8.9%
MPC II L.P.[(11)]	Beneficial interest	81,442,084 Class A Shares	9.3%	7.6%
MPC GPGP II Ltd.[(11)]	Interest in controlled corporations	90,491,204 Class A Shares	10.3%	8.4%
Mr. Wong Kun Kau[(12)]	Interest in controlled corporations	65,669,937 Class A Shares	7.5%	6.1%
China Merchants Bank Co., Limited[(13) – (15)]	Interest in controlled corporations	48,329,054 Class A Shares	5.5%	4.5%
CMB International Asset Management Limited[(13) – (15)]	Interest in controlled corporations Investment manager	47,495,144 Class A Shares 833,910 Class A Shares	5.4% 0.1%	4.4% 0.1%
CMB International Capital Corporation Limited[(13) – (15)]	Interest in controlled corporations	48,329,054 Class A Shares	5.5%	4.5%
CMB International Capital Holdings Corporation Limited[(13) – (15)]	Interest in controlled corporations	48,329,054 Class A Shares	5.5%	4.5%
CMBI AM Acquisition Holding LLC[(14) – (15)]	Beneficial owner	47,495,144 Class A Shares	5.4%	4.4%

Notes:

(1) The approximate percentage of interest in the issued Company Shares is calculated based on the total number of 1,071,092,361 Company Shares as at the Latest Practicable Date, which consists of 880,056,499 Class A Shares and 191,035,862 Class B Shares.

(2) The interests disclosed above represent long positions in the Company Shares. Percentages have been rounded to the decimal places.

(3) Pangmao1 Ltd is wholly owned by Wangdong Holdings. Wangdong Holdings is controlled by Jeremy Global Development Limited which is in turn controlled by TMF (Cayman) Ltd. as trustee for a trust established by Mr. Wang Dong (as settlor) for the benefit of Mr. Wang Dong and his family. Each of Mr. Wang Dong, Jeremy Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 130,336,463 Class B Shares held by Wangdong Holdings under the SFO. Mr. Wang Dong fully exercised 24,575,290 options of the Company (representing 27,186,962 Class B Shares) under the 2023 Pre-Listing Share Option Scheme through Pangmao1 Ltd. Each of Wangdong Holdings, Mr. Wang Dong, Jeremy Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 27,186,962 Class B Shares held by Pangmao1 Ltd under the SFO.

Other Information

(4) Pangmao2 Ltd is wholly owned by Wangchanghui Holdings. Wangchanghui Holdings is controlled by Kiwi Global Development Limited which is in turn controlled by TMF (Cayman) Ltd. as trustee for a trust established by Mr. Wang Changhui (as settlor) for the benefit of Mr. Wang Changhui and his family. Each of Mr. Wang Changhui, Kiwi Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 19,255,154 Class B Shares held by Wangchanghui Holdings under the SFO. Mr. Wang Changhui fully exercised 12,887,680 options of the Company (representing 14,257,283 Class B Shares) under the 2023 Pre-Listing Share Option Scheme through Pangmao2 Ltd. Each of Wangchanghui Holdings, Mr. Wang Changhui, Kiwi Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 14,257,283 Class B Shares held by Pangmao2 Ltd under the SFO.

(5) Raohuigang Holdings is controlled by Restriven Limited which is in turn controlled by TMF (Cayman) Ltd. as trustee for a trust established by Mr. Rao Huigang (as settlor) for the benefit of Mr. Rao Huigang and his family. Each of Mr. Rao Huigang, Restriven Limited and TMF (Cayman) Ltd. is deemed to be interested in 36,108,114 Class A Shares held by Raohuigang Holdings under the SFO.

(6) Pursuant to the Concert Party Agreement, each of the Concert Parties agreed to vote in concert with the others for all operational and other matters at board meetings (as the case may be) or shareholders' meetings of the Group, and in the event of any dispute among Concert Parties, the Concert Parties must act based on the instructions of Mr. Wang Dong. Therefore, each of them are deemed to be interested in all the Company Shares to be held by the other in aggregate by virtue of the SFO.

(7) TMF (Cayman) Ltd. is deemed to be interested through Wangdong Holdings, Wangchanghui Holdings and Raohuigang Holdings in an aggregate of 36,108,114 Class A Shares and 191,035,862 Class B Shares under the SFO.

(8) Fatcat International Limited is an investment holding company incorporated in the BVI, wholly-owned by Shanghai Hemao, which is managed by Shanghai Yanmao, its general partner. None of the partners of Shanghai Hemao is individually in a position to control Fatcat International Limited and each is entitled to exercise the voting rights representing their respective underlying equity interests therein. Therefore, the respective voting power from Fatcat International Limited is divided among its indirect investors into their corresponding portions. As of the Latest Practicable Date, Fatcat International Limited holds approximately 19.7% of the total issued and outstanding Class A Shares.

(9) Beijing Jianshi Hongyuan Investment Management Centre (L.P.) is a limited partnership ultimately controlled by Beijing West Fund Management Co., Ltd (北京京西創業投資基金管理有限公司), an indirect subsidiary of Shoucheng Holdings Limited, a company listed on the Stock Exchange (stock code: 0697). As of the Latest Practicable Date, Beijing Jianshi Hongyuan Investment Management Centre (L.P.) (北京堅石宏遠投資管理中心(有限合夥)) holds approximately 11.7% of the total issued and outstanding Class A Shares.

(10) K2 Evergreen Partners L.P. and K2 Partners II L.P. are both Cayman Islands limited partnership, engaged in venture capital investment, focusing on technology, business model innovations and changing consumer lifestyles. K2 Evergreen Partners L.P. is controlled by K2 Evergreen Partners, LLC, its general partner. K2 Partners II L.P. is controlled by K2 Partners II GP, L.P., whose general partner is K2 Partners II GP, LLC. K2 Partners II GP, LLC and K2 Evergreen Partners, LLC are both under control with KPartners Limited, a Cayman Islands limited company. As of the Latest Practicable Date, K2 Evergreen Partners L.P. holds 28,507,796 Class A Shares and K2 Partners II L.P. holds 66,699,433 Class A Shares, and collectively holds 95,207,299 Class A Shares in aggregate (i.e. approximately 10.8% of the total issued and outstanding Class A Shares. KPartners Limited is controlled by Mr. Zhang Rui and Mr. Zhang Rui is deemed interested in 95,207,299 Class A Shares held by K2 Evergreen Partners L.P. and K2 Partners II L.P.

Other Information

(11) MPC II L.P. and MPC II-A L.P., each an exempted limited partnership incorporated under the laws of the Cayman Islands, of which the general partner is MPC Management II L.P., whose general partner is MPC GPGP II Ltd. As of the Latest Practicable Date, MPC II L.P. holds 81,442,084 Class A Shares and MPC II-A L.P. holds 9,049,120 Class A Shares, and collectively holds 90,491,204 Class A Shares in aggregate (i.e. approximately 10.3% of the total issued and outstanding Class A Shares). MPC GPGP II Ltd. is controlled by Mr. Su Tuong Sing David and Mr. Su Tuong Sing David is deemed interested in 90,491,204 Class A Shares held by MPC II L.P. and MPC II-A L.P.

(12) Success Path Enterprises Limited is wholly-owned by Vigorous Ventures Limited, a company incorporated in the BVI with limited liabilities, which is controlled by Mr. Wong Kun Kau. Quick Returns Ventures Limited is wholly-owned by Bull Capital China Growth Fund II, L.P., an exempted limited partnership in the Cayman Islands. Bull Capital China Growth Fund II, L.P.'s general partner is Bull Capital GP II Limited and it is managed by Bull Capital Partners Ltd., which is controlled by Mr. Wong Kun Kau. As of the Latest Practicable Date, Success Path Enterprises Limited and Quick Returns Ventures Limited collectively holds approximately 7.5% of the total issued and outstanding Class A Shares.

(13) CMBI Private Equity Series B SPC is interested in 833,910 Class A Shares. CMB International Asset Management Limited is the investment manager, and CMB International Private Investment Limited is holding the management shares (carrying voting rights), of CMBI Private Equity Series B SPC. CMB International Private Investment Limited is wholly owned by CMB International Investment Management Limited, which is wholly owned by CMB International Capital Corporation Limited. Each of CMB International Asset Management Limited, CMB International Private Investment Limited, CMB International Investment Management Limited and CMB International Capital Corporation Limited is deemed to be interested in the Class A Shares held by CMBI Private Equity Series B SPC.

(14) CMB International Asset Management Limited is deemed to be interested in the promoter warrants. promoter earn-out right and Class A Shares held by CMBI AM Acquisition Holding LLC, its 93.39%-owned subsidiary.

(15) CMB International Asset Management Limited is wholly owned by CMB International Capital Corporation Limited, which is owned as to approximately 83.2% by CMB International Capital Holdings Corporation Limited. CMB International Capital Holdings Corporation Limited is in turn wholly-owned by China Merchants Bank Co., Limited. Each of China Merchants Bank Co., Limited, CMB International Capital Holdings Corporation Limited, CMB International Capital Corporation Limited and CMB International Asset Management Limited is deemed to be interested in (i) the promoter warrants, promoter earn-out rights and Class A Shares held by CMBI AM Acquisition Holding LLC and (ii) the Class A Shares held by CMBI Private Equity Series B SPC.

Except as disclosed above, the Directors are not aware of any other person (other than a Director or chief executive of a Company) who have any interest and/or short positions in the Company Shares or underlying Company Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and required to be entered into the register maintained by the Company pursuant to Section 336 of the SFO

Other Information

Directors' and chief executive's interests in securities

The Company was listed on March 10, 2025 and as at the Latest Practicable Date, the following Director and chief executive of the Company and their associates have interests and/or short positions (as applicable) in the Company Shares or underlying Company Shares and shares of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of director	Capacity/Nature of interest	Number of Company Shares	Approximate percentage of shareholding of each class of Company Shares(1)(2)	Approximate percentage of shareholding in the total issued Company Shares(1)(2)
Mr. Wang Dong(3)(5)	Beneficial owner; Interest in controlled corporations; Interest of a party to an agreement	36,108,114 Class A Shares	4.1%	3.4%
		191,035,862 Class B Shares	100.0%	17.8%
Mr. Wang Changhui(4)(5)	Beneficial owner; Interest in controlled corporations; Interest of a party to an agreement	36,108,114 Class A Shares	4.1%	3.4%
		191,035,862 Class B Shares	100.0%	17.8%
Ms. Gong Yingxin	Beneficial owner	2,212,544 Class A Shares	0.25%	0.2%
Ms. Zhou Min	Beneficial owner	1,704,813 Class A Shares	0.19%	0.2%

Notes:

(1) The approximate percentage of interest in the issued Company Shares is calculated based on the total number of 1,071,092,361 Company Shares as at the Latest Practicable Date, which consists of 880,056,499 Class A Shares and 191,035,862 Class B Shares.

(2) The interests disclosed above represent long positions in the Company Shares. Percentages have been rounded to the decimal places.

(3) Pangmao1 Ltd is wholly owned by Wangdong Holdings. Wangdong Holdings is controlled by Jeremy Global Development Limited which is in turn controlled by TMF (Cayman) Ltd. as trustee for a trust established by Mr. Wang Dong (as settlor) for the benefit of Mr. Wang Dong and his family. Each of Mr. Wang Dong, Jeremy Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 130,336,463 Class B Shares held by Wangdong Holdings under the SFO. Mr. Wang Dong fully exercised 24,575,290 options of the Company (representing 27,186,962 Class B Shares) under the 2023 Pre-Listing Share Option Scheme through Pangmao1 Ltd. Each of Wangdong Holdings, Mr. Wang Dong, Jeremy Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 27,186,962 Class B Shares held by Pangmao1 Ltd under the SFO.

(4) Pangmao2 Ltd is wholly owned by Wangchanghui Holdings. Wangchanghui Holdings is controlled by Kiwi Global Development Limited which is in turn controlled by TMF (Cayman) Ltd. as trustee for a trust established by Mr. Wang Changhui (as settlor) for the benefit of Mr. Wang Changhui and his family. Each of Mr. Wang Changhui, Kiwi Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 19,255,154 Class B Shares held by Wangchanghui Holdings under the SFO. Mr. Wang Changhui fully exercised 12,887,680 options of the Company (representing 14,257,283 Class B Shares) under the 2023 Pre-Listing Share Option Scheme through Pangmao2 Ltd. Each of Wangchanghui Holdings, Mr. Wang Changhui, Kiwi Global Development Limited and TMF (Cayman) Ltd. is deemed to be interested in 14,257,283 Class B Shares held by Pangmao2 Ltd under the SFO.

Other Information

(5) Pursuant to the Concert Party Agreement, each of the Concert Parties agreed to vote in concert with the others for all operational and other matters at board meetings (as the case may be) or shareholders' meetings of the Group, and in the event of any dispute among Concert Parties, the Concert Parties must act based on the instructions of Mr. Wang Dong. Therefore, each of them are deemed to be interested in all the Company Shares to be held by the other in aggregate by virtue of the SFO.

Save as disclosed above, no interests and short positions were held or deemed to be or taken to be held under Part XV of the SFO by any Director or chief executive of the Company or their respective associates in the Company Shares or underlying Company Shares and shares of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein.

SHARE SCHEMES

The Company has adopted the 2023 Pre-Listing Share Option Scheme.

2023 Pre-Listing Share Option Scheme

The 2023 Pre-Listing Share Option Scheme was approved by the Board of the Company on July 14, 2023, and remained in force during the Reporting Period. No further options will be granted under the 2023 Pre-Listing Share Option Scheme after the Listing, as it does not involve the grant of options by the Company to subscribe for Company Shares post-Listing. The awards previously granted and outstanding, along with their evidencing original award agreements, shall survive the termination of the 2023 Pre-Listing Share Option Scheme and remain effective until the expiration of their original terms, as may be amended from time to time.

Purpose

The purpose of the 2023 Pre-Listing Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company, to encourage them to enhance the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole, and to offer a flexible means of retaining, incentivizing, rewarding, remunerating, compensating, and/or providing benefits to selected participants.

Eligible Participants

The Directors may determine the persons belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Company, to take up options to subscribe for Shares:

(a) any directors and former or present employees of any members of the Group; and

(b) any consultants of the Group.

Other Information

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of these classes of participants shall not, by itself, unless the Directors otherwise so determine, be construed as a grant of option under the 2023 Pre-Listing Share Option Scheme.

The eligibility of any of these classes of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

Types of Awards

The 2023 Pre-Listing Share Option Scheme permits the grant of options to subscribe for Shares. No other types of awards (such as restricted shares or restricted share units) are specified under this scheme.

Scheme Limit and Number of Company Shares Available for Grant

The maximum aggregate number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Pre-Listing Share Option Scheme is 71,578,750 Shares (as adjusted after the Pre-Merger Capital Restructuring), representing the Scheme Limit. No options may be granted under any schemes of the Company (or its subsidiaries) if this will result in the Scheme Limit being exceeded. Option lapsed and/or cancelled in accordance with the terms of the 2023 Pre-Listing Share Option Scheme shall not be counted for the purpose of calculating the Scheme Limit and shall be counted for as unissued options, and the number of shares in respect of which options may be granted under the 2023 Pre-Listing Share Option Scheme shall be increased by the same number of options lapsed and/or cancelled.

Performance Targets

Unless as prescribed under the 2023 Pre-Listing Share Option Scheme or Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the 2023 Pre-Listing Share Option Scheme can be exercised.

Limit for Each Participant

Under the 2023 Pre-Listing Share Option Scheme, there is no specific limit on the maximum number of Company Shares that may be granted to a single eligible participant, unless otherwise determined by the Board of the Company in accordance with the scheme's terms.

Consideration, Exercise Price, and Subscription Price

The subscription price in relation to each option granted under the 2023 Pre-Listing Share Option Scheme shall be determined by the Board. A nominal consideration of RMB1 is payable upon acceptance of the grant of options.

Other Information

Adjustments

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

(a) the number or nominal amount of shares comprised in each option so far as unexercised; and/or

(b) the subscription price; and/or

(c) the method of exercise of the option,

or any combination thereof, as the auditors or a financial advisor engaged by the Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of the Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a share to be issued at less than its nominal value.

Vesting Schedule

The option granted under the 2023 Pre-Listing Share Option Scheme can only be vested in the following manners (each date on which any portion of options granted shall be vested is hereinafter referred to as a "**Vesting Date of 2023 Pre-Listing Share Option Scheme**" and each batch on which any portion of options granted shall be vested is hereinafter referred to as a "**Batch under 2023 Pre-Listing Share Option Scheme**"):

Batch under 2023 Pre-Listing Share Option Scheme	**Vesting Date of 2023 Pre-Listing Share Option Scheme**
Batch 1	Not subject to any vesting period
Batch 2	Upon the Listing without service condition
Batch 3	Within 5 business days of the first anniversary of the Listing Date, 50% of the options shall vest; and within 5 business days of the second anniversary of the Listing Date, the remaining 50% of the option shall vest

Note: Batch 2 is only exercisable six months upon the Listing.

Other Information

Option Exercise Period

The maximum exercisable term of an option is 10 years from the date of grant, subject to earlier termination provisions under the 2023 Pre-Listing Share Option Scheme. An option may be exercised during the period notified by the Directors to the grantee, which may commence on the date of the offer but must end no later than 10 years from the grant date.

Transfer Restrictions

Options granted under the 2023 Pre-Listing Share Option Scheme may not be transferred by the participant, except as permitted by the scheme's terms or as otherwise determined by the Board, such as transfers by will or the laws of descent and distribution.

Options granted under the 2023 Pre-Listing Share Option Scheme

The grant of options under the 2023 Pre-Listing Share Option Scheme to the grantees as set out below was approved by the Board on July 14, 2023. The overall limit on the number of underlying shares pursuant to the 2023 Pre-Listing Share Option Scheme is 71,578,750 Shares (as adjusted after the Pre-Merger Capital Restructuring).

As of the Latest Practicable Date, the Company had granted all options under the 2023 Pre-Listing Share Option Scheme to 171 grantees with a right to subscribe for a total of 71,578,750 Shares (as adjusted after the Pre-Merger Capital Restructuring). As of the Latest Practicable Date, an aggregate of 55,477,308 Shares (as adjusted after the Pre-Merger Capital Restructuring) had been issued to relevant grantees.

Movements

No share options were granted, exercised, lapsed, or cancelled under the 2023 Pre-Listing Share Option Scheme during the Reporting Period. There are no share options outstanding or unvested as of December 31, 2024.

Other Information

Ranking of Shares

The Shares allotted and issued upon the exercise of an option shall be identical to the then existing issued Company Shares and, subject to all the provisions of the Company Articles, rank pari passu with the fully paid shares in issue on the date the name of the grantee is registered on the register of members of the Company or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the shareholders on the register on a date prior to such registration.

Unless the context otherwise requires, references to "Shares" in this sub-paragraph include references to Shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, reclassification or re-construction of the share capital of the Company from time to time.

Termination

The Company may by ordinary resolution in a general meeting or the Board may at any time resolve to terminate the operation of the 2023 Pre-Listing Share Option Scheme prior to the expiry of the 2023 Pre-Listing Share Option Scheme and in such event no further options shall be offered or granted but the provisions of the 2023 Pre-Listing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Pre-Listing Share Option Scheme. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2023 Pre-Listing Share Option Scheme.

Other Information

USE OF PROCEEDS

As the De-SPAC Transaction was completed on March 10, 2025, the Company had not raised any proceeds that could be utilized during the Reporting Period.

The Company raised a total of HK$726.4 million, and after deducting transaction expenses of HK$189.0 million, the net proceeds received are HK$537.4 million (the "**Net Proceeds**"). As of the Latest Practicable Date, the Directors are not aware of any material change to the planned use of the Net Proceeds. It is expected that the Group will utilize the Net Proceeds in the manner consistent with the purposes as stated in "Future Plans and Use of Proceeds" in the Circular as follows:

As of the Latest Practicable Date, the Group had utilized the Net Proceeds as set out in the table below:

Purpose	Approximate percentage of Net Proceeds	Net Proceeds (HK$ million)	Utilized Net Proceeds since the Listing Date and up to the Latest Practicable Date (HK$ million)	Unutilized Net Proceeds as at the Latest Practicable Date (HK$ million)	Expected timeline for Net Proceeds to be utilized by
Enhance service offerings through digitalization	25%	134.4	19.4	115.0	February 2030
Broaden buyer base and increase their stickiness	20%	107.5	4.3	103.2	February 2030
Strengthen technological capabilities	20%	107.5	6.9	100.6	February 2030
Explore cross-industry expansion	25%	134.4	0	134.4	February 2030
Working capital and general corporate purpose	10%	53.6	0	53.6	February 2030
Total	100%	537.4	30.6	506.8	

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF ZG GROUP
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ZG Group (the "Company") and its subsidiaries, including the consolidated affiliated entities (collectively referred to as the "Group") set out on pages 100 to 223, which comprise the consolidated statement of financial position of the Group as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Independent Auditor's Report (Continued)

KEY AUDIT MATTER (CONTINUED)

Key audit matter | **How our audit addressed the key audit matter**

Revenue recognition for transaction services

The Group generates revenue primarily from two distinct business models: (i) acting as an agent and recognising revenue on net basis, and (ii) acting as principal and recognising revenue on gross basis. To assess the relative significance of revenue streams, the Group's management evaluates both revenue and gross profit contributions for each revenue segment.

For the year ended 31 December 2024, the Group recorded total revenue of RMB1,551.0 million and gross profit of RMB426.2 million in the consolidated financial statements. Of this, RMB313.2 million in revenue and RMB294.2 million in gross profit were derived from transaction services, representing 20% of total revenue and 69% of total gross profit, respectively.

Revenue from transaction services is recognised when the provision of steel products by steel sellers to steel buyers is completed, and the Group's right to commission fee becomes unconditional. Given that revenue from transaction services, recognised on net basis, constitutes the largest proportion of gross profit, any misstatement in the recognition of commission fee for which the underlying performance obligation are not fully satisfied could have a material impact on the consolidated financial statements. Accordingly, we identified the occurrence assertion of revenue recognition for transaction services to be a key audit matter.

Our procedures to address the risk of inappropriate revenue recognition for transaction services included the following:

- Understanding the key controls related to occurrence assertion of revenue recognition for transaction services and evaluating the design, implementation and operating effectiveness of these controls;

- Inquiring the Group's management and examining the contract terms of transaction services, on a sampling basis, to evaluate the appropriateness of revenue presentation, the identification of performance obligations and the timing of revenue recognition determined by the management;

- Selecting samples from recorded revenue for transaction services and assessing supporting evidence to determine whether performance obligations have been fulfilled. This includes tracing transactions to contracts with steel buyers and steel sellers that specify performance obligations, verifying documentation that confirms goods delivery, and examining acknowledgments from buyers confirming receipt of goods; and

- Evaluating the results of our procedures to determine whether the revenue from transaction services recognized by the Group has been appropriately determined by management in accordance with IFRS 15 – Revenue from Contracts with Customers.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report (Continued)

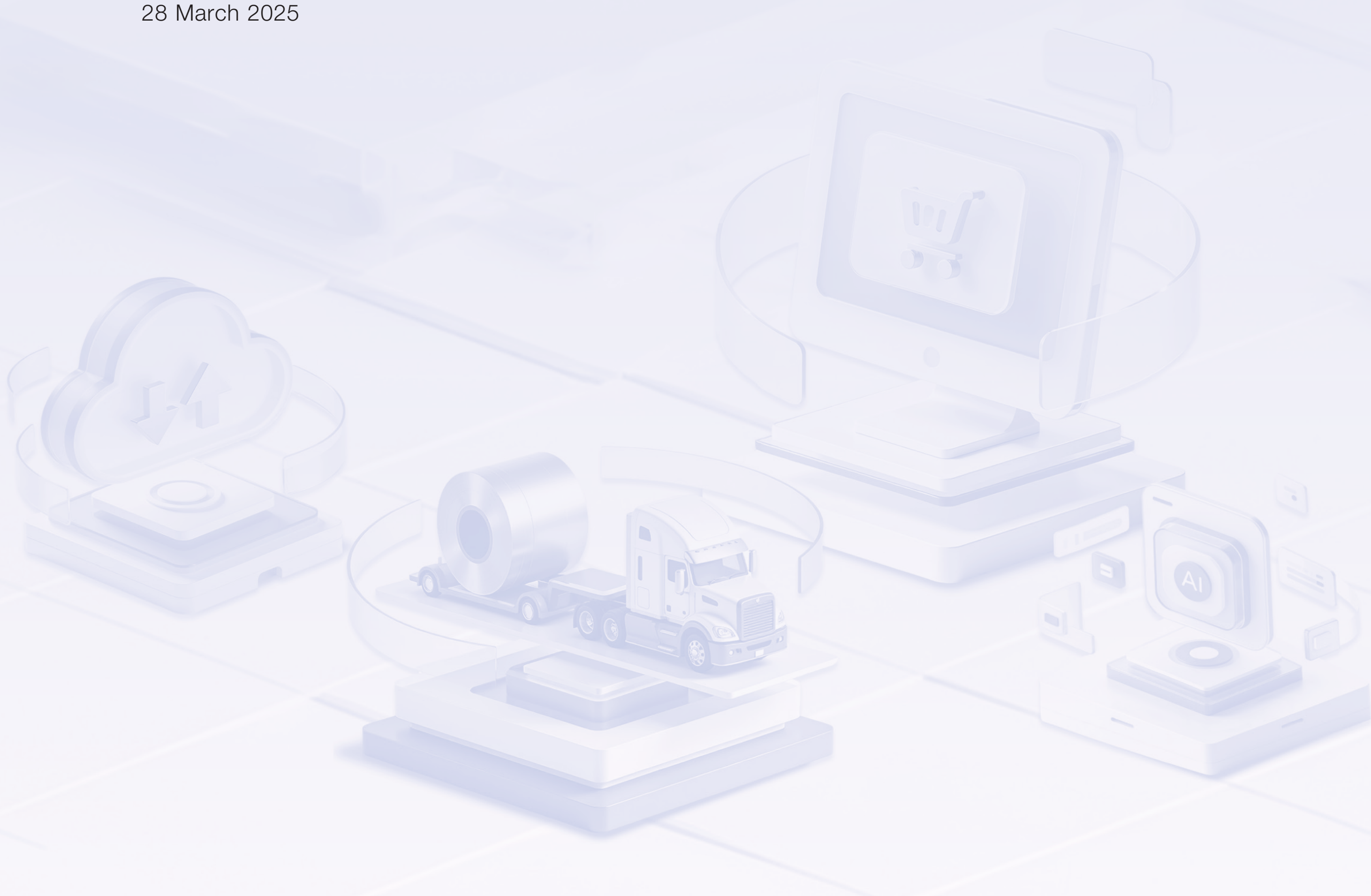
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 March 2025



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Continuing operations			
Revenue	4	**1,551,043**	1,168,451
Cost of revenue		**(1,124,854)**	(788,278)
Gross profit		**426,189**	380,173
Other income	6	**50,420**	33,057
Other gains and losses, net	7	**(7,807)**	(3,773)
Selling and distribution expenses		**(293,383)**	(259,869)
Administrative expenses		**(77,127)**	(418,490)
Professional fees and expenses related to De-SPAC Transaction		**(9,697)**	(39,557)
Research and development expenses		**(48,121)**	(59,338)
Finance costs	8	**(39,994)**	(64,873)
Impairment losses under expected credit loss ("ECL") model, net of reversal	9	**(57,874)**	(30,188)
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")		**(881)**	4,578
Fair value changes of financial liabilities at FVTPL	31	**(8,004)**	(8,041)
Share of results of associates and joint venture	21	**(735)**	(2,540)
Loss before tax from continuing operations		**(67,014)**	(468,861)
Income tax expense	10	**(1,653)**	(788)
Loss for the year from continuing operations	12	**(68,667)**	(469,649)
Discontinued operations			
Profit for the year from discontinued operations	11	**–**	644
Loss for the year		**(68,667)**	(469,005)
(Loss) profit for the year attributable to:			
Owners of the Company			
– Continuing operations		**(69,002)**	(468,916)
– Discontinued operations	11	**–**	644
		(69,002)	(468,272)
Non-controlling interests			
– Continuing operations		**335**	(733)
– Discontinued operations	11	**–**	–
		335	(733)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**340**	1,063
Other comprehensive income for the year, net of income tax		**340**	1,063
Total comprehensive expense for the year		**(68,327)**	(467,942)
Total comprehensive (expense) income attributable to:			
Owners of the Company			
– Continuing operations		**(68,662)**	(467,853)
– Discontinued operations	11	**–**	644
		(68,662)	(467,209)
Non-controlling interests			
– Continuing operations		**335**	(733)
– Discontinued operations	11	**–**	–
		335	(733)
Loss per share	15		
From continuing operations			
– Basic and diluted (RMB)		**(0.32)**	(2.61)
From continuing and discontinued operations			
– Basic and diluted (RMB)		**(0.32)**	(2.61)

Consolidated Statement of Financial Position

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Assets			
Property and equipment	16	**209,525**	207,057
Right-of-use assets	17	**34,043**	21,685
Goodwill	18	**31,954**	31,954
Intangible assets	19	**110,226**	114,194
Interests in associates and joint venture	21	**34,897**	47,156
Financial assets at FVTPL	25	**42,806**	44,008
Deferred tax assets	29	**–**	294
Prepayments and other receivables	22	**7,450**	10,999
Restricted cash	26	**–**	30,000
		470,901	507,347
Current Assets			
Inventories	24	**20,077**	10,033
Trade receivables, prepayments and other receivables	22	**8,696,367**	10,154,735
Financial assets at fair value through other comprehensive income ("FVTOCI")	23	**114,349**	69,413
Derivative financial instruments	35	**–**	28
Restricted cash	26	**506,695**	712,286
Cash and cash equivalents	26	**240,163**	310,904
		9,577,651	11,257,399
Current Liabilities			
Trade, bills and other payables	27	**9,181,814**	10,676,418
Bank and other borrowings	28	**406,358**	582,326
Lease liabilities	30	**7,990**	2,999
Contract liabilities	4	**67,045**	28,090
Financial liabilities at FVTPL	31	**6,821,940**	6,816,687
		16,485,147	18,106,520
Net Current Liabilities		**(6,907,496)**	(6,849,121)
Total Assets Less Current Liabilities		**(6,436,595)**	(6,341,774)

Consolidated Statement of Financial Position (Continued)

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Liabilities			
Financial liabilities at FVTPL	31	**27,759**	25,008
Bank and other borrowings	28	**–**	28,600
Contract liabilities	4	**10,956**	16,898
Lease liabilities	30	**7,112**	1,265
Deferred tax liabilities	29	**23,983**	24,533
		69,810	96,304
Net Liabilities		**(6,506,405)**	(6,438,078)
Capital and Reserves			
Share capital	32	**71**	71
Reserves		**(6,549,463)**	(6,480,801)
Equity attributable to owners of the Company		**(6,549,392)**	(6,480,730)
Non-controlling interests		**42,987**	42,652
Total Deficit		**(6,506,405)**	(6,438,078)

The consolidated financial statements on pages 100 to 223 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Wang Dong
EXECUTIVE DIRECTOR

Zhou Min
EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital *RMB'000*	Other reserve *RMB'000* (note)	Equity-settled share-based compensation reserve *RMB'000*	Share premium *RMB'000*	Accumulated Losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at 1 January 2023	53	(563,845)	–	–	(5,793,694)	(6,357,486)	43,385	(6,314,101)
Loss for the year	–	–	–	–	(468,272)	(468,272)	(733)	(469,005)
Other comprehensive income	–	1,063	–	–	–	1,063	–	1,063
Total comprehensive income (expense) for the year	–	1,063	–	–	(468,272)	(467,209)	(733)	(467,942)
Recognition of equity-settled share-based payments *(Note 33)*	–	–	343,058	–	–	343,058	–	343,058
Exercise of share option	18	–	(343,058)	343,947	–	907	–	907
As at 31 December 2023	71	(562,782)	–	343,947	(6,261,966)	(6,480,730)	42,652	(6,438,078)
(Loss) profit for the year	–	–	–	–	(69,002)	(69,002)	335	(68,667)
Other comprehensive income	–	340	–	–	–	340	–	340
Total comprehensive income (expense) for the year	–	340	–	–	(69,002)	(68,662)	335	(68,327)
As at 31 December 2024	71	(562,442)	–	343,947	(6,330,968)	(6,549,392)	42,987	(6,506,405)

Note: Other reserve of the Group consists of: (i) share capital and share premium of Shanghai Steel Information Technology Co., Ltd.* (上海找鋼網信息科技股份有限公司) ("Zhaogang Netcom", formerly known as Shanghai Gangfu E-commerce Co., Ltd.* (上海鋼富電子商務有限公司)), a company established in the People's Republic of China (the "PRC") and Beijing Steel Home E-commerce Co., Ltd.* ("Beijing Steel", 北京找鋼萬家電子商務有限公司), a company established in the PRC, due to the contractual arrangements; (ii) reserve arising from Zhaogang Netcom converting into a joint stock company in 2016; (iii) debit to other reserve arising from derecognition of non-controlling interests of Zhaogang Netcom due to a capital reduction in 2018; and (iv) exchange differences arising on translation of foreign operations.

* English name for identification purposes only.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Loss for the year from continuing operations	**(68,667)**	(469,649)
Profit for the year from discontinued operations	**–**	644
Loss for the year	**(68,667)**	(469,005)
Adjustments for:		
Income tax expense	**1,653**	788
Impairment losses under ECL model, net of reversal	**57,874**	30,188
Finance costs	**39,994**	64,873
Interest income	**(9,883)**	(26,376)
Share of results of associates and joint venture	**735**	2,540
Write-down of inventories, net of reversal	**–**	370
Impairment loss on investments in associates	**–**	2,112
Depreciation of property and equipment	**9,617**	10,454
Depreciation of right-of-use assets	**6,589**	4,615
Amortisation of intangible assets	**3,969**	5,962
Gain on disposal of property and equipment	**(475)**	(596)
Loss on disposal of interests in associate	**7,324**	–
Loss on early termination of right-of-use assets	**–**	398
Loss on disposal of subsidiaries	**–**	425
Equity-settled share-based payments	**–**	343,058
Loss (gain) on fair value changes of financial assets at FVTPL	**881**	(4,578)
Loss on fair value changes of financial liabilities at FVTPL	**8,004**	8,041
Loss (gain) on fair value changes of derivative financial instruments	**1,139**	(415)
Net foreign exchange loss	**1,890**	2,651
Operating cash flows before movements in working capital	**60,644**	(24,495)
(Increase) decrease in inventories	**(10,044)**	131,746
Decrease (increase) in trade receivables, prepayments and other receivables	**1,391,879**	(3,341,693)
(Increase) decrease in receivables at FVTOCI	**(412,908)**	10,718
(Decrease) increase in trade, bills and other payables	**(640,730)**	3,586,502
Increase (decrease) in contract liabilities	**33,013**	(150,981)
Cash generated from operations	**421,854**	211,797
Income tax paid	**(1,909)**	(88)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**419,945**	211,709

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Interest received	**12,997**	28,286
Proceeds from settlement of derivative financial instruments	**6,315**	3,577
Payments for settlement of derivative financial instruments	**(7,426)**	(4,472)
Proceeds from disposal of associate	**4,200**	–
Proceeds from disposal of property and equipment	**598**	661
Proceeds from disposal of financial assets at FVTPL	**545,921**	280,107
Capital injection in a joint venture	**–**	(24,500)
Purchases of property and equipment	**(12,398)**	(11,237)
Acquisition of financial assets at FVTPL	**(545,600)**	(279,991)
Purchases of intangible assets	**–**	(27)
Payments for right-of-use assets	**(118)**	–
Advance to related parties	**–**	(27,994)
Repayment from related parties	**1,566**	13,997
Withdrawal of large-denomination certificates of deposit	**–**	94,331
Placement of large-denomination certificates of deposit	**–**	(41,762)
Withdrawal of pledged bank deposits for bank borrowing	**70,288**	124,772
Placement of pledged bank deposits for bank borrowing	**(44,493)**	(69,259)
Placement of pledged bank deposits for bills payable related to transaction services	**(762,216)**	(733,000)
Withdrawal of pledged bank deposits for bills payable related to transaction services	**130,000**	100,000
NET CASH USED IN INVESTING ACTIVITIES	**(600,366)**	(546,511)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES		
Proceeds from bills discounted to banks that are not derecognised in their entirety	355,761	543,426
Repayment of bank borrowings under supplier finance agreements	(21,304)	(56,624)
Proceeds from bank and other borrowings	501,581	764,499
Repayments of bank and other borrowings	(684,233)	(957,106)
Proceeds from the issuance of shares	–	907
Repayments of lease liabilities	(8,297)	(4,666)
Interest paid	(39,622)	(65,339)
Loan advances from staff	–	4,860
Repayments from loans from staff	–	(18,790)
Payment of accrued issue costs	(907)	(1,760)
NET CASH GENERATED FROM FINANCING ACTIVITIES	102,979	209,407
NET DECREASE IN CASH AND CASH EQUIVALENTS	(77,442)	(125,395)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	310,904	436,213
Effect of foreign exchange rate changes	6,701	86
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	240,163	310,904

Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1.1 General information

ZG Group (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the laws of the Cayman Islands on 27 February 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 (the "Stock Exchange") on 10 March 2025.

Mr. Wang Dong, Mr. Wang Changhui and Mr. Rao Huigang, directors of the Company, have acted in concert since 2018. Under a Concert Party Agreement ("CPA") dated August 28, 2023, and a supplemental agreement following the exercise of options under the 2023 Pre-Listing Share Option Scheme, they, along with the entities controlled by Jeremy Global Development Limited, Kiwi Global Development Limited, Restriven Limited, Wangdong Holdings Limited, Pangmao1 Ltd, Wangchanghui Holdings Limited, Pangmao2 Ltd, and Raohuigang Holdings Limited (collectively, the "Concert Parties"), agreed to act in concert to align their shareholding interests in the Company. These entities are controlled by Mr. Wang Dong, Mr. Wang Changhui, and Mr. Rao Huigang, respectively.

Pursuant to the CPA, the Concert Parties agreed to vote in concert with the others on all operational and strategic matters at the Company's board or shareholders' meetings. In case of disputes, they are required to follow Mr. Wang Dong's instructions. Consequently, Mr. Wang Dong, Mr. Wang Changhui, and Mr. Rao Huigang are collectively the controlling shareholders of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and its subsidiaries, including the consolidated affiliated entities (together, the "Group"), as set out in Note 42, 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). For the purpose of preparation of 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

As at 31 December 2024, the Group was in net current liabilities position of RMB6,907,496,000, of which RMB6,821,940,000 was the balance of convertible preferred shares as part of financial liabilities at FVTPL. As the redemption features of convertible preferred shares were terminated prior to 1 January 2021 as more fully disclosed in Note 31, accordingly, the directors of the Company believe there would be no material cash flow impact of these convertible preferred shares presented under current liabilities. Following the listing of the Company's shares on 10 March 2025, the convertible preferred shares of the Company have been automatically converted into the ordinary shares of the Company. After taking into account the above and the Group's cash flow projections prepared by the management of the Group and the expected working capital requirements as well as the availability of unutilised banking facilities, the directors of the Company are satisfied that the Group is able to meet in full the financial obligations when they fall due for a period of twelve months from 31 December 2024 and thus, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Contractual Arrangements

The operating activities of the Group are mainly carried out by Zhaogang Netcom and its subsidiaries (collectively, the "Consolidated Affiliated Entities").

On 14 June 2012, to comply with relevant laws and regulations in PRC which prohibit or restrict foreign ownership of companies that provide value-added telecommunications services, which include certain activities and services operated by the Group, Zhaogang Netcom, together with its then equity holder, Beijing Steel, and Beijing Steel's then equity holders entered into a series of contractual arrangements with Beijing Gangfu Management Consulting Co., Ltd. ("Beijing Gangfu"), an indirect wholly-owned subsidiary of the Company.

On 18 May 2018, Zhaogang Netcom, together with its then equity holders, and Beijing Gangfu entered into a new series of contractual arrangements (the "Contractual Arrangements") that supersede and replace in its entirety the prior contractual arrangements dated 14 June 2012. On the same day, the old contractual arrangement between Beijing Steel and Beijing Gangfu was terminated. Accordingly, Beijing Steel was disposed, with insignificant financial impact, and was no longer within the Group since then.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.2 Basis of preparation of consolidated financial statements (continued)

Contractual Arrangements (continued)

The Contractual Arrangements included exclusive business cooperation agreement, exclusive option agreement, equity pledge agreement, powers of attorney, confirmations from the relevant individual shareholders, spouse undertakings. The Contractual Arrangements can be extended at Beijing Gangfu's option prior to the expiration date.

The Contractual Arrangements enable Beijing Gangfu to control Zhaogang Netcom by:

- Exercising effective financial and operational control over Zhaogang Netcom;
- Exercising equity holders' voting rights of Zhaogang Netcom;
- Receiving substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and management consultancy services provided by Beijing Gangfu;
- Obtaining an irrevocable and exclusive right to purchase all or part of the interests in Zhaogang Netcom at the lowest purchase price permitted under PRC laws and regulations and exercise such right from time to time in the event that PRC laws and regulations permitted;
- Preventing Zhaogang Netcom to sell, transfer, pledge or dispose of in any manner any material assets of Zhaogang Netcom or legal or beneficial interest in the material business or revenues of Zhaogang Netcom or allow the encumbrance of any secured interest of Zhaogang Netcom without prior consent of Beijing Gangfu; and
- Preventing Zhaogang Netcom to make any distributions to their equity holders without prior consent of Beijing Gangfu.

Pursuant to the Contractual Arrangements, Beijing Gangfu continues to maintain its effective control over Zhaogang Netcom and remains entitled to all the economic benefits derived from its operations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1.2 Basis of preparation of consolidated financial statements (continued)

Contractual Arrangements (continued)

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Company has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the financial position and results of the Consolidated Affiliated Entities in the Consolidated Financial Statements during the year.

The summarized financial information of the Consolidated Affiliated Entities is disclosed below.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**657,855**	780,107
Loss for the year	**(137,165)**	(406,260)

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Total assets	**7,205,330**	11,257,612
Total liabilities	**(6,916,778)**	11,395,483

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Application of new and amendments to IFRS accounting standards

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to the IFRS Accounting Standards that have been issued but not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Application of new and amendments to IFRS accounting standards (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows and IAS 33 Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Investments in associates and a joint venture (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 4.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the mandatory provident fund scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees (including directors of the Company) are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based compensation reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in equity-settled share-based compensation reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity-settled share-based compensation reserve will continue to be held in equity-settled share-based compensation reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Property and equipment (continued)

Depreciation is provided to write off the cost of items of property and equipment other than construction in progress less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Impairment on property and equipment, right-of-use assets, and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

(ii) Financial assets classified as at FVTOCI

Subsequent changes in the carrying amounts for financial assets classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of other reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets including trade receivables, other receivables and receivables at FVTOCI which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables resulting from transactions that are within the scope of IFRS 15.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on the other financial instrument has not increased significantly since initial recognition if the other financial instruments (not including trade receivables resulting from transactions that are within the scope of IFRS 15) are determined to have low credit risk at the reporting date. Other financial instruments are determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers other financial instruments to have low credit risk when it has an internal or external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due for corporate/individual debtors unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial assets that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gain/(loss);

- For financial assets measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gain/(loss). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the other reserve;

- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the fair value gain/(loss) of financial assets.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of financial assets measured at FVTOCI, the cumulative gain or loss previously accumulated in other reserve is reclassified to profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities, including trade, bills and other payables, advances received from buyers in relation to transaction services and transaction support services, and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Preferred shares

The preferred shares are initially recognised at fair value. The Group does not account for the embedded derivatives separately from the host contract and designates the entire preferred shares as financial liabilities at FVTPL with fair value change recognised in "fair value changes of financial liabilities at FVTPL" in profit or loss.

Given that the preferred shares include counterparty conversion options that do not meet equity instruments classification by applying IAS 32, and the convertible options are exercisable by the holders anytime, such convertible preferred shares designated at FVTPL are classified as current liabilities when the holders have the options to convert within twelve months after the reporting period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss as part of net foreign exchange gain/(loss) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and further periods.

Critical judgements in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies (continued)

Consolidation of structured entities

The Group obtained control over Zhaogang Netcom and its subsidiaries, by entering into a series of contractual arrangements with Zhaogang Netcom and its equity holders. Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and the updating of the PRC legal system from time to time could affect the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities in the future. The directors of the Company, based on the advice of its legal counsel, consider that the contractual arrangements in relation to Zhaogang Netcom are in compliance with the relevant PRC laws and are legally enforceable.

Control over an entity for which the Group does not have more than 50% ownership interest

Shanghai Tengcai Technology Co., Ltd. (previously known as FatCat Cloud (Shanghai) Technology Co., Ltd., "Tengcai") is the subsidiary of the Group even though the Group has only a 48.06% ownership interest in this entity.

Management of the Company assessed whether the Group has control over this entity based on whether the Group has the practical ability to direct the relevant activities of Tengcai unilaterally. In making their judgement, management considers the Group's voting rights arising from the contractual arrangements, in which the Group has entered into power of attorney with Tianjin Pangmao Yuanzheng Business Management Partnership (L.P.) ("Pangmao Yuanzheng"), one of the shareholders of Tengcai. Following that, Pangmao Yuanzheng transferred its 5.34% voting rights in Tengcai to the Group, accordingly the Group's voting rights in Tengcai increased from 48.06% to 53.40%. After the assessment, management concludes that the Group has dominant voting rights and power to direct the relevant activities of Tengcai and therefore the Group has unilateral control over Tengcai.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies (continued)

Principal versus agent

As more fully disclosed in Note 4, in determining whether the Group is acting as a principal or as an agent in the sales of goods and services requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group acting as a principal or an agent, the Group considers whether it obtains control of the goods and if necessary, also considers individually or in combination, whether the Group is primarily responsible for fulfilling the contracts, is subject to inventory risk, has discretion in establishing prices for the goods and services. Significant judgement is required when inventory risk is not significant. Having considered the relevant facts and circumstances, management considers that the Group obtains control of goods sold for direct sales while the Group does not obtain control of goods sold for transaction services before the goods are transferred to the customers. Accordingly, the Group is acting as a principal for the direct sales and the corresponding revenue is presented on a gross basis while the Group is acting as an agent for transaction services and the corresponding revenue is presented on a net basis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated loss allowance of trade and other receivables

Trade and other receivables credit-impaired and offers asset as collateral to the Group are assessed for ECL individually. In estimating ECL on remaining trade and other receivables, the Group groups the debtors based on shared credit risk characteristics and credit rating of the debtors. Subsequently, the Group determines the internal credit rating and provision rates for each group. The provision rates are based on the Group's reasonable and supportable information, including credit worthiness, past collection history, subsequent receipts from the debtors, future economic conditions of the industry in which the debtors operate, and any forward-looking information that is available without undue cost efforts.

The assessment of the correlation among the possibility of default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast of economic conditions.

The information about the ECL in the Group's trade and other receivables at the end of each reporting period is disclosed in Note 38 to the consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill and intangible assets with indefinite life

Determining whether goodwill and intangible assets with indefinite life is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill and intangible assets with indefinite life has been allocated, which is the higher of the value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of future cash, a material impairment loss/future impairment loss may arise.

As at 31 December 2024, the carrying amount of goodwill and intangible assets with indefinite life was approximately RMB124,954,000 (2023: RMB124,954,000). Details of the impairment test are set out in Note 20.

Estimation of the fair value of financial assets and financial liabilities at FVTPL

As at 31 December 2024, the Group had financial assets at FVTPL amounting to RMB42,806,000 (2023: RMB44,008,000) and financial liabilities at FVTPL amounting to RMB6,849,699,000 (2023: RMB6,841,695,000) for financial reporting purposes.

In estimating the fair value of the financial instruments, the management of the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the management of the Group will engage a third party qualified valuer to assist the management in performing the fair value measurement, if necessary. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation findings to the board of directors of the Company regularly to explain the cause of fluctuations in the fair value of the related assets and liabilities. Changes in these assumptions and estimates could affect the respective fair value of these financial assets and financial liabilities. Further details are included in Note 38(c).

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

4. REVENUE

(i) Disaggregation of revenue

	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	313,160	432,103	28,296	593,308	184,176	1,551,043
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
	313,160	414,152	28,296	593,308	184,176	1,533,092

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

4. REVENUE (CONTINUED)

(i) Disaggregation of revenue (continued)

	Year ended 31 December 2023					
Segments	Transaction services	Transaction support services	Technology subscription services	Overseas transaction business	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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	281,105	508,994	34,044	221,056	123,252	1,168,451
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
	281,105	476,830	34,044	221,056	123,252	1,136,287

(ii) Performance obligations for contracts with customers and revenue recognition policies

Commission income

Transaction services

The Group charges commission fees on a per ton basis, being the Group acting as an agent as its performance obligation is to arrange for the provision of the steel products by steel sellers to steel buyers. For steel buyers which are classified as key accounts, the Group charges commission fees to key accounts directly, whereas for those remaining steel buyers, the Group charges commission fees to steel sellers. Commission income is recognised on a net basis when the underlying transaction is completed, representing the point in time at which the right to commission fee becomes unconditional.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

4. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies (continued)

Commission income (continued)

Others

The Group acts as an agent for certain customers to earns commission income for arranging the provision of non-steel products by sellers to the buyers. Commission income is recognised on a net basis when the underlying transaction is completed, representing the point in time at which the right to commission fee becomes unconditional.

Service income

Transaction support services

The Group provides logistics, warehousing, processing and transaction settlement services to customers.

The Group renders logistics services to the customers who are mainly steel buyers when the goods are delivered from origin to destination as specified in the contracts. Revenue is recognised over time as customers simultaneously receive and consume the benefits provided by the Group's performance as the goods were delivered from one location to another.

Revenue from provision of warehousing services to steel buyers is charged at a fixed rate on a per-day and per-ton basis. The warehousing service revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the buyers simultaneously receive and consume the benefits provided by the Group when the Group renders the service.

Revenue from provision of processing services is charged to the steel buyers on a per-ton basis and is recognised at a point in time when the processing services are rendered to the steel buyers.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

4. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies (continued)

Service income (continued)

Transaction settlement services

- Trilateral Bai Tiao (三方白條)

  The Group typically enters into cooperation agreements with collaborative financial institutions, and enters into technical service agreements with steel buyers of the Group ("Trilateral Bai Tiao users"), whereas Trilateral Bai Tiao users enter into credit facility agreements with the financial institutions directly in order to obtain the funding specifically for the purpose of purchasing steel products from the Group. The Group charges financial institutions a service fee based on a fixed rate on the provided funding on a per-day basis. Revenue from Trilateral Bai Tiao is recognised by the Group at a point in time when the financial institutions contracted with the Trilateral Biao Tiao users for providing the credit funding, with variable considerations as the days of the funding used by the steel buyers are uncertain. Revenue from technical service fee charged to Trilateral Bai Tiao users is recognised over the service period when services are rendered. The Group has ceased providing Trilateral Bai Tiao services in August 2024.

- Trilateral Easy Procurement (三方易採)

  The Group partners with non-bank capital providers, such as state-owned enterprises, and serves as a bridge linking these non-bank capital providers to the steel buyers who require funding to purchase steel products ("Trilateral Easy Procurement users"). Under this Trilateral Easy Procurement model, the non-bank capital providers would pay the upstream steel mills or distributors on behalf of the Trilateral Easy Procurement users and the Group charge such non-bank capital providers a service fee based on a fixed rate on the provided funding on a per-day basis. Revenue from Trilateral Easy Procurement is recognised at a point in time when the non-bank capital providers entered contracts with the Trilateral Easy Procurement users for the provision of such transaction settlement services, with variable considerations as the days of the funding used by the Trilateral Easy Procurement users are uncertain. The Group has ceased providing Trilateral Easy Procurement services in August 2024.

Technology subscription services

The Group offers digital transaction solutions via digital platforms to facilitate transaction services among users which includes SaaS services, data analysis and other customer value-added services.

Revenue from technology subscription services is recognised over the service period when services are rendered.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

4. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers and revenue recognition policies (continued)

Sales of goods

Overseas transaction business

The Group procures steel products from manufacturers, manages inventories and distributes them directly to customers through its overseas distribution channels. Under the direct sales business model, revenue from sales of goods is recognised at a point in time, being the time the products are received by the customers at the premises specified in the contract.

Others

The Group procures non-steel products from domestic manufacturers according to customers' request, manages inventories and sells non-steel products to domestic third-party customers. Under the direct sales business model, revenue from sales of goods is recognised at a point in time, being the products are received by the customers at the premises specified in the contract.

(iii) Transaction price allocated to the remaining performance obligations for contracts with customers:

Contract liabilities	**2024** ***RMB'000***	2023 *RMB'000*
Overseas transaction business	**39,447**	2,094
Technology subscription services	**24,583**	33,404
Transaction services and transaction support services	**13,971**	9,490
	78,001	44,988

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) arose from technology subscription services as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within one year	**13,627**	16,506
More than one year but not more than two years	**4,311**	10,698
More than two years	**6,645**	6,200
	24,583	33,404

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

4. REVENUE (CONTINUED)

(iii) Transaction price allocated to the remaining performance obligations for contracts with customers: (continued)

As at 31 December 2024, contract liabilities arising apart from technology subscription services will be recognised as revenue within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Interest income under transaction support services segment

The Group provides integrated transaction settlement services and services in allowing customers more flexibility in terms of settlement directly to eligible steel buyers and steel sellers, through the provision of "Bilateral Bai Tiao" (二方白條), "Bilateral Easy Procurement" (二方易採) and "Bills Settlement" (票據結算).

Bilateral Bai Tiao – The Group directly provides transaction settlement services to eligible steel buyers who use the Bilateral Bai Tiao products to enjoy extended payment terms for their purchases from the Group. The Group has ceased operation of Bilateral Bai Tiao services in August 2024.

Bilateral Easy Procurement – The Group directly provides transaction settlement services to eligible steel buyers who use the Bilateral Easy Procurement services to procure from upstream steel mills or distributors on extended credit terms. The Group has ceased operation of Bilateral Easy Procurement services in August 2024.

Bills Settlement – The Group obtained bills receivables from steel buyers as settlement of payment for the goods or by accepting factoring from external third parties. The bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group has ceased accepting factoring from external third parties in August 2023.

Interest income from the aforementioned services is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

5. SEGMENT INFORMATION

Information reported to the executive director of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For transaction support services, the information reported to CODM is further categorised into different single services, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment. These operating segments share similar economic characteristics, nature of the services and type of customers.

The Group's reportable segments are therefore as follows:

- Transaction services segment – The Group acts as agent and earns commission from trading steel products via its online platform.

- Transaction support services segment – The Group provides customers with one-stop logistics, warehouse and processing services, as well as integrated transaction settlement services. The integrated transaction settlement services offers the buyers and sellers different financing and/or settlement options to facilitate the transactions with the Group, namely "FatCat Bai Tiao" (胖貓白條), "Bills Settlement" (票據結算), and "FatCat Easy Procurement" (胖貓易採). "FatCat Bai Tiao" (胖貓白條) includes "Bilateral Bai Tiao" (二方白條) and "Trilateral Bai Tiao" (三方白條). "FatCat Easy Procurement" (胖貓易採) includes "Bilateral Easy Procurement" (二方易採) and "Trilateral Easy Procurement" (三方易採). The Group has ceased operations of FatCat Bai Tiao and FatCat Easy Procurement in August 2024, also has ceased accepting factoring from external third parties under Bills Settlement in August 2023.

- Technology subscription services segment – The Group offers digital transaction solutions via digital platforms to facilitate transaction services among users which includes SaaS services, data analysis and other customer value-added services.

- Overseas transaction business segment – The Group procures steel products from manufacturers, manages inventories and distributes them directly to overseas customers through its overseas distribution channels.

- Others – The Group procures non-steel products from manufacturers according to customers' request, manage inventories and sells to domestic third-party customers. For certain customers, the Group acts as agent and earns commissions from trading non-steel products.

An analysis of the Group's revenue and results from continuing operations by reportable segments is as below:

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

5. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2024

Continuing operations

	Transaction services *RMB'000*	Transaction support services *RMB'000*	Technology subscription services *RMB'000*	Overseas transaction business *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
REVENUE							
Commission income	313,160	–	–	–	2,642	–	315,802
Service income	–	414,152	28,296	–	–	–	442,448
External sales of goods	–	–	–	593,308	181,534	–	774,842
Interest income	–	17,951	–	–	–	–	17,951
Inter-segment revenue	335,176	–	4,001	–	–	(339,177)	–
	648,336	432,103	32,297	593,308	184,176	(339,177)	1,551,043
SEGMENT PROFIT	30,315	23,813	6,070	17,851	6,481	–	84,530
Unallocated							
Other income and other gains and losses							42,613
Selling and distribution expenses							(12,736)
Administrative expenses							(77,127)
Research and development expenses							(44,983)
Professional fees and expenses related to De-SPAC Transaction							(9,697)
Finance costs							(39,994)
Fair value changes of financial assets at FVTPL							(881)
Fair value changes of financial liabilities at FVTPL							(8,004)
Share of results of associates and joint ventures							(735)
Loss before tax from continuing operations							(67,014)
Income tax expense							(1,653)
Loss for the year from continuing operations							(68,667)

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

5. SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2023

Continuing operations

	Transaction services *RMB'000*	Transaction support services *RMB'000*	Technology subscription services *RMB'000*	Overseas transaction business *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
REVENUE							
Commission income	281,105	–	–	–	–	–	281,105
Service income	–	476,830	34,044	–	–	–	510,874
External sales of goods	–	–	–	221,056	123,252	–	344,308
Interest income	–	32,164	–	–	–	–	32,164
Inter-segment revenue	362,145	–	5,718	–	–	(367,863)	–
	643,250	508,994	39,762	221,056	123,252	(367,863)	1,168,451
SEGMENT PROFIT	44,061	39,787	5,909	7,158	2,236	–	99,151
Unallocated							
Other income and other gains and losses							29,284
Selling and distribution expenses							(14,582)
Administrative expenses							(418,490)
Research and development expenses							(53,791)
Professional fees and expenses related to De-SPAC Transaction							(39,557)
Finance costs							(64,873)
Fair value changes of financial assets at FVTPL							4,578
Fair value changes of financial liabilities at FVTPL							(8,041)
Share of results of associates and joint ventures.							(2,540)
Loss before tax from continuing operations							(468,861)
Income tax expense							(788)
Loss for the year from continuing operations							(469,649)

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

5. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by from each segment without allocation of other income and other gains and losses, certain selling and distribution expenses, administrative expenses, certain research and development expenses, professional fees and expenses related to De-SPAC Transaction, finance costs, fair value changes of financial assets and liabilities at FVTPL and share of results of associates and joint ventures.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

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:

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

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

Information about the Group's non-current assets (excluding goodwill, financial assets at FVTPL, restricted cash and deferred tax assets) which is presented based on geographical location of the assets, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Mainland China	**382,037**	400,596
Overseas	**14,104**	495
	396,141	401,091

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

5. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	2024 **RMB'000**	2023 RMB'000
Customer A (*note*)	**215,066**	186,946

Note: Revenue from Customer A is recognised as revenue from transaction services.

6. OTHER INCOME

Continuing operations

	2024 **RMB'000**	2023 RMB'000
Interest on bank deposits	**9,883**	26,376
Government grants *(note)*	**40,537**	6,681
	50,420	33,057

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

7. OTHER GAINS AND LOSSES, NET

Continuing operations

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

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.

8. FINANCE COSTS

Continuing operations

	2024 *RMB'000*	2023 *RMB'000*
Interest on:		
– Bank borrowings	14,949	18,581
– Other borrowings *(note)*	24,684	46,049
– Lease liabilities	361	243
	39,994	64,873

Note: Interest on other borrowings mainly arose from factoring of trade receivables to banks and non-bank financial institutions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

9. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

Continuing operations

	2024 *RMB'000*	2023 *RMB'000*
Impairment loss recognised, net of reversal on:		
Trade receivables		
– Impairment losses recognised	**12,299**	32,981
– Impairment losses reversed	**(13,393)**	(2,688)
	(1,094)	30,293
Other receivables		
– Impairment losses recognised	**59,038**	27
– Impairment losses reversed	**(70)**	(132)
	58,968	(105)
	57,874	30,188

Details of impairment assessment are set out in Note 38.

10. INCOME TAX EXPENSE

Continuing operations

	2024 *RMB'000*	2023 *RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**21**	9
UAE Enterprise Income Tax	**1,520**	–
Malaysia Enterprise Income Tax	**350**	–
Under provision in prior years	**18**	79
	1,909	88
Deferred tax (credit) charge *(Note 29)*	**(256)**	700
Income tax expense	**1,653**	788

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

10. INCOME TAX EXPENSE (CONTINUED)

Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Law of the Cayman Islands and is not subject to Cayman Island income tax.

Hong Kong

The Company's subsidiaries domiciled in Hong Kong are subject to a two-tiered income tax rate for taxable income earned in Hong Kong. The first 2 million Hong Kong dollars ("HK$") of profits earned by the company are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%. To avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

Mainland China

Under the PRC Enterprise Income Tax Law (the "EIT Law"), the standard EIT rate for PRC operating entities is 25%.

The EIT Law and its implementation rules permit certain High and New Technologies Enterprises ("HNTEs") to enjoy a reduced 15% EIT rate subject to these HNTEs meeting certain qualification criteria. Certain entities of the Group are qualified as HNTEs, and accordingly are subject to a preferential income tax rate of 15%.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities were entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction").

Malaysia

Income tax for the Group's operating subsidiary in Malaysia is calculated at 24% of the estimated assessable profit for the year.

UAE

The Group has operating subsidiary in UAE and the cooperate income tax rate is set at 9% for taxable profit exceeding Dirham ("AED") 375,000.

Taxation arising in other jurisdictions is calculated at the rate in the relevant jurisdictions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

10. INCOME TAX EXPENSE (CONTINUED)

UAE (continued)

The income tax expense can be reconciled to the loss before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income, as follows:

	2024 *RMB'000*	2023 *RMB'000*
Loss before tax from continuing operations	**(67,014)**	(468,861)
Tax at the PRC statutory income tax rate of 25%	**(16,754)**	(117,215)
Tax effect of Super Deduction for research and development expenses	**(1,524)**	(5,547)
Effect of preferential tax rates	**28**	2,324
Tax effect of expenses not deductible for tax purpose *(note)*	**4,003**	105,844
Tax effect of income not taxable for tax purpose	**(1,289)**	(1,285)
Under provision in prior years	**18**	79
Tax effect of deductible temporary differences not recognised	**16,339**	8,848
Utilisation of deductible temporary differences or tax losses previously not recognised	**(10,816)**	(16,563)
Effect of tax losses not recognised	**13,565**	23,976
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,917)**	327
Income tax expense for the year relating to continuing operations	**1,653**	788

Note: Tax effect of expenses not deductible for tax purpose mainly included share-based payment expenses in 2023 and effect of tax losses not recognised and not eligible to be carried forward in 2023.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

11. DISCONTINUED OPERATIONS

On 29 March 2023, the directors of the Company passed the resolution to discontinue the domestic direct sales business of steel products. On 31 March 2023, the Group ceased all the operation of the domestic direct sales business of steel products and completed all the buyer orders. Hence, the domestic direct sales business of steel products was discontinued on 31 March 2023 and presented under discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the reporting periods.

	2024	2023
	RMB'000	*RMB'000*
Income statement disclosures		
The results for the year are as follows:		
Revenue	–	159,723
Cost of revenue	–	(158,819)
Gross profit	–	904
Selling and distribution expenses	–	(260)
Profit before tax	–	644
Income tax *(note)*	–	–
Profit for the year	–	644
Cash flow statement disclosures		
Operating activities	–	57,448
Investing activities	–	–
Financing activities	–	–
Net cash inflows	–	57,448

Note: No income tax was recognised as there were accumulated losses incurred by the discontinued operations of steel products over the reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

12. LOSS FOR THE YEAR

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

	2024 *RMB'000*	2023 *RMB'000*
Cost of inventories recognised as an expense	**551,592**	209,055
Auditors' remuneration:		
– Audit services	**1,801**	–
Depreciation of property and equipment	**9,617**	10,454
Depreciation of right-of-use assets	**6,589**	4,615
Amortisation of intangible assets	**3,969**	5,962
Total depreciation and amortisation	**20,175**	21,031
Directors' remuneration (excluding equity-settled share-based expense) *(Note 13)*	**6,387**	7,023
Equity-settled share-based payments *(note)*	**–**	343,058
Salaries, allowances and benefits	**270,494**	259,945
Retirement benefits scheme contributions	**27,968**	26,210
Total staff costs (including directors)	**304,849**	636,236

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the individuals who were appointed as the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

For year ended 31 December 2024

	Fee RMB'000	Salaries, Allowances and benefits RMB'000	Performance-related bonuses RMB'000	Retirement Benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors:						
– Wang Dong *(note a)*	–	2,000	–	136	–	2,136
– Wang Changhui	–	1,740	–	136	–	1,876
– Gong Yingxin	–	1,203	–	136	–	1,339
– Zhou Min *(note b)*	–	860	40	136	–	1,036
Non-executive directors:						
– Ye Qian	–	–	–	–	–	–
	–	5,803	40	544	–	6,387

For year ended 31 December 2023

	Fee RMB'000	Salaries, Allowances and benefits RMB'000	Performance-related bonuses RMB'000	Retirement Benefits scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors:						
– Wang Dong *(note a)*	–	2,000	–	134	168,143	170,277
– Wang Changhui	–	2,000	–	134	88,177	90,311
– Gong Yingxin	–	1,203	500	128	8,077	9,908
– Zhou Min *(note b)*	–	690	100	134	–	924
Non-executive directors:						
– Shao Yibo *(note c)*	–	–	–	–	–	–
– Wu Bin *(note d)*	–	–	–	–	–	–
– Ye Qian	–	–	–	–	–	–
	–	5,893	600	530	264,397	271,420

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Notes:

a. Wang Dong is the chief executive of the Group.

b. Zhou Min was appointed on 14 July 2023.

c. Shao Yibo resigned on 14 July 2023.

d. Wu Bin resigned on 14 July 2023.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the year ended 31 December 2023, certain directors were granted share options in respect of their services to the Group under the share option scheme of the Company. Details of the scheme are set out in Note 33.

Subsequent to reporting period, Mr. Wang Weisong, Mr. Chen Yin and Mr. Wang Xiang are appointed as independent non-executive directors on 7 March 2025.

Five highest paid individuals emoluments

The five highest paid individuals of the Group included three (2023: three) directors for the year ended 31 December 2024. The emoluments of the remaining two (2023: two) highest paid employees who are neither a director nor chief executives of the Company are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Salaries, allowances and benefits	**2,657**	2,052
Performance-related bonuses	**590**	–
Retirement benefit scheme contributions	**272**	269
Equity-settled share-based payments	**–**	74,249
	3,519	76,570

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Five highest paid individuals emoluments (continued)

The number of five highest paid employees including the directors of the Company whose emoluments fell within the following bands is as follows:

	2024 No. of employees	2023 No. of employees
HK$1,000,001 to HK$1,500,000	1	–
HK$1,500,001 to HK$2,000,000	1	–
HK$2,000,001 to HK$2,500,000	3	–
HK$7,000,001 to HK$7,500,000	–	1
HK$11,000,001 to HK$11,500,000	–	1
HK$79,000,001 to HK$79,500,000	–	1
HK$102,000,001 to HK$102,500,000	–	1
HK$192,500,001 to HK$193,000,000	–	1

During the year ended 31 December 2023, certain non-director and non-chief executive highest paid employees were granted share options in respect of their services to the Group under the share option scheme of the Company. Details of the scheme are set out in Note 33.

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the five highest paid individuals of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2024, nor has any dividend been proposed subsequent to the year ended 31 December 2024 (2023: nil).

15. LOSS PER SHARE

From continuing operations

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:

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

15. LOSS PER SHARE (CONTINUED)

From continuing operations (continued)

Loss figures are calculated as follows:

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

Number of shares

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

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 disclosed in Note 33) as these would result in the decrease in the loss per share.

From discontinued operations

	2024 *RMB'000*	2023 *RMB'000*
Profit for the year from discontinued operations.	**–**	644
Basic and diluted earnings per share (RMB)	**–**	0.004

	2024	2023
Weighed average number of ordinary shares for the purpose of basic and diluted earnings per share	**218,008,756**	179,615,767

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

16. PROPERTY AND EQUIPMENT

	Buildings *RMB'000*	Equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
COST				
As at 1 January 2023	215,027	39,180	10,719	264,926
Additions	–	642	498	1,140
Disposals	–	(10,278)	(1,356)	(11,634)
Disposal of subsidiaries	–	(1,155)	(349)	(1,504)
Exchange adjustments	–	102	142	244
As at 31 December 2023	215,027	28,491	9,654	253,172
Additions	–	6,317	5,883	12,200
Disposals	–	(3,261)	(1,761)	(5,022)
Exchange adjustments	–	–	8	8
As at 31 December 2024	**215,027**	**31,547**	**13,784**	**260,358**
DEPRECIATION				
As at 1 January 2023	7,276	30,611	10,132	48,019
Provided for the year	4,618	5,464	372	10,454
Eliminated on disposals	–	(10,213)	(1,356)	(11,569)
Disposal of subsidiaries	–	(673)	(270)	(943)
Exchange adjustments	–	77	77	154
As at 31 December 2023	11,894	25,266	8,955	46,115
Provided for the year	4,618	4,567	432	9,617
Eliminated on disposals	–	(3,191)	(1,708)	(4,899)
Exchange adjustments	–	–	*	–
As at 31 December 2024	**16,512**	**26,642**	**7,679**	**50,833**
CARRYING VALUES				
As at 31 December 2023	**203,133**	**3,225**	**699**	**207,057**
As at 31 December 2024	**198,515**	**4,905**	**6,105**	**209,525**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

16. PROPERTY AND EQUIPMENT (CONTINUED)

The above items of property and equipment after taking into account their estimated residual value, are depreciated on a straight-line basis within the following period:

Buildings	45 years
Equipment	3 to 5 years
Motor vehicles	5 years

* Amount below RMB1,000

17. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Office premises and dormitory *RMB'000*	Machineries *RMB'000*	Total *RMB'000*
As at 31 December 2023				
Carrying amount	16,899	4,786	–	21,685
As at 31 December 2024				
Carrying amount	**16,514**	**16,603**	**926**	**34,043**
For the year ended 31 December 2023				
Depreciation charge	385	4,230	–	4,615
For the year ended 31 December 2024				
Depreciation charge	**385**	**6,173**	**31**	**6,589**

	2024 *RMB'000*	2023 *RMB'000*
Expense relating to short-term leases	**6,307**	6,454
Total cash outflow for leases	**14,722**	11,120
Additions to right-of-use assets	**19,519**	3,333

Notes:

(i) The Group leases machineries, office premises and dormitory for employees for its operation. Lease contracts are entered into for fixed term of 2 to 7 years.

(ii) Leasehold lands with 50 years of lease term mainly represent upfront payments for leasehold lands in the PRC, for which the Group has obtained the land use right certificates.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

17. RIGHT-OF-USE ASSETS (CONTINUED)

Restrictions or covenants on leases

As at 31 December 2024, lease liabilities of approximately RMB15,102,000 (2023: RMB4,264,000) are recognised with related right-of-use assets of approximately RMB17,529,000 (2023: RMB4,786,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors, leased assets may not be used as security for borrowing purpose.

As at 31 December 2024 and 2023, the Group's leasehold lands located in PRC have been pledged as security for the Group's bank borrowings as set out in Note 28.

18. GOODWILL

	Arising from change of control from joint venture to subsidiary Total *RMB'000*
COST	
As at 1 January 2023, 31 December 2023 and 2024	**31,954**
CARRYING VALUE	
As at 31 December 2023 and 2024	**31,954**

Particulars regarding impairment testing on goodwill are disclosed in Note 20.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

19. INTANGIBLE ASSETS

	Software *RMB'000*	Trademark *RMB'000*	Know-how *RMB'000*	Client relationship *RMB'000*	Total *RMB'000*
COST					
As at 1 January 2023	14,693	22,000	93,000	9,000	138,693
Additions	27	–	–	–	27
Disposals	(24)	–	–	–	(24)
Exchange adjustments	2	–	–	–	2
As at 31 December 2023	14,698	22,000	93,000	9,000	138,698
Disposals	(19)	–	–	–	(19)
Exchange adjustments	(3)	–	–	–	(3)
As at 31 December 2024	**14,676**	**22,000**	**93,000**	**9,000**	**138,676**
AMORTISATION					
As at 1 January 2023	9,897	3,667	–	5,000	18,564
Charge for the year	762	2,200	–	3,000	5,962
Disposals	(24)	–	–	–	(24)
Exchange adjustments	2	–	–	–	2
As at 31 December 2023	10,637	5,867	–	8,000	24,504
Charge for the year	769	2,200	–	1,000	3,969
Disposals	(19)	–	–	–	(19)
Exchange adjustment	(4)	–	–	–	(4)
As at 31 December 2024	**11,383**	**8,067**	**–**	**9,000**	**28,450**
CARRYING VALUES					
As at 31 December 2023	4,061	16,133	93,000	1,000	114,194
As at 31 December 2024	**3,293**	**13,933**	**93,000**	**–**	**110,226**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

19. INTANGIBLE ASSETS (CONTINUED)

The above intangible assets except for know-how have finite useful lives and are amortised on a straight-line basis over the following periods:

Software	3-5 years
Trademark	10 years
Client relationship	3 years

The know-how represented the SaaS platform acquired through business combination of Tengcai. The know-how is considered by the management of the Group as having an indefinite useful life because it is related to the programming language platform which is the core of the business and the demand may continue for many years, even as new technologies emerge. The know-how will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in Note 20.

The trademark and client relationship are acquired through business combination of Tengcai and are amortised on a straight-line basis over useful lives of 10 years and 3 years, respectively. In estimating the useful lives of the acquired customer relationship, the management considered the estimated retention rate of Tengcai's current customers as of the acquisition date, the historical retention rate and projected future revenues associated with such customers. The management performs periodic review of the useful lives and will revise the estimated useful lives when estimated useful lives differ from actual economic useful life.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment tests, goodwill and intangible assets with indefinite useful life sets out in Notes 18 and 19 have been allocated to an individual cash-generating unit, comprising four subsidiaries in technology subscription services segment.

The Group engaged PGA Valuation Consultants LLC ("PGA") to perform impairment assessments on the goodwill and intangible assets with indefinite useful life. As at 31 December 2024, for the purpose of impairment review, the recoverable amount of the cash-generating unit containing goodwill and intangible assets with indefinite useful lives were determined based on value-in-use calculations by using the discounted cash flow method, based on 5-year period financial projections with the forecasted average annual revenue growth rates of 32.48% (2023: 45.76%) following the business plan approved by the management, plus a terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rates of 1.50% (2023: 2.50%). Pre-tax discount rates of 18.33% (2023: 17.59%) were used to reflect market assessment of time value and the specific risks relating to the cash-generating unit. The forecast is based on the cash-generating unit's past performance, and the management's expectation of future business plans and market developments.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (CONTINUED)

The directors of the Company performed sensitivity test on the key assumptions by increasing 1% of pre-tax discount rate or decreasing of 5% expected annual growth rate, with all other variables held constant. The impact on the amounts by which the recoverable amount of the cash-generating unit containing goodwill and intangible assets above their respective carrying amounts (headroom) are as below:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
	Cash-generating unit containing goodwill and intangible assets	Cash-generating unit containing goodwill and intangible assets
Headroom	**72,199**	70,533
Impact by increasing pre-tax discount rate of 1%	**70,299**	68,333
Impact by decreasing annual growth rate of 5%	**63,999**	63,033

The management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

21. INTERESTS IN ASSOCIATES AND JOINT VENTURE

	2024	2023
	RMB'000	*RMB'000*
Associates		
Cost of investments, unquoted	**21,668**	31,658
Share of post-acquisition result	**(6,068)**	(4,778)
Impairment loss on investments in associate	**(8,397)**	(8,397)
	7,203	18,483
Joint Venture		
Cost of investment, unquoted	**30,625**	30,625
Share of post-acquisition result	**(2,931)**	(1,952)
	27,694	28,673
Total interests in associates and joint venture	**34,897**	47,156

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

21. INTERESTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Details of the associates and joint venture of the Group at the end of each reporting period are as follows:

	Place of registration/ operation	Principal activities	Percentage of equity interest 31 December		Percentage of voting rights 31 December	
			2024	2023	**2024**	2023
Name of associates						
Hunan Gangxin Information Technology Co., Ltd	PRC	Information technology services	**41.57%**	41.57%	**41.57%**	41.57%
Shanghai Fenzhi Information Technology Co., Ltd	PRC	Information technology consulting and services	**30.00%**	30.00%	**30.00%**	30.00%
Shanghai Tanqiao E-commerce Co., Ltd.	PRC	Online coal trading	**37.00%**	37.00%	**37.00%**	37.00%
Duda Software (Shanghai) Co., Ltd.	PRC	Software development	**20.00%**	20.00%	**20.00%**	20.00%
Shenzhen Miaojia Mobile Internet Technology Co., Ltd.*(note)	PRC	Software development	**–**	6.24%	**–**	6.24%
Shanghai Gangfeng Logistics Technology Co., Ltd.*	PRC	Information technology consulting and services	**7.12%**	7.12%	**7.12%**	7.12%
Shanghai Haolou Information Technology Co., Ltd.*	PRC	Information technology consulting and services	**12.58%**	12.58%	**12.58%**	12.58%
Name of joint venture						
Xingmao Zhilian	PRC	Steel trading	**43.75%**	43.75%	**43.75%**	43.75%

* The Group is able to exercise significant influence over these entities because it has the power to appoint one to two directors of these entities under the articles of association of the associates.

Note: During the year ended 31 December 2024, the Group disposed of interests in Shenzhen Miaojia Mobile Internet Technology Co., Ltd. with carrying amount of RMB11,524,000 for a cash consideration of RMB4,200,000, resulting a loss of RMB7,324,000 was recognised in other gains and losses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

21. INTERESTS IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

The Group carried out reviews on those investments in associates and joint venture which under poor performance. The recoverable amounts of the investments in associates and joint venture based on value in use calculations, which uses cash flow projections based on financial budgets approved by management and key assumptions related to appropriate growth and discount rates. As a result of this exercise carried out by the management of the Group, no further impairment loss is required to be recognised in the Group's profit or loss in 2024 (2023: impairment loss of RMB2,112,000).

The associates and joint venture of the Group have been accounted for by using the equity method based on the financial information of the associates and joint ventures prepared under the accounting policies consistent with the Group.

Aggregate information of associates that are not individually material

	2024	2023
	RMB'000	*RMB'000*
The Group's share of loss from continuing operations	**(1,290)**	(588)
Aggregate carrying amount of the Group's interests in these associates	**7,203**	18,483

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

22. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables *(note i)*		
– Transaction services *(note ii)*	**76,973**	266,598
– Transaction support services *(note iii)*	**6,675**	12,655
– Technology subscription services	**1,200**	3,326
– Overseas transaction business	**213,229**	35,394
– Others	**606**	55,479
	298,683	373,452
Less: allowance for credit losses	**(25,198)**	(26,292)
	273,485	347,160
Prepayment to sellers in relation to transaction services and transaction support services *(note iv)*	**8,251,935**	9,720,907
Prepayment to sellers in relation to overseas transaction business	**54,261**	27,147
Interest receivable	**3,529**	6,643
Value-added tax recoverable	**–**	3,245
Prepaid expenses	**27,736**	13,926
Advances to staff	**–**	300
Amounts due from related parties *(Note 40)*	**23,340**	24,906
Refundable deposits to sellers	**8,801**	9,735
Deferred issue cost	**3,019**	2,188
Receivable from disposal of subsidiaries	**–**	150
Others *(note vi)*	**73,651**	9,524
	8,446,272	9,818,671
Less: allowance for credit losses	**(15,940)**	(97)
	8,430,332	9,818,574
Total trade receivables, prepayments and other receivables	**8,703,817**	10,165,734
Analysed for reporting purposes as:		
Current assets	**8,696,367**	10,154,735
Non-current assets *(note v)*	**7,450**	10,999
	8,703,817	10,165,734

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

22. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

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.

(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 26, an amount of RMB25,155,000 included in others represented a deposit demanded by the court relating to a business dispute, which has been refunded to the Group subsequent to reporting period on 20 March 2025. 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 reporting period, an amount of RMB15,090,000 of such government grant had been received.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

22. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

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.

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

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.

Details of impairment assessment of trade and other receivables are set out in Note 38.

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:

	2024	2023
	RMB'000	*RMB'000*
United States Dollar ("US$")	**3,314**	3,007
HK$	**–**	6

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

23. FINANCIAL ASSETS AT FVTOCI

	2024 *RMB'000*	2023 *RMB'000*
Receivables at FVTOCI *(notes i and ii)*	**114,349**	69,413

Notes:

(i) The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. As at 31 December 2024, included in the Group's receivables at FVTOCI are receivables amounting to RMB113,440,000 (2023: RMB69,268,000) respectively, which are either endorsed to certain sellers for settlement of trade payables or discounted to the banks that are not derecognised in their entirety. Details of the disclosure are set out in Note 38(d).

Details of pledge of bills receivable for the Group's secured bank borrowings are set out in Note 28.

In addition, the Group has discounted certain bills receivables to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks (i.e. interest risks) of these bills to relevant banks/suppliers, hence the Group has derecognised these bills receivables. Details of the disclosure are set out in Note 38(e). Moreover, certain trade receivables are factored to the banks with no recourse and derecognised in their entirety as the Group has transferred substantially all of the risks and rewards of these trade receivables with no continuing involvement.

(ii) The Group's receivables at FVTOCI with the following maturity:

	2024 *RMB'000*	2023 *RMB'000*
0-180 days	**114,349**	69,413

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

24. INVENTORIES

	2024 RMB'000	2023 RMB'000
Finished goods	**20,077**	10,033

25. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Non-current:		
Preferred shares investments *(note i)*	**2,612**	2,914
Equity securities in a listed entity	**1,026**	2,754
Unlisted equity investments *(note ii)*	**39,168**	38,340
	42,806	44,008

Notes:

(i) The Group made aggregate preferred shares investments in private companies which principally engaged in e-commerce sales of merchandise and provision of internet services. All of these investments are convertible redeemable preferred shares or ordinary shares with preferential rights. The Group has the right to require and demand the investees to redeem all of the preferred shares held by the Group at guaranteed predetermined fixed amount upon redemption events which are out of control of issuers.

(ii) These investments represent equity investments in unlisted entities, in the form of ordinary shares without significant influence.

Details of the fair value hierarchy and major assumptions used in valuation for the financial assets are set out in Note 38.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

26. CASH AND CASH EQUIVALENTS/RESTRICTED CASH

The Group

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

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

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

26. CASH AND CASH EQUIVALENTS/RESTRICTED CASH (CONTINUED)

The Group (continued)

Restricted cash (continued)

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:

	2024 **RMB'000**	2023 RMB'000
US$	**669**	2,306
RMB	**1,861**	3
Japanese Yan ("JPY")	**2**	–
HK$	**36**	–
Total	**2,568**	2,309

27. TRADE, BILLS AND OTHER PAYABLES

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

27. TRADE, BILLS AND OTHER PAYABLES (CONTINUED)

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.

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

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:

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

28. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Fixed-rate borrowing:		
Bank borrowings	**399,978**	424,258
Bank borrowings under supplier finance arrangements *(note i)*	**–**	9,705
Other borrowings *(note ii)*	**6,380**	176,963
	406,358	610,926
Analysed as:		
Secured	**98,447**	223,348
Guaranteed	**20,000**	20,000
Secured and guaranteed	**280,000**	367,578
Unsecured and unguaranteed	**7,911**	–
	406,358	610,926
The carrying amounts of the above borrowings are repayable:		
Within one year	**406,358**	582,326
Within a period of more than one year but not exceeding two years	**–**	28,600
	406,358	610,926

Notes:

(i) The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the bank will settle the prepayments to the sellers on behalf of the Group. The Group's obligations to sellers arose from the steel purchase are legally extinguished on settlement by the relevant banks. The Group then settles with the banks around 180 days after settlement by the banks with interest ranges from 5.25%-7.50%. The interest rates are consistent with the Group's short-term borrowing rates. Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statement of financial position. In the consolidated statement of cash flows, repayments to the banks are included in financing cash flows based on the nature of the arrangements, and prepayments to the suppliers by the banks are disclosed as non-cash transactions. All the prepayments to sellers are paid by the banks directly under the supplier finance arrangements.

Other than prepayments to the sellers as mentioned above, the Group does not enter into any supplier finance arrangement for settlement to trade payables. Therefore, there is no presentation in relation to payment due dates for comparable trade payables that are not part of the supplier finance arrangements.

(ii) The balances were arising from factoring of trade receivables to bank and non-bank financial institutions with full recourse. Details of the disclosures are set out in Note 38(d).

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

28. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(iii) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024 RMB'000	2023 RMB'000
Fixed-rate borrowings	**3.5%-4.0%**	3.2%-8.5%

(iv) Types of borrowings are as follows:

Types of borrowings	Guaranteed/secured by (note)	2024 RMB'000	2023 RMB'000
Guaranteed bank borrowings	Guarantees from shareholders and related parties	**20,000**	20,000
Guaranteed and secured bank borrowings	Guarantees from the shareholders and the Company, secured by building and leasehold lands of the Group	**280,000**	299,780
	Guarantees from the shareholders and the Company, secured by certain bank deposits of the Group	**–**	9,705
	Guarantees from the shareholders and the Company, secured by certain trade receivables of the Group	**–**	58,093
		280,000	367,578
Secured bank borrowings	Secured by certain bank deposits	**38,650**	38,850
	Secured by certain bills receivable	**53,417**	65,628
Secured other borrowings	Secured by certain trade receivables	**6,380**	118,870
		98,447	223,348
Unsecured and unguaranteed bank borrowings		**7,911**	–
		406,358	610,926

Note: Pursuant to the agreement entered with the banks, the guarantees from shareholders and related parties were released on the day of listing of the Company by way of the De-SPAC Transaction.

Details of the securities of the bank and other borrowings are set out in Note 34.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

28. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(v) Certain bank facilities granted to the Group include the following covenants: (a) the Group will maintain due existence of major shareholders and key management, prudently and effectively operate and handle its business in accordance with fair financial and business standards and customs; (b) the major shareholders and key management shall continue all business operations normally to maintain its asset value, and refrain from any action/omission that may adversely affect its business operations and asset value; and (c) the Group does not have significant shareholding changes which would negatively impact the Group's operation. In the opinion of the directors of the Company, the Group did not breach any of the covenants as set out above.

Other than above, the Group does not subject to covenants for the other bank borrowings during the current and prior years.

29. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 ***RMB'000***	2023 *RMB'000*
Deferred tax assets	**–**	294
Deferred tax liabilities	**(23,983)**	(24,533)
	(23,983)	(24,239)

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years.

	ECL ***RMB'000***	**Tax losses** ***RMB'000***	**Other intangible assets acquired through business combinations** ***RMB'000***	**Right-of-use assets** ***RMB'000***	**Lease liabilities** ***RMB'000***	**Total** ***RMB'000***
At 1 January 2023	294	5,325	(28,833)	(1,521)	1,196	(23,539)
(Charge) credit to profit or loss	–	(2,130)	1,300	226	(96)	(700)
At 31 December 2023	294	3,195	(27,533)	(1,295)	1,100	(24,239)
(Charge) credit to profit or loss	(294)	185	800	(3,170)	2,735	256
At 31 December 2024	**–**	**3,380**	**(26,733)**	**(4,465)**	**3,835**	**(23,983)**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

29. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

The tax losses which are not recognised as deferred tax assets will expire in the following years:

	2024	2023
	RMB'000	*RMB'000*
2024	**–**	215,000
2025	**310,000**	310,000
2026	**264,000**	264,000
2027	**280,000**	280,000
2028	**114,000**	110,000
2029	**45,000**	–
Unlimited	**2,000**	4,000
	1,015,000	1,183,000

At the end of the reporting period, the Group has other deductible temporary differences (mainly allowance for doubtful debts and fair value changes of financial assets at FVTPL) of RMB531,278,000 (2023: RMB465,926,000) not been recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to gain on change of control from joint venture to subsidiary amounting to RMB78,305,000 as at 31 December 2024 (2023: RMB78,305,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

30. LEASE LIABILITIES

	2024 *RMB'000*	2023 *RMB'000*
Lease liabilities payable:		
Within one year	**7,990**	2,999
Within a period of more than one year but not more than two years	**5,566**	705
Within a period of more than two years but not more than five years	**1,546**	560
	15,102	4,264
Less: Amounts due for settlement within 12 months shown under current liabilities	**(7,990)**	(2,999)
Amounts due for settlement after 12 months shown under non-current liabilities	**7,112**	1,265

The weighted average incremental borrowing rates applied to lease liabilities are ranging from 3.85% to 4.90% for the year ended 31 December 2024 (2023: from 3.85% to 4.90%).

31. FINANCIAL LIABILITIES AT FVTPL

	2024 *RMB'000*	2023 *RMB'000*
Current:		
Convertible preferred shares	**6,821,940**	6,816,687
Non-current:		
Redeemable preferred shares	**27,759**	25,008
	6,849,699	6,841,695

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

The movements of the financial liabilities at FVTPL are set out as below:

	2024 RMB'000	2023 RMB'000
Convertible preferred shares:		
Carrying amounts at the beginning of the year	**6,816,687**	6,808,695
Changes in fair value	**5,253**	6,883
Exercise of warrants	**–**	1,109
Carrying amounts at the end of the year	**6,821,940**	6,816,687
Redeemable preferred shares:		
Carrying amounts at the beginning of the year	**25,008**	23,850
Changes in fair value	**2,751**	1,158
Carrying amounts at the end of the year	**27,759**	25,008
Warrants:		
Carrying amounts at the beginning of the year	**–**	1,109
Exercise of the warrant	**–**	(1,109)
Carrying amounts at the end of the year	**–**	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Convertible preferred shares

Since the date of incorporation and up to 31 December 2024, the Company has completed a series of financing by issuing convertible preferred shares. The details are set out below:

		Purchase price (US$/share)		Number of shares		Total cash consideration of the preferred shares and fair value of the exercised warrants	
	Date of issuance	Before the share subdivision *(note i)*	After the share subdivision	Before the share subdivision	After the share subdivision	US$	RMB
Series A-1 Preferred Shares *(note ii & iii)*	14 June 2012	0.1222	0.0061	1,288,462	25,769,240	157,500	995,243
Series A-2 Preferred Shares *(note ii & iii)*	14 June 2012	0.2444	0.0122	4,447,129	89,522,580	1,092,175	6,917,803
Series B-1 Preferred Shares *(note ii & iii)*	1 March 2013	1.3420	0.0671	3,754,407	75,088,141	5,038,414	31,630,719
Series B-2 Preferred Shares *(note ii & iii)*	1 March 2013	2.5400	0.1270	549,356	10,987,120	1,395,364	8,574,269
Series C Preferred Shares *(note iii)*	31 December 2013	6.9800	0.3490	4,985,672	99,713,440	34,799,991	212,365,562
Series D Preferred Shares *(note ii & iii)*	20 January 2015	15.1363	0.7568	5,599,123	111,982,460	84,750,011	527,349,177
Series D-1 Preferred Shares *(note ii & iii)*	28 April 2015	N/A	1.0812	N/A	9,248,983	10,000,000	61,123,000
Series E Preferred Shares *(note iii)*	18 May 2018/ 29 May 2023	N/A	0.00005	N/A	164,070,324	8,204	52,306
Series F Preferred Shares *(note iii)*	18 May 2018/ 4 September 2019/ 29 May 2023	N/A	0.00005	N/A	85,352,461	4,268	27,211

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Convertible preferred shares (continued)

Notes:

i. Pursuant to a shareholders' resolution passed on 1 April 2015, each of the issued and unissued shares of US$0.001 each of the Company was subdivided into twenty shares at US$0.00005 each.

ii. Series A-1 Preferred Shares and Series A-2 Preferred Shares are collectively referred to as Series A Preferred Shares. Series B-1 Preferred Shares and Series B-2 Preferred Shares are collectively referred to as Series B Preferred Shares, Series D Preferred Shares and Series D-1 Preferred Shares are collectively referred to as Series D Group Preferred Shares.

iii. Redemption features of convertible preferred shares were terminated prior to the reporting period, pursuant to the memorandum of association of the Company.

The rights, preferences and privileges of the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Group Preferred Shares, Series E Preferred Shares and Series F Preferred Shares (collectively, "Preferred Shares") are as follows:

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the assets and funds of the Company legally available for distribution among all the shareholders shall be distributed to the shareholders of the Company as follows (after satisfaction of all creditors' claims and claims that may be preferred by law):

- Each holder of Preferred Shares shall be entitled to receive for each series of Preferred Shares it holds on the preferential basis, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holder of other series of preferred shares and ordinary shares, the amount equal to:

  (i) the Series F Preferred Share issue price × (1+8%)N, plus all accrued or declared but unpaid dividends thereon, where "N" equals a fraction the numerator of which is the number of calendar days between 23 June 2017 and the date of the liquidation, dissolution or winding up of the Company and the denominator of which is 365;

  (ii) the Series E Preferred Share issue price × (1+8%)N, plus all accrued or declared but unpaid dividends thereon, where "N" equals a fraction the numerator of which is the number of calendar days between 30 December 2015 and the date of the liquidation, dissolution or winding up of the Company and the denominator of which is 365;

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Convertible preferred shares (continued)

Liquidation preference (continued)

(iii) the Series D Group Preferred Share issue price × (1+8%)N, plus all accrued or declared but unpaid dividends thereon, where "N" equals a fraction the numerator of which is the number of calendar days between date the holders of the Series D Group Preferred Shares acquired their respective Series D Group Preferred Shares and the date of the liquidation, dissolution or winding up of the Company and the denominator of which is 365;

(iv) the Series C Preferred Share issue price × (1+8%)N, plus all accrued or declared but unpaid dividends thereon, where "N" equals a fraction the numerator of which is the number of calendar days between date the holders of the Series C Preferred Shares acquired their respective Series C Preferred Shares and the date of the liquidation, dissolution or winding up of the Company and the denominator of which is 365;

(v) the Series B Preferred Share issue price × (1+8%)N, plus all accrued or declared but unpaid dividends thereon, where "N" equals a fraction the numerator of which is the number of calendar days between date the holders of the Series B Preferred Shares acquired their respective Series B Preferred Shares and the date of the liquidation, dissolution or winding up of the Company and the denominator of which is 365;

(vi) the Series A Preferred Share issue price × (1+8%)N, plus all accrued or declared but unpaid dividends thereon, where "N" equals a fraction the numerator of which is the number of calendar days between date the holders of the Series A Preferred Shares acquired their respective Series A Preferred Shares and the date of the liquidation, dissolution or winding up of the Company and the denominator of which is 365.

- The liquidation preference amount will be paid to the holders of preferred shares in the following order: first to holders of Series F Preferred Shares, second to holders of Series E Preferred Shares, third to holders of Series D Group Preferred Shares, fourth to holders of Series C Preferred Shares, fifth to holders of Series B Preferred Shares and sixth to holders of Series A Preferred Shares. Upon completion of the distributions in full to all holders of the Preferred Shares, all of the remaining assets and funds of the Company available for distribution, if any, shall be distributed ratably among all holders of the Preferred Shares and ordinary shares according to the relative number of ordinary shares held by such each holder on an as converted basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Convertible preferred shares (continued)

Dividend rights

No dividend, whether in cash, in property or in shares of the capital of the Company, shall be paid on any other class or series of shares of the Company unless and until a dividend in like amount is first paid in full on the Preferred Shares (on an as-converted basis). The holders of the Preferred Shares shall be entitled to receive any non-cash dividends declared by the board on an as-converted basis.

Conversion features

The Preferred Shares shall automatically be converted into ordinary shares at the then applicable Preferred Share conversion price (i) upon the consummation of a qualified initial public offering; or (ii) upon the prior written approval of the approving preferred shareholders. Following the listing of the Company's shares on 10 March 2025, the convertible preferred shares of the Company have been automatically converted into the ordinary shares of the Company.

The conversion price, which shall initially be determined based on the issue price of the Preferred Shares, shall be adjusted from time to time by customary events such as issuance of additional ordinary shares below the Preferred Shares conversion price, payments of share dividends, subdivision, combinations, or consolidation of ordinary shares.

The movement of the fair value of the convertible preferred shares is set out as below:

	Series A Preferred Shares *RMB'000*	Series B Preferred Shares *RMB'000*	Series C Preferred Shares *RMB'000*	Series D Group Preferred Shares *RMB'000*	Series E Preferred Shares *RMB'000*	Series F Preferred Shares *RMB'000*	Total convertible Preferred Shares *RMB'000*
At 1 January 2023	835,269	646,733	871,663	1,309,010	2,049,603	1,096,417	6,808,695
Changes in fair value	(40,385)	(24,406)	830	38,296	25,359	7,189	6,883
Exercise of warrants	–	–	–	–	873	236	1,109
At 31 December 2023	794,884	622,327	872,493	1,347,306	2,075,835	1,103,842	6,816,687
Changes in fair value	271,974	182,852	104,861	(81,545)	(299,453)	(173,436)	5,253
At 31 December 2024	**1,066,858**	**805,179**	**977,354**	**1,265,761**	**1,776,382**	**930,406**	**6,821,940**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Convertible preferred shares (continued)

Conversion features (continued)

The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the convertible preferred shares. The Group engages an independent qualified valuation specialist, PGA, to perform the valuation. Key assumptions are set out as below:

	2024	2023
Equity value (RMB million)	**9,405**	9,307
Discount rate	**15.50%**	16.50%
Risk-free interest rate	**4.37%**	5.26%
Discount for lack of marketability ("DLOM")	**5.00%**	10.00%
Expected volatility	**43.39%**	45.06%

Discount rate was estimated by weighted average cost of capital as of each reporting period. The Group estimated the risk-free interest rate based on the yield of government bond with maturity matching the time to expiration as of the valuation date plus country risk spread. The DLOM was estimated based on the option-pricing method. Under the option pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before respective valuation date and with similar span as time to expiration. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the preference shares as at the end of current and prior reporting periods.

Warrants

On 31 August 2021, due to an internal restructuring arrangement of Shougang Capital and its group, the Company issued a warrant to allow Beijing Jianshi Tianhui Management Consulting Centre (L.P.) (北京堅石天匯管理諮詢中心(有限合夥)) ("Jianshi Tianhui") to purchase 69,963 Series E Preferred Shares and 18,231 Series F Preferred Shares of the Company. The total exercise price for exercising the warrant to purchase the new securities by Jianshi Tianhui is US$4.4097. On December 30, 2021, the Company repurchased 70,103,543 Series E Preferred Shares and 22,807,017 Series F Preferred Shares held by Shougang Capital, and issued 70,033,580 Series E Preferred Shares and 22,788,786 Series F Preferred Shares to Jianshi Investment.

On 29 May 2023, the Company issued 69,963 Series E Preferred Shares and 18,231 Series F Preferred Shares to Jianshi Tianhui upon the exercise of the warrant by Jianshi Tianhui.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Redeemable preferred shares

In February 2021, Tengcai entered into definitive agreements with a third party investor, Welight Capital L.P ("Welight Capital") and issued redeemable preferred shares for a cash consideration of RMB20,000,000.

The primary preference rights of the redeemable preferred shares are as follows:

Voting rights

The holder of redeemable preferred shares shall carry such number of votes as is equal to the number of votes of ordinary shares of Tengcai.

Redemption rights

Upon the earlier to occur of (i) Tengcai has not completed an initial public offering following the seventh anniversary of the issuance date of the redeemable preferred shares, or (ii) any material breach of any transaction agreement by Tengcai or any founder party of Tengcai, any holder of the redeemable preferred shares may require Tengcai to redeem any or all of the outstanding equity securities held by such holders at the redemption price which represent the repurchase price, plus an interest at an annual rate of 8% calculating from the issuance date to the payment date, plus any dividend declared but collected by such holder.

Anti-dilution protection

Since the date of the definitive agreement signed to the date of successful listing of Tengcai, Tengcai is prohibited to sell/issue additional shares for consideration per share less than the consideration per share paid by Welight Capital. Otherwise, a full ratchet clause will be applied. Under the full ratchet clause, Tengcai is obliged to compensate the Welight Capital by reducing the conversion price of its shares down to newly issued share price. Effectively, this means that the Welight Capital would need to be given new shares (at no additional cost) in order to ensure that its overall ownership is not diminished by the sale of the new ordinal shares.

The movements of the fair value of the redeemable preferred shares are set out as below:

	2024 RMB'000	2023 RMB'000
Carrying amounts at the beginning of the year	**25,008**	23,850
Changes in fair value	**2,751**	1,158
Carrying amounts at the end of the year	**27,759**	25,008

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

31. FINANCIAL LIABILITIES AT FVTPL (CONTINUED)

Redeemable preferred shares (continued)

Anti-dilution protection (continued)

The Group applied the discounted cash flow method to determine the underlying equity value of the Tengcai and adopted option-pricing method and equity allocation model to determine the fair value of the redeemable preferred shares. Key assumptions are set out as below:

	2024 **%**	2023 %
Pre-tax discount rate	**18.33**	17.59
Risk-free interest rate	**1.23**	2.37
Expected volatility	**71.76**	70.25

32. SHARE CAPITAL

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

	Par value per share *US$*	**Number of ordinary shares**	**Share capital** *US$000*	**Share capital presented in RMB** *RMB'000*
Authorised:				
As at 1 January 2023, 31 December 2023 and 2024	0.00005	2,000,000,000	100	622

	Par value per share *US$*	**Number of ordinary shares**	**Share capital** *US$*	**Share capital presented in RMB** *RMB'000*
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**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

33. SHARE-BASED PAYMENT TRANSACTIONS

Equity instruments granted by the Company to employees of the Group

2023 Pre-Listing Share Option Scheme

On 14 July 2023, the board of the Company approved the 2023 Pre-Listing Share Option Scheme for the primary purpose of recognising the contributions of certain employees and senior management of the Group and directors of the Company. The overall limit on the number of underlying shares pursuant to the 2023 Pre-Listing Share Option Scheme is 64,702,653 shares of the Company.

The option granted under the 2023 Pre-Listing Share Option Scheme can only be vested in the following manners (each date on which any portion of options granted shall be vested is hereinafter referred to as a "Vesting Date of 2023 Pre-Listing Share Option Scheme" and each batch on which any portion of options granted shall be vested is hereinafter referred to as a "Batch under 2023 Pre-Listing Share Option Scheme"):

Batch under 2023 Pre-Listing Share Option Scheme	Vesting Date of 2023 Pre-Listing Share Option Scheme
Batch 1	Not subject to any vesting period
Batch 2	Upon the Listing without service condition *(note)*
Batch 3	Within 5 business days of the first anniversary of the Listing Date, 50% of the options shall vest; and within 5 business days of the second anniversary of the Listing Date, the rest 50% of the option shall vest

Note: Batch 2 is only exercisable six months upon the Listing.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity instruments granted by the Company to employees of the Group (continued)

2023 Pre-Listing Share Option Scheme (continued)

Set out below are details of the movements of the outstanding share options granted under the 2023 Pre-Listing Share Option Scheme:

Batch 1	Outstanding as at 1 January 2023	Granted	Exercised	Forfeited	Outstanding as at 31 December 2023 and 31 December 2024
Employee:					
24 November 2023	–	11,435,000	11,435,000	–	–
Director					
20 September 2023	–	37,462,970	37,462,970	–	–
24 November 2023	–	1,250,000	1,250,000	–	–
	–	50,147,970	50,147,970	–	–
Exercisable at the end of the year	–				–
Weighted average exercise price (RMB)	–	0.01834	0.01834	–	–

The estimated fair value of the share options at the date of grant were approximately RMB343,058,000 for Batch 1 granted in 2023. The fair value was calculated using the Binomial model. The major inputs into the model are as follows:

Grant date	Batch 1 - September 2023	Batch 1 - November 2023
Equity value per share (RMB)	9.371	9.334
Exercise price (RMB)	0.00034	0.00034-0.86
Expected volatility	51.07%	49.36%
Expected life (years)	10	10
Risk-free interest rate	4.35%	4.47%
Forfeiture rate	0.00%	0.00%

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity instruments granted by the Company to employees of the Group (continued)

2023 Pre-Listing Share Option Scheme (continued)

The risk-free interest rate was based on market yield rate of PRC government bonds with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies. Changes in variables and assumptions may result in changes in the fair values of the share options.

The variables and assumptions used in computing the fair value of the share options are based on the directors of the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expense of approximately RMB343,058,000 for the year ended 31 December 2023 in relation to options granted by the Company under the 2023 Pre-Listing Share Option Scheme.

At the end of the current and prior reporting period, no other options granted apart from the Batch 1 granted on 20 September and 24 November 2023 as set out above.

34. PLEDGE OF ASSETS

At the end of each reporting period, the Group pledged certain assets as securities for borrowings and other financing facilities. Details of the pledged assets and the corresponding carrying amounts are set out below:

	2024 ***RMB'000***	2023 *RMB'000*
Buildings	**198,515**	203,133
Right-of-use assets	**16,514**	16,899
Restricted cash	**470,280**	696,465
Trade receivables, prepayments and other receivables	**6,380**	176,963
Financial assets at FVTOCI	**53,417**	65,628
	745,106	1,159,088

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

35. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following steel products related derivative futures contracts and foreign exchange forwards outstanding as at the end of each reporting period. They are marked to market with the resulting gain or loss taken to profit or loss.

	Notional amount *RMB'000*	Fair value *RMB'000*
31 December 2023		
(a) Futures:		
Bought	25,017	(3,959)
Sold	(3,628)	3,987
Total	21,389	28
31 December 2024		
(a) Futures:		
Bought	**1,624**	**2,813**
Sold	**(1,624)**	**(2,813)**
Total	**–**	**–**

36. RETIREMENT BENEFITS PLANS

Defined contribution plans

The employees of the Group's PRC subsidiaries are members of the state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The amounts of total contribution paid to the retirement benefits scheme charged to profit or loss during the current and prior reporting periods are disclosed in Note 12.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the lease liabilities, financial liabilities at FVTPL and bank and other borrowings disclosed in Notes 30, 31 and 28, respectively, net of cash and cash equivalents, and equity attribute to owners of the Company, comprising share capital and reserves and non-controlling shareholders.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risk associated with each class of capital. Based on recommendation of the directors, the Group will balance its overall capital structure through new share issues, share buy-backs as well as the issue of new debt or the redemption of existing debts.

38. FINANCIAL INSTRUMENTS

a. Financial instruments by categories

	2024 ***RMB'000***	2023 *RMB'000*
Financial assets		
Financial assets at FVTPL	**42,806**	44,008
Financial assets at amortised cost	**9,365,659**	11,172,118
Financial assets at FVTOCI	**114,349**	69,413
Derivative financial assets	**–**	28
	9,522,814	11,285,567
Financial liabilities		
Financial liabilities at FVTPL	**6,849,699**	6,841,695
Financial liabilities at amortised cost	**9,517,232**	11,199,624
	16,366,931	18,041,319

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management

The Group's major financial instruments include financial assets/liabilities at FVTPL, trade and other receivables, prepayment to sellers in relation to transaction services and transaction support services, financial assets at FVTOCI, derivative financial assets/liabilities, cash and cash equivalents and restricted cash, trade, bills and other payables, advances received from buyers in relation to transaction services and transaction support services, bank and other borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to RMB, US$, JPY and HK$. The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments.

The significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currencies of the relevant group entities at the end of each reporting period, are as follows:

	Assets		Liabilities	
	2024 **RMB'000**	2023 RMB'000	**2024** **RMB'000**	2023 RMB'000
RMB	**1,861**	3	**537**	–
US$	**3,983**	5,313	**4,442**	7,830
JPY	**2**	–	**–**	–
HK$	**36**	6	**206**	541

The above foreign currency denominated monetary assets and monetary liabilities mainly represent the Group's trade and other receivables, trade payable, pledged bank deposits and cash and cash equivalent.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The following tables detail the Group's sensitivity to a 10% increase and decrease in the functional currency against US$ and RMB. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates a decrease (an increase) in loss after taxation where US$ and RMB strengthens 10% against the functional currency of each group entity.

	US$ impact	
	2024	2023
	RMB'000	*RMB'000*
Loss after tax	**(34)**	(189)

	RMB impact	
	2024	2023
	RMB'000	*RMB'000*
Loss after tax	**99**	–

The impact of JPY and HK$ is not presented, since the outstanding monetary items denominated in JPY and HK$ are not significant and their impact is immaterial.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk

The Group's fair value interest rate risk mainly relate to fixed-rate borrowings, pledged bank deposits and bank balances.

In order to exercise prudent management against interest rate risk, the Group continues to review market trends against its business operations and financial position in order to arrange the most effective interest rate risk management tools.

(iii) Price risk

The Group is exposed to price risk in respect of its financial assets at FVTPL. The management strictly monitors this exposure by maintaining a portfolio of investments with different levels of risks. The Group has designated a team to monitor the price risk and will consider hedging the risk exposure should the need arises.

Sensitivity analysis

If the prices of the respective financial assets at FVTPL had increased/decreased by 5% with all other variables held constant, the post-tax loss for the year ended 31 December 2024 would decrease/increase by RMB1,605,000 (2023: RMB1,650,000), respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, prepayment to sellers in relation to transaction services and transaction support services, financial assets at FVTOCI, cash and cash equivalents and restricted cash. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. The Group engages an independent qualified valuation specialist, PGA, to assess the expected credit losses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Credit risk and impairment assessment (continued)

Trade receivables (excluding trade receivables in relation to transaction services)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new buyer, the Group uses an internal credit scoring system to assess the potential buyer's credit quality and defines credit limits by buyer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Loss allowance for trade receivables other than trade receivables in relation to transaction services are measured at an amount equal to lifetime ECL. Trade receivables are mainly amounts due from public companies, state-owned enterprises, reputable and sizeable steel trading companies. The ECL on trade balances are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor's general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics and trade receivables are generally considered as having low risk of default.

Cash and cash equivalents, restricted cash and financial assets at FVTOCI

Loss allowance for cash and cash equivalents, restricted cash and financial assets at FVTOCI are measured at an amount equal to 12m ECL. The credit risk on cash and cash equivalent, restricted cash and financial assets at FVTOCI is limited because the counterparties are banks with high credit-ratings assigned by credit rating agencies. The Group assessed the loss allowance to be insignificant and no provision is provided.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Credit risk and impairment assessment (continued)

Prepayment to sellers in relation to transaction services and transaction support services, other receivables and trade receivables in relation to transaction services

For prepayment to sellers in relation to transaction services and transaction support services, other receivables and trade receivables in relation to transaction services, the Group has applied the general approach in IFRS 9 to measure the loss allowance approximate to such at 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The ECL on these items are assessed individually, estimated based on historical credit loss experience on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group assessed that the loss allowance from the prepayment to sellers in relation to transaction services and transaction support services to be insignificant and no loss allowance is recognised.

The Group's current credit risk grading framework comprises the following categories:

Categories	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past due amounts	12m ECL or lifetime ECL – not credit-impaired
Doubtful	Amount is > 30 days past due or there have been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Loss	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Credit risk and impairment assessment (continued)

The following table provides information about the exposure to credit risk for trade and other receivables which are subject to ECL assessment.

	Internal Credit ratings	Basis for recognising ECL	2024 Average loss rate %	2024 Gross carrying amount RMB'000	2023 Average loss rate %	2023 Gross carrying amount RMB'000
Trade receivables	Performing	Lifetime ECL – not credit impaired	**0.77**	**201,068**	2.10	100,528
	Doubtful	Lifetime ECL – not credit impaired	**6.42**	**20,436**	6.36	1,555
	Loss	Lifetime ECL – credit impaired	**92.59**	**206**	95.96	4,771
Subtotal				**221,710**		106,854
Trade receivables in relation to transaction services	Performing	12m ECL	**1.45**	**19,769**	2.25	189,127
	Doubtful	Lifetime ECL – not credit impaired	**6.42**	**30,260**	6.36	62,216
	Loss	Lifetime ECL – credit impaired	**73.91**	**26,944**	81.05	15,255
Subtotal				**76,973**		266,598
Other receivables	Performing	12m ECL	*****	**92,590**	0.04	50,653
	Doubtful	Lifetime ECL – not credit impaired	**6.69**	**894**	7.36	38
	Loss	Lifetime ECL – credit impaired	**100.00**	**15,837**	64.21	117
Subtotal				**109,321**		50,808

* Average loss rate below 0.01%.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Credit risk and impairment assessment (continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. As at 31 December 2024, the Group provided RMB13,262,000 (2023: RMB15,969,000) impairment allowance for trade receivables and other receivables based on collective assessment. Impairment allowance of RMB27,876,000 (2023: RMB10,420,000) was assessed individually on trade receivables and other receivables with gross carrying amount of RMB36,227,000 (2023: RMB22,114,000).

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach except trade receivables in relation to transaction services.

	Lifetime ECL (not credit impaired) *RMB'000*	Lifetime ECL (credit impaired) *RMB'000*	Total *RMB'000*
As at 1 January 2023	1,223	4,284	5,507
Impairment losses recognised	192	1,462	1,654
Impairment losses reversed	(275)	(1,167)	(1,442)
As at 31 December 2023	1,140	4,579	5,719
Impairment losses recognised	601	827	1,428
Impairment losses reversed	(157)	(3,934)	(4,091)
Transfer to credit-impaired	(31)	31	–
As at 31 December 2024	**1,553**	**1,503**	**3,056**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in ECL that has been recognised for trade receivables in relation to transaction services under general approach.

	12m ECL *RMB'000*	Lifetime ECL (not credit impaired) *RMB'000*	Lifetime ECL (credit impaired) *RMB'000*	Total *RMB'000*
As at 1 January 2023	3,612	256	2,852	6,720
Impairment losses recognised	1,015	13,582	16,730	31,327
Impairment losses reversed	(377)	(4)	(865)	(1,246)
Transfer to credit impaired	–	(9,875)	9,875	–
Write-offs	–	–	(16,228)	(16,228)
As at 31 December 2023	4,250	3,959	12,364	20,573
Impairment losses recognised	50	3,410	7,411	10,871
Impairment losses reversed	(4,014)	(3,693)	(1,595)	(9,302)
Transfer to credit impaired	–	(1,733)	1,733	–
As at 31 December 2024	**286**	**1,943**	**19,913**	**22,142**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in ECL that has been recognised for other receivables.

	12m ECL *RMB'000*	Lifetime ECL (not credit impaired) *RMB'000*	Lifetime ECL (credit impaired) *RMB'000*	Total *RMB'000*
As at 1 January 2023	43	107	52	202
Impairment losses recognised	4	–	23	27
Impairment losses reversed	(28)	(104)	–	(132)
As at 31 December 2023	19	3	75	97
Impairment losses recognised	50	57	58,931	59,038
Impairment losses reversed	(26)	–	(44)	(70)
Write-offs	–	–	(43,125)	(43,125)
As at 31 December 2024	**43**	**60**	**15,837**	**15,940**

The Group writes off trade and other receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The Group has taken legal action against the debtors to recover the amount due.

For all other instruments, the Group measures the loss allowance equal to 12mECL, unless when there has been a significant increase in credit risk since initial recognition, on which the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Liquidity risk

As at 31 December 2024, the Group was in net liabilities position of RMB6,506,405,000. Moreover, as at 31 December 2024, the Group was in net current liabilities position of RMB6,907,496,000. The net liabilities and net current liabilities position primarily arises from the convertible preferred shares classified as current liabilities amounting RMB6,821,940,000 as at 31 December 2024. The convertible preferred shares are non-redeemable and will only be automatically converted into ordinary shares of the Company upon the initial public offering, details of which are set out in Note 31. The changes in fair value on the potential conversion will not have any cash flows impact to the Group.

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future. The Group monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments except for convertible preferred shares which is non-redeemable. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management (continued)

Liquidity table

	Weighted average interest rate %	On demand or less than 3 months *RMB'000*	3 months to 1 year *RMB'000*	1 year to 5 years *RMB'000*	Over 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As at 31 December 2023							
Interest bearing trade payables	2.50	3,392	–	–	–	3,392	3,390
Non-interest bearing trade, bills and other payables	N/A	10,585,308	–	–	–	10,585,308	10,585,308
Bank and other borrowings	3.84	239,609	355,088	28,869	–	623,566	610,926
Financial liabilities at FVTPL	8.00	–	–	31,200	–	31,200	25,008
Lease liabilities	4.90	809	2,317	1,346	–	4,472	4,264
		10,829,118	357,405	61,415	–	11,247,938	11,228,896
As at 31 December 2024							
Interest bearing trade payables	**1.45**	**60,102**	**–**	**–**	**–**	**60,102**	**60,023**
Non-interest bearing trade, bills and other payables	**N/A**	**9,050,851**	**–**	**–**	**–**	**9,050,851**	**9,050,851**
Bank and other borrowings	**3.40**	**77,503**	**338,974**	**–**	**–**	**416,477**	**406,358**
Financial liabilities at FVTPL	**8.00**	**–**	**–**	**31,200**	**–**	**31,200**	**27,759**
Lease liabilities	**3.85**	**2,468**	**6,146**	**7,626**	**–**	**16,240**	**15,102**
		9,190,924	**345,120**	**38,826**	**–**	**9,574,870**	**9,560,093**
Derivatives-net settlement							
As at 31 December 2023							
Future		(28)	–	–	–	(28)	(28)
As at 31 December 2024							
Future		**–**	**–**	**–**	**–**	**–**	**–**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The tables below analyze the Group's financial instruments carried at fair value at the end of the reporting period, by level of the inputs to valuation techniques used to measure fair value.

Fair value hierarchy as at 31 December 2024	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets				
Receivables at FVTOCI	–	114,349	–	114,349
Preferred shares investments	–	–	2,612	2,612
Equity securities in a listed entity	1,026	–	–	1,026
Unlisted equity investments	–	–	39,168	39,168
Derivative financial assets	–	2,813	–	2,813
Total	1,026	117,162	41,780	159,968
Financial liabilities				
Preferred shares	–	–	6,849,699	6,849,699
Derivative financial liabilities	–	2,813	–	2,813
Total	–	2,813	6,849,699	6,852,512

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy as at 31 December 2023	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets				
Receivables at FVTOCI	–	69,413	–	69,413
Preferred shares investments	–	–	2,914	2,914
Equity securities in a listed entity	2,754	–	–	2,754
Unlisted equity investments	–	–	38,340	38,340
Derivative financial assets	–	3,987	–	3,987
Total	2,754	73,400	41,254	117,408
Financial liabilities				
Preferred shares	–	–	6,841,695	6,841,695
Derivative financial liabilities	–	3,959	–	3,959
Total	–	3,959	6,841,695	6,845,654

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used). The determination of the fair value for convertible and redeemable preferred shares is set out in Note 31.

	Fair value at				
Financial assets/ financial liabilities	**2024** ***RMB'000***	2023 *RMB'000*	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant Unobservable input(s)**
Preferred shares investments	**2,612**	2,914	Level 3	Market approach in business valuation. The key inputs include enterprise value/last twelve months sales ("LTM EV/S") multiple, DLOM.	LTM EV/S multiple, DLOM
				Option-pricing method and equity allocation model to allocate the equity value amongst different classes of shares. The key inputs include equity value, exercise values, probability of scenarios, expected volatility, expected time to expiration, and risk free rate.	Probability of scenarios, expected volatility, expected time to expiration, and risk free rate.
Equity securities in a listed entity	**1,026**	2,754	Level 1	Transaction price in an active market.	N/A
Unlisted equity investments	**39,168**	38,340	Level 3	Market approach. The key inputs include LTM EV/S multiples or enterprise value/earnings before interest and tax multiple, DLOM.	LTM EV/S multiples or enterprise value/ earnings before interest and tax multiple, LOM

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value at 2024 RMB'000	Fair value at 2023 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant Unobservable input(s)
Derivative financial assets/liabilities	**–**	28	Level 2	Market approach. The fair value of the commodity forward contracts is estimated by reference to the quoted bid prices of similar standardised commodity forward contracts, the fair value of foreign exchange forwards is estimated by reference to the open market exchange rate at the end of the reporting period.	N/A
Convertible preferred shares	**(6,821,940)**	(6,816,687)	Level 3	Refer to Note 31	DLOM, discount rate, risk free interest rate, expected volatility
Redeemable preferred shares	**(27,759)**	(25,008)	Level 3	Refer to Note 31	DLOM, discount rate, risk free interest rate, expected volatility
Financial assets at FVTOCI	**114,349**	69,413	Level 2	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables using the discount rate that reflected the credit risk of the corresponding banks which are observable.	N/A

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements of financial instruments (continued)

Sensitivity analysis

Fair value of financial assets at FVTPL, including preferred shares investments and unlisted equity investments, is affected by changes in equity value of the investees. If the equity value had increased/decreased by 10% with other variables held constant, the loss after tax for the year ended 31 December 2024 would have been lower/higher by approximately RMB3,210,000 (2023: RMB3,301,000).

Fair value of financial liabilities at FVTPL, including convertible preferred shares, warrants and redeemable preferred shares, is affected by changes in equity value of the Company and Tengcai. If the equity value had increased/decreased by 10% with all other variables held constant, the loss after tax for the year ended 31 December 2024 would have been higher/lower by approximately RMB513,727,000 (2023: RMB513,127,000). Subsequent to the reporting period, the convertible preferred shares have been converted into ordinary shares of the Company upon listing, accordingly, the impact shown in this sensitivity analysis may not represent actual impact to the profit or loss of the Group.

There were no transfers between Level 1, 2 and 3 during the year.

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages an independent qualified valuation specialist, PGA, to perform the valuation. Management of the Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise and will report the significant results and findings to the board of directors of the Company. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements of financial instruments (continued)

Fair value measurements and valuation processes (continued)

Reconciliation of Level 3 fair value measurements

As at 31 December 2024	**Financial assets at FVTPL** *RMB'000*	**Financial liabilities at FVTPL** *RMB'000*
Opening balance	**41,254**	**(6,841,695)**
Gain (loss) - in profit or loss	**526**	**(8,004)**
Closing balance	**41,780**	**(6,849,699)**

As at 31 December 2023	Financial assets at FVTPL *RMB'000*	Financial liabilities at FVTPL *RMB'000*
Opening balance	36,306	(6,833,654)
Gain (loss) - in profit or loss	4,948	(8,041)
Closing balance	41,254	(6,841,695)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

d. Transfers financial assets that are not derecognised in their entirety

The following were the Group's financial assets as at the end of the reporting period that were transferred to banks or suppliers by discounting/endorsing or factoring on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received on the transfer as a collateralised borrowing (see Note 28). These financial assets are carried at amortised cost in the consolidated statement of financial position.

As at 31 December 2024	Bills discounted to banks that are not derecognised in their entirety *RMB'000*	Bills endorsed to suppliers that are not derecognised in their entirety *RMB'000*	Factoring of trade receivables to bank financial institutions with full recourse *RMB'000*	Total *RMB'000*
Carrying amount of transferred assets	**53,417**	**60,023**	**6,380**	**119,820**
Carrying amount of associated liabilities	**(53,417)**	**(60,023)**	**(6,380)**	**(119,820)**
Net position	**–**	**–**	**–**	**–**

As at 31 December 2023	Bills discounted to banks that are not derecognised in their entirety *RMB'000*	Bills endorsed to suppliers that are not derecognised in their entirety *RMB'000*	Factoring of trade receivables to non-bank financial institutions with full recourse *RMB'000*	Total *RMB'000*
Carrying amount of transferred assets	65,628	3,639	176,963	246,230
Carrying amount of associated liabilities	(65,628)	(3,639)	(176,963)	(246,230)
Net position	–	–	–	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

38. FINANCIAL INSTRUMENTS (CONTINUED)

e. Transferred financial assets that are derecognised in their entirety but have continuing involvement

As at 31 December 2024, the Group has derecognised bills discounted to the banks or endorsed to certain sellers but not expired amounting to RMB9,964,372,000 (2023: RMB15,768,470,000). These bills are issued or guaranteed by reputable PRC banks with high credit ratings, as such, the directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal, the Group has transferred substantially all the risks (i.e. interest risks) of these bills to relevant banks or sellers. However, if the bills cannot be accepted at maturity, the relevant banks or sellers have the right to require the Group to pay off the outstanding balance. Although the Group continues to have involvement in these bills, the management of the Group estimates that the exposure of incurring a loss from its continuing involvement in the derecognised financial assets is insignificant.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Bank and other borrowings *RMB'000* (Note 28)	Financial liabilities at FVTPL *RMB'000* (Note 31)	Lease liabilities *RMB'000* (Note 30)	Loan from employees *RMB'000*	Interest payable *RMB'000* (Note 27)	Exercise of share option payable *RMB'000*	Accrued issue costs *RMB'000* (Note 27)	Total *RMB'000*
As at 1 January 2023	816,952	6,833,654	5,354	13,930	1,059	–	–	7,670,949
Financing cash flows	294,195	–	(4,666)	(13,930)	(65,339)	907	(1,760)	209,407
Non-cash changes:								
Issue of share	–	–	–	–	–	(18)	–	(18)
Deferred issue cost	–	–	–	–	–	–	2,188	2,188
Interest expenses	–	–	243	–	64,630	–	–	64,873
Fair value changes of financial liabilities at FVTPL	–	8,041	–	–	–	–	–	8,041
Expire of bills discounted to banks that are not derecognised in their entirety	(544,786)	–	–	–	–	–	–	(544,786)
New bank borrowings under sellers finance agreements entered	44,565	–	–	–	–	–	–	44,565
New lease entered	–	–	3,333	–	–	–	–	3,333
Increase in share premium arising from the exercise of prelisting share option	–	–	–	–	–	(889)	–	(889)
As at 31 December 2023	610,926	6,841,695	4,264	–	350	–	428	7,457,663
Financing cash flows	151,805	–	(8,297)	–	(39,622)	–	(907)	102,979
Non-cash changes:								
Deferred issue cost	–	–	–	–	–	–	831	831
Interest expenses	–	–	361	–	39,633	–	–	39,994
Fair value changes of financial liabilities at FVTPL	–	8,004	–	–	–	–	–	8,004
Expire of bills discounted to banks that are not derecognised in their entirety	(367,972)	–	–	–	–	–	–	(367,972)
New bank borrowings under sellers finance agreements entered	11,599	–	–	–	–	–	–	11,599
Early termination of lease	–	–	(627)	–	–	–	–	(627)
New lease entered	–	–	19,401	–	–	–	–	19,401
As at 31 December 2024	**406,358**	**6,849,699**	**15,102**	**–**	**361**	**–**	**352**	**7,271,872**

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

40. RELATED-PARTY TRANSACTIONS

The Group has the following significant transactions with related parties during the reporting periods:

Transactions with related parties

	2024 *RMB'000*	2023 *RMB'000*
Commission income *(note iii)*	**29**	3,943

Balance with related parities

	2024 *RMB'000*	2023 *RMB'000*
Trade related:		
Amount due from a related party *(note iii)*	**37,371**	102,907
Amounts due to related parties *(note iii)*	**–**	1,793

	As at 1 January	As at 31 December		Maximum amount outstanding during the year ended 31 December	
	2023 *RMB'000*	2023 *RMB'000*	**2024** *RMB'000*	2023 *RMB'000*	**2024** *RMB'000*
Non-trade related:					
Amounts due from founders and their spouses *(note i)*	10,874	24,906	**23,340**	24,906	**24,906**
Amounts due from the related parties *(note ii)*	35	–	**–**	35	**–**
	10,909	24,906	**23,340**		

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

40. RELATED-PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties (continued)

Notes:

(i) The balance pertains to amounts due from the founders, namely Wang Dong and Wang Changhui, and their spouses which were non-interest bearing, unsecured and repayable on demand and will be settled prior to the De-SPAC transaction. In February 2025, amounts due from founders and their spouses have been settled in full.

(ii) The related parties are controlled by the founders. The amounts due from the related parties were non-interest bearing, unsecured and repayable on demand.

(iii) The related parties are the joint venture of the Company. The amounts are included in trade receivables and prepayment to sellers in relation to transaction services and transaction support services in Note 22 and advances received from buyers in relation to transaction services and transaction support services in Note 27, respectively. The aging of amount due from a related party and amounts due to related parties are within one year.

Compensation of key management personnel

The remuneration of directors and other members of key management during the was as follows:

	2024 *RMB'000*	2023 *RMB'000*
Salaries, allowances and benefits	**12,847**	13,621
Performance-related bonuses	**881**	1,668
Retirement benefits scheme contributions	**1,465**	1,494
Equity-settled share-based expense	**–**	343,058
	15,193	359,841

41. MAJOR NON-CASH TRANSACTIONS

During the year end 31 December 2024, bank borrowings under supplier finance arrangements amounted to RMB11,599,000 (2023: RMB44,565,000) represent the prepayments to suppliers by the relevant banks directly.

During the year ended 31 December 2024, pledged bank deposits for bills payable related to transaction services amounting to RMB842,012,000 (2023: RMB923,000,000) was offset to settle the bills payable.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

General information of subsidiaries

As at the end of each reporting period, the Company has direct and indirect ownership interests in the following subsidiaries:

Name of subsidiaries (including structured entities)	Place of incorporation/ establishment	Issued capital/ registered capital	Proportion of ownership interest held by the Company as of 2024 %	2023 %	Principal activities	Notes
Zhaogang Netcom	PRC	RMB175,644,293	100.00	100.00	Online steel commerce	
Shanghai Pangmao Logistics Co., Ltd	PRC	RMB100,000,000	100.00	100.00	Logistics	
Shanghai Tushu Information Services Co., Ltd. (formerly known as Shanghai Tushu Financial Information Services Co., Ltd.)	PRC	RMB20,000,000	100.00	100.00	No material activities	
Tianjin Qimao Equity Investment Management Co., Ltd	PRC	RMB10,000,000	100.00	100.00	Equity investment	
Pan King Global Co., Ltd.	PRC	RMB20,000,000	100.00	100.00	Equity investment	
Zhaogang Netcom (Tianjin) Information Technology Co., Ltd. (formerly known as Pangmao Donghui (Tianjin) Commerce and Trade Co., Ltd.)	PRC	RMB50,000,000	–	100.00	No material activities	iv
Shanghai Xinmao Equity Investment Management Co., Ltd	PRC	RMB10,000,000	100.00	100.00	Equity investment	
Wuhan Pangmao Zhineng Technology Co., Ltd	PRC	RMB50,000,000	100.00	100.00	Provision of Information Technology consulting	
Steel Searcher Limited	Hong Kong China	HK$1	100.00	100.00	Equity investment	
Shenzhen Tushu Supply Chain Management Co., Ltd	PRC	RMB40,000,000	100.00	100.00	No material activities	
Shanghai Pangmao Lianxiang Technology Co., Ltd	PRC	RMB10,000,000	100.00	100.00	Technology	
Pangmao Logistics Technology (Tianjin) Co., Ltd	PRC	RMB50,000,000	100.00	100.00	No material activities	
Shanghai Pangmao Metal Materials Processing Co., Ltd	PRC	RMB2,000,000	100.00	100.00	No material activities	
Shanghai FatCat Energy Engineering Co., Ltd	PRC	RMB2,000,000	–	100.00	No material activities	iv
Shanghai Puhuida Digital Technology Co., Ltd.	PRC	RMB30,000,000	100.00	100.00	No material activities	

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

General information of subsidiaries (continued)

As at the end of each reporting period, the Company has direct and indirect ownership interests in the following subsidiaries: (continued)

Name of subsidiaries (including structured entities)	Place of incorporation/ establishment	Issued capital/ registered capital	Proportion of ownership interest held by the Company as of 2024 %	2023 %	Principal activities	Notes
Shenzhen Xinwuyou Technology Co, Ltd. (formerly known as Shenzhen Tengcai Technology Co., Ltd.)	PRC	RMB10,000,000	100.00	100.00	Provision of Information technology consulting	
Guangzhou Tengpeitong Technology Co., Ltd	PRC	RMB10,000,000	–	100.00	No material activities	*iv*
Hangzhou Peitu Technology Co., Ltd.	PRC	RMB10,000,000	–	100.00	Technology	*iv*
Pangmao Yuanzheng	PRC	–	–	–	Investment holding	*ii*
Shanghai Zhaogang Netcom E-commerce Co., Ltd.	PRC	RMB30,000,000	–	100.00	Transaction Services	*iv*
Qingdao Zhaogang Netcom E-commerce Co., Ltd	PRC	RMB10,000,000	100.00	100.00	Transaction Services	
Zhaogang (Shanghai) Metal Materials Co., Ltd. (formerly known as Chongqing Zhaogang Netcom E-commerce Co., Ltd)	PRC	RMB20,000,000	100.00	100.00	Transaction Services	
Tengcai.	PRC	RMB24,968,789	48.06	48.06	Provision of Information technology consulting	*i*
Shanghai Huicai Supply Chain Management Co., Ltd.	PRC	RMB100,000,000	100.00	70.00	No material activities	
Beijing Gangfu	PRC	US$3,500,000	100.00	100.00	No material activities	
Shanghai Zhaogang Supply Chain Management Co., Ltd.	PRC	RMB100,800,000	100.00	100.00	Transaction Services	
Steel Searcher Pte. Ltd.	Singapore	US$10,000,000	100.00	100.00	Transaction Services	
Steel Searcher Korea Co. Ltd.	South Korea	Korea Won ("KRW") 3,300,000,000	100.00	100.00	Transaction Services	
Steel Searcher Hong Kong Limited	Hong Kong China	US$6,000,001	100.00	100.00	Transaction Services	

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

General information of subsidiaries (continued)

As at the end of each reporting period, the Company has direct and indirect ownership interests in the following subsidiaries: (continued)

Name of subsidiaries (including structured entities)	Place of incorporation/ establishment	Issued capital/ registered capital	Proportion of ownership interest held by the Company as of 2024 %	2023 %	Principal activities	Notes
Steel Searcher (Thailand) Co. Ltd	Thailand	Thai Baht ("THB") 10,000,000	99.99	99.99	No material activities	
Steel Searcher Middle East DMCC	United Arab Emirates	AED 50,000	100.00	100.00	Transaction Services	
STEEL SEARCHER COMPANY (TZ) LIMITED	Tanzania	US$449,500	100.00	100.00	No material activities	
Steel Searcher YANGON Company Limited.	Myanmar	US$50,000	100.00	100.00	No material activities	
Zhaogang Hong Kong Limited	Hong Kong China	HK$1	100.00	100.00	Investment Holding	
Zhejiang Gangyou Trading Co., Ltd.	PRC	US$42,000,000	100.00	100.00	Transaction Services	
Jiangsu Pangmao Trading Co., Ltd.	PRC	US$20,000,000	100.00	100.00	Transaction Services	
Jiangsu Zhaogang Netcom E-commerce Co., Ltd.	PRC	RMB20,000,000	100.00	100.00	Transaction Services	
Chongqing Zhaogang Netcom Information Technology Co., Ltd.	PRC	RMB20,000,000	100.00	100.00	Transaction Services	
Zhejiang Zhaogang Netcom E-commerce Co., Ltd.	PRC	RMB20,000,000	100.00	100.00	Transaction Services	
Chongqing Pangmao Trading Co., Ltd.	PRC	US$20,000,000	100.00	100.00	Transaction Services	
Henan Zhaogang Netcom Information Technology Co., Ltd.	PRC	RMB20,000,000	100.00	100.00	No material activities	
Shanghai Pangmao Zhiyuan Renewable Resources Co., Ltd.	PRC	RMB10,000,000	100.00	–	No material activities	*iii*
Guangdong Zhaogang Netcom E-commerce Co., Ltd	PRC	RMB20,000,000	100.00	–	Transaction Services	*iii*
ZG MERGER SUB LIMITED (CAYMAN)	Cayman	US$50,000	100.00	–	No material activities	*iii*
Pangmao Industrial Products (Shenzhen) Automation Co., Ltd.	PRC	RMB20,000,000	100.00	–	No material activities	*iii*
Shanghai Gangyou International Trade Co., Ltd.	PRC	RMB120,000,000	100.00	–	Transaction Services	*iii*

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

General information of subsidiaries (continued)

As at the end of each reporting period, the Company has direct and indirect ownership interests in the following subsidiaries: (continued)

Name of subsidiaries (including structured entities)	Place of incorporation/ establishment	Issued capital/ registered capital	Proportion of ownership interest held by the Company as of 2024 %	2023 %	Principal activities	Notes
Fatcat Supply Chain Solutions Malaysia Sdn Bhd	Malaysia	Ringgit Malaysia ("MYR") 1	100.00	–	Transaction Services	iii
PT Steel Searcher Indonesia	Indonesia	Rupiah ("RP") 10,000,000,000	100.00	–	No material activities	iii
Steel Searcher General Trading L.L.C.	UAE	AED100,000	100.00	–	Transaction Services	iii
Pangmao Logistics (Gansu) Co., Ltd.	PRC	RMB10,000,000	100.00	100.00	No material activities	
Shanghai Gangyou Trading Co., Ltd	PRC	RMB394,952,400	100.00	100.00	Transaction Services	
Shenzhen Gangyou Supply Chain Management Co., Ltd.	PRC	RMB40,000,000	100.00	100.00	Provision of transaction settlement services	
Steel Searcher Viet Nam Co. Ltd	Vietnam	US$300,000	100.00	100.00	No material activities	
Company AL-FULAD AL-BAHITH AL-ARBIA For Trading (One Partner)	Saudi Arabia	Saudi Riyals 30,000,000	100.00	–	No material activities	iii

* English name for identification purposes only.

Notes:

i. In March 2021, the Group entered into power of attorney with Pangmao Yuanzheng that Pangmao Yuanzheng transferred its 5.34% voting rights in Tengcai to the Group. Accordingly, the Group's voting rights in Tengcai increased from 48.06% to 53.40%. Considering the Group's sufficient voting rights and power to direct the relevant activities of Tengcai, the Group has the ability to exercise control over Tengcai.

ii. The Company has control over Pangmao Yuanzheng because it has been appointed as the sole managing partner of Pangmao Yuanzheng.

iii. The entity was set up by the Group in 2024.

iv. The entity was strike off by the Group in 2024.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 *RMB'000*	2023 *RMB'000*
Non-Current Assets		
Interests in subsidiaries	**2,503,230**	2,503,230
Amounts due from subsidiaries	**687,093**	684,648
	3,190,323	3,187,878
Current Assets		
Bank balances and cash	**120**	50
Amounts due from subsidiaries	**75,951**	95,416
Other receivables	**2,018**	1
Deferred issue cost	**3,019**	2,188
	81,108	97,655
Current Liabilities		
Other payables	**514**	2,459
Amount due to a subsidiary	**14,242**	14,667
Accrued professional fees and expenses related to De-SPAC Transaction	**8,482**	9,772
Accrued issue costs	**352**	428
Financial liabilities at FVTPL	**6,821,940**	6,816,687
	6,845,530	6,844,013
Net Current Liabilities	**(6,764,422)**	(6,746,358)
Total assets less current liabilities/Net Liabilities	**(3,574,099)**	(3,558,480)
Capital and Reserves		
Share capital	**71**	71
Reserves	**(3,574,170)**	(3,558,551)
Total Deficit	**(3,574,099)**	(3,558,480)

Notes to the Consolidated Financial Statements (Continued)

For the year ended December 31, 2024

44. RESERVES

The movements of the Company's reserves are set forth below:

	Equity-settled share-based compensation reserve *RMB'000*	Share premium *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
As at 1 January 2023	–	–	(3,854,554)	(3,854,554)
Loss and total comprehensive expense for the year	–	–	(47,944)	(47,944)
Recognition of equity-settled share-based payments	343,058	–	–	343,058
Exercise of share option	(343,058)	343,947	–	889
As at 31 December 2023	–	343,947	(3,902,498)	(3,558,551)
Loss and total comprehensive expense for the year	–	–	(15,619)	(15,619)
As at 31 December 2024	**–**	**343,947**	**(3,918,117)**	**(3,574,170)**

45. EVENTS AFTER THE REPORTING PERIOD

On 5 March 2025, 14,554,683 share options were granted under the 2023 Pre-Listing Share Option Scheme.

Subsequent to the reporting period, the Company was successfully listed on the Main Board of the Stock Exchange on 10 March 2025, by way of a De-SPAC Transaction. Further details about this transaction are available in the announcement made by the Company on 10 March 2025.

Four Year Financial Summary

Consolidated Statements of Operations and Comprehensive Loss Data:

	For the Year Ended December 31,			
	2021	2022	2023	**2024**
	RMB	*RMB*	*RMB*	***RMB***
		(in thousands)		
Revenue	1,353,432	905,363	1,168,451	**1,551,043**
Gross profit	345,628	230,373	380,173	**426,189**
Loss before tax from continuing operations	(285,649)	(304,642)	(468,861)	**(67,014)**
Loss for the year from continuing operations	(284,990)	(303,977)	(469,649)	**(68,667)**
Discontinued operations Profit(loss) for the year from discontinued operations	10,603	(62,166)	644	**–**
Loss for the year	(274,387)	(366,143)	(469,005)	**(68,667)**

Consolidated Statements of Financial Position:

	For the Year Ended December 31,			
	2021	2022	2023	**2024**
	RMB	*RMB*	*RMB*	***RMB***
		(in thousands)		
Total non-current assets	490,732	499,069	507,347	**470,901**
Total current assets	7,336,994	9 182,728	11,257,399	**9,577,651**
Total assets	7,827,726	9,681,797	11,764,746	**7,205,330**
Total liabilities	13,790,246	15,995,898	18,202,824	**(6,916,778)**
Total deficit	5,962,520	6,314,101	6,438,078	**(6,506,405)**

Note: Four year financial summary is presented as the Company has been newly listed since March 10, 2025 and it is not practicable for the Company to present the financial summary of the Group prior to 2021.

Definitions

"AI"	artificial intelligence
"Altus Capital Limited"	Altus Capital Limited, the compliance advisor appointed by the Company to provide advice and guidance to the Group in respect of compliance with applicable laws and regulations
"Annual General Meeting"	the annual general meeting of the shareholders of the Company
"Aquila"	Aquila Acquisition Corporation, an exempted company incorporated under the laws of the Cayman Islands with limited liability on November 25, 2021
"Auditor"	the auditor of the Company
"Audit Committee"	the audit committee established by the Company in accordance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code
"Board"	the board of directors consisting of the executive Directors, non-executive Directors and the independent non-executive Directors of the Company
"Business Combination Agreement"	the business combination agreement entered into on August 31, 2023 and amended on December 9, 2024 among Aquila, our Company and ZG Merger Sub
"BVI"	the British Virgin Islands
"B2B"	business to business, a type of commerce transaction in which businesses sell products or services to businesses rather than to individual consumers
"CAGR"	compound annual growth rate
"Chongqing Zhaogang Netcom Technology"	Chongqing Zhaogang Netcom Information Technology Co., Ltd. (重慶找鋼網信息科技有限公司), a company established in the PRC with limited liability on August 23, 2023 and a wholly-owned subsidiary of Zhaogang Netcom

Definitions

"Circular"	the circular to shareholders of Aquila dated 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 (the "Successor Company") (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"
"Class A Shares"	the class A ordinary shares in the share capital of the Company with a par value of US$0.00005 each, conferring a holder of a class A ordinary share one vote per share on all matters subject to the vote at general meetings of the Company
"Class B Shares"	the class B ordinary shares in the share capital of the Company with a par value of US$0.00005 each, conferring weighted voting rights in the Company such that a holder of a class B ordinary share is entitled to ten votes per share on all matters subject to the vote at general meetings of the Company, save for a limited number of Reserved Matters in relation to which each share is entitled to one vote as provided for under Chapter 8A of the Listing Rules and the Company Articles
"Co-founder(s)"	the co-founders of the Group, namely Mr. Wang Dong, Mr. Wang Changhui and Mr. Rao Huigang
"Company" or "we" or "our Company"	ZG Group (找钢产业互联集团), an exempted company incorporated under the laws of the Cayman Islands with limited liability on February 27, 2012
"Company Articles"	the amended and restated articles of association (as amended from time to time) adopted by the Company on July 14, 2023 and which became effective on March 10, 2025
"Company Memorandum"	the memorandum of association (as amended from time to time), conditionally adopted by the Company on July 14, 2023 and which became effective on March 10, 2025
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company Shares" or "Shares"	the Class A Shares and Class B Shares
"Company Shareholders"	holder(s) of the Class A Shares and Class B Shares of the Company

Definitions

"Concert Parties"	collectively, Mr. Wang Dong, Mr. Wang Changhui, Mr. Rao Huigang, Jeremy Global Development Limited, Kiwi Global Development Limited, Restriven Limited, Wangdong Holdings, Pangmao1 Ltd, Wangchanghui Holdings, Pangmao2 Ltd and Raohuigang Holdings
"Consolidated Affiliated Entity"	the subsidiaries of the Company controlled through the Contractual Arrangements, namely Zhaogang Netcom and its subsidiaries
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, WFOE 1, Registered Shareholders of Zhaogang Netcom
"Controlling Shareholders"	Mr. Wang Dong, Mr. Wang Changhui, Mr. Rao Huigang, Jeremy Global Development Limited, Kiwi Global Development Limited, Restriven Limited, Wangdong Holdings, Pangmao1 Ltd, Wangchanghui Holdings, Pangmao2 Ltd and Raohuigang Holdings
"Corporate Governance Code"	the corporate governance code set out in Appendix C1 to the Listing Rules
"Corporate Governance Committee"	the corporate governance committee established by the Company in accordance with Appendix C1 to the Listing Rules
"Corporate Governance Report"	the corporate governance report for the Company for the year ended December 31, 2024
"CSRC"	China Securities Regulatory Commission
"De-SPAC Transaction"	the transactions contemplated by the Business Combination Agreement, including the Pre-Merger Capital Restructuring, the Merger and the PIPE Investments, resulting in the listing of the Company on the Stock Exchange subject to obtaining all the necessary approvals
"Director(s)"	the executive Directors, non-executive Directors and the independent non-executive Directors of the Company, as the context requires
"Director Nomination Policy"	policy adopted by the company for the nomination of Director(s)
"ECL model"	expected credit loss model
"Employee Vesting Period"	in respect of the 2023 Pre-Listing Share Option Scheme, (i) within 5 business days of the first anniversary of the Listing Date, 50% of the options shall vest and (ii) within 5 business days of the second anniversary of the Listing Date, the remaining 50% of the options shall vest

Definitions

"Environmental, Social and Governance Report"	the environmental, social and governance report for the Company for year ended December 31, 2024
"Equity Pledge Agreement"	an equity pledge agreement between Zhaogang Netcom, WFOE1 and the Registered Shareholders dated May 18, 2018, which was subsequently amended and restated on August 31, 2021 and on September 29, 2022
"Exclusive Business Cooperation Agreement"	an exclusive business cooperation agreement dated May 18, 2018, between Zhaogang Netcom and WFOE 1
"Exclusive Option Agreement"	an option agreement between Zhaogang Netcom, WFOE1 and the Registered Shareholders dated May 18, 2018, which was subsequently amended and restated on August 31, 2021 and on September 29, 2022
"FVTPL"	fair value through profit and loss
"GHS" or "Ghanaian Cedi"	the lawful currency of Republic of Ghana
"GMV"	gross merchandise volume, the total value of merchandise sold in a given period; GMV of the Group includes (i) total value of steel products sold under transaction services, (ii) total value of steel products transacted under FatCat Easy Procurement, (iii) total value of steel products under overseas transaction business, and (iv) total value of non-steel products
"Group"	the Company, its subsidiaries and Consolidated Affiliated Entities, including their respective predecessors
"Guangdong Zhaogang Netcom"	Guangdong Zhaogang Netcom E-Commerce Co., Ltd. (廣東找鋼網電子商務有限公司), a company established in the PRC with limited liability on August 9, 2024 and a wholly-owned subsidiary of Zhaogang Netcom
"Henan Zhaogang Netcom Technology"	Henan Zhaogang Netcom Information Technology Co., Ltd.

Definitions

"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"ICP License"	internet content provider license issued by the MIIT
"IFRS"	International Financial Reporting Standards
"Indemnified Person"	has the meaning as defined under the section headed "Permitted Indemnity" in "Directors' Report"
"independent third party(ies)"	any entity(ies) or person(s) which or who is/are not a connected person (within the meaning ascribed thereto under the Listing Rules)
"Jiangsu Zhaogang Netcom E-commerce"	Jiangsu Zhaogang Netcom E-commerce Co., Ltd. (江蘇找鋼網電子商務有限公司), a company established in the PRC with limited liability on July 26, 2023 and a wholly-owned subsidiary of Zhaogang Netcom
"Latest Practicable Date"	April 22, 2025
"Letter of Commitment"	letter of commitment to comply with anti-money laundering and anti-corruption laws provided by the service providers of the Company
"Listing"	the listing of the Company Shares on the Main Board of the Stock Exchange
"Listing Date"	March 10, 2025
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Merger"	the merger of ZG Merger Sub with and into Aquila, subject to the terms and conditions of the Business Combination Agreement and in accordance with the laws of the Cayman Islands, with Aquila being the surviving entity following the Merger and becoming (immediately following the Merger) a direct wholly-owned subsidiary of the Company
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

Definitions

"Negative List (2024)"	the negative list issued by the NDRC and the Ministry of Commerce (中華人民共和國商務部) on September 8, 2024
"net dollar retention rate"	a metric to measure the buyers' retention on the Group's digital platform, which is calculated by dividing GMV generated from certain buyers in a given period by the GMV generated from the same group of buyers in the prior period
"Nomination Committee"	the nomination committee established by the Company in compliance with Rules 3.27A, 8A.27 and 8A.28 of the Listing Rules and paragraph B.3.1 of the Corporate Governance Code
"Pan King Global"	Pan King Global Co., Ltd. (上海泛經國際貿易有限公司), a company established in the PRC with limited liability on August 25, 2016 and a wholly-owned subsidiary of Zhaogang Netcom
"Pangmao Lianxiang"	Shanghai Pangmao Lianxiang Technology Co., Ltd. (上海胖貓鏈享科技有限公司), a company established in the PRC with limited liability on June 22, 2018 and is owned by Zhaogang Netcom as to 99% and Xinmao Equity Investment as to 1%, respectively
"Pangmao Logistics"	Shanghai Pangmao Logistics Co., Ltd. (上海胖貓物流有限公司), a company established in the PRC with limited liability on May 26, 2015 and a wholly-owned subsidiary of Zhaogang Netcom
"Pangmao Logistics Gansu"	Pangmao Logistics (Gansu) Co., Ltd. (胖貓物流(甘肅)有限公司), a company established in the PRC with limited liability on October 16, 2023 and a wholly-owned subsidiary of Pangmao Logistics
"Pangmao Logistics Technology"	Pangmao Logistics Technology (Tianjin) Co., Ltd. (胖貓物流科技(天津)有限公司), a company established in the PRC with limited liability on June 10, 2020 and a wholly-owned subsidiary of Pangmao Logistics
"Pangmao Metal Materials"	Shanghai Pangmao Metal Materials Processing Co., Ltd. (上海胖貓金屬材料加工有限公司), a company established in the PRC with limited liability on July 7, 2020 and a wholly-owned subsidiary of Pangmao Logistics
"Pangmao Yuanzheng"	Tianjin Pangmao Yuanzheng Business Management Partnership (L.P.) (天津胖貓遠征商業管理合夥企業(有限合夥)), a limited partnership established in the PRC on January 26, 2021, the general partner of which is Xinmao Equity Investment

Definitions

"Pangmao Zhineng"	Wuhan Pangmao Zhineng Technology Co., Ltd. (武漢胖貓智能科技有限公司) (former name: Wuhai Pangmao Jieping Information Technology Co., Ltd. (武漢胖貓傑平信息技術有限公司)), a company established in the PRC with limited liability on December 26, 2016 and a wholly-owned subsidiary of Zhaogang Netcom
"PIPE Investment Agreements"	the subscription agreements entered into on August 31, 2023 and February 5, 2025 among Aquila, the Company and the PIPE Investors
"PIPE Investments"	the subscription of the PIPE Investment Shares by the PIPE Investors pursuant to the PIPE Investment Agreements
"PIPE Investment Shares"	the Class A Shares to be subscribed by the PIPE Investors pursuant to the PIPE Investment Agreements
"PIPE Investors"	the independent third party investors in the De-SPAC Transaction
"Powers of Attorney"	has the meaning as defined under the section headed "Powers of Attorney" in "Directors' Report"
"PRC" or "China"	the People's Republic of China, but for the purposes of this annual report only, except where the context requires, references in this annual report to PRC or China exclude Hong Kong, Macau and Taiwan
"PRC Legal Advisor"	PRC Legal Advisor to the Target Company, Shihui Partners
"2023 Pre-Listing Share Option Scheme"	a scheme which permits the grant of options to subscribe for Company Shares by selected participants
"Pre-Merger Capital Restructuring"	capital restructuring transactions to be implemented by the Company and immediately prior to the filing of Aquila's merger plan with the Cayman Registrar
"Puhuida Digital Technology"	Shanghai Puhuida Digital Technology Co., Ltd. (上海普惠達.數字科技有限公司), a company established in the PRC with limited liability on August 19, 2021 and a wholly-owned subsidiary of Zhaogang Netcom
"Qimao Equity Investment"	Tianjin Qimao Equity Investment Management Co., Ltd. (天津奇貓股權投資管理有限公司), a company established in the PRC with limited liability on August 24, 2016 and a wholly-owned subsidiary of Zhaogang Netcom
"Qingdao Zhaogang Netcom E-commerce"	Qingdao Zhaogang Netcom E-commerce Co., Ltd. (青島找鋼網電子商務有限公司), a company established in the PRC with limited liability on May 24, 2022 and a wholly-owned subsidiary of Zhaogang Netcom

Definitions

"Raohuigang Holdings"	Raohuigang Holdings Limited, a company established in the BVI with limited liability on February 23, 2012, which is controlled by Mr. Rao Huigang
"Registered Shareholder(s)"	any person (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) whose name is entered in the register of members of Aquila
"Registered Shareholders of Zhaogang Netcom"	registered shareholders of Zhaogang Netcom, namely, Mr. Wang Dong, Mr. Wang Changhui, Mr. Rao Huigang, Shenzhen Cangjin Investment Partnership (L.P.) (深圳市滄金投資合夥企業(有限合夥)), Shanghai Mstone Asset Management Office (上海麥斯通資產管理事務所), Shanghai Weiyi Investment Management Centre (L.P.) (上海未易投資管理中心(有限合夥)), Hangzhou Sanren Yanxing Investment Partnership (L.P.) (杭州三仁焱興投資合夥企業(有限合夥)), Shanghai Yunqi Wangchuang Venture Capital Investment Centre (L.P.) (上海雲奇網創創業投資中心(有限合夥)), Hangzhou Yunjia Venture Capital Investment Partnership (L.P.) (杭州雲嘉創業投資合夥企業(有限合夥)), Shenzhen Xianfeng Chengzhang Investment L.P. (深圳險峰成長投資合夥企業(有限合夥)), Jiaxing Fenglin Yuyong Investment Partnership (L.P.) (嘉興豐廩豫永投資合夥企業(有限合夥)), Beijing Shishang Xiliu Catering Management Co., Ltd. (北京石上溪流餐飲管理有限公司), Beijing Jianshi Hongyuan Investment Management Centre (L.P) (北京堅石宏遠投資管理中心(有限合夥)), Beijing Jianshi Tianhui Management Consulting Centre (L.P.) (北京堅石天匯管理諮詢中心(有限合夥)), Zhuhai Fuhai Huachuang Information Technology Venture Capital Investment Fund (L.P.) (珠海富海鏵創信息技術創業投資基金(有限合夥)), Xinyu Zhongfu Investment Management Centre (L.P.) (新余眾富投資管理中心(有限合夥)), Shenzhen Huasheng Linghui Equity Investment Fund Partnership (L.P.) (深圳華晟領輝股權投資合夥企業(有限合夥)), Shenzhen Cangxin Investment Partnership (L.P.) (深圳市滄鑫投資合夥企業(有限合夥)) and Wuxi Baiaoji Equity Investment Partnership (L.P.) (無錫佰奧基股權投資合夥企業(有限合夥))
"Relevant Businesses"	transaction services provided by the Company through Zhaogang Mall, together with Supporting Services
"Relevant Individual Shareholders"	Mr. Wang Dong, Mr. Wang Changhui and Mr. Rao Huigang
"Remuneration Committee"	the remuneration committee established by the Company in compliance with Rule 3.25 of the Listing Rules and paragraph E.1.2 of the Corporate Governance Code
"Reorganization"	the reorganization of the Group in preparation of the Listing

Definitions

"Reporting Period"	12 month period commencing on January 1, 2024 and ending on December 31, 2024
"Reserved Matter(s)"	means (i) any amendment to the Company Memorandum or the Company Articles, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director of the Company, (iii) the appointment or removal of the Company's auditors, and (iv) the voluntary liquidation or winding-up of the Company
"Restricted Business"	services which are considered "restricted" where foreign investors are restricted from holding more than 50% equity interests in companies providing such services
"RMB" or "Renminbi"	the lawful currency of the PRC
"SaaS"	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"SKU"	stock keeping unit
"SMEs"	small and medium enterprises
"steel transactions industry"	a sub-category of steel industry, which refers to the transactions where buyers procure steel products from steel sellers
"Shanghai Pangmao Zhiyuan"	Shanghai Pangmao Zhiyuan Renewable Resources Co., Ltd. (上海胖貓智源再生資源有限公司), a company established in the PRC with limited liability on June 24, 2024 and a wholly-owned subsidiary of Zhaogang Netcom
"Shanghai Tengcai Technology"	Shanghai Tengcai Technology Co., Ltd. (上海騰採科技有限公司) (former name: FatCat Cloud (Shanghai) Technology Co., Ltd. (胖貓雲(上海)科技有限公司)), a company established in the PRC with limited liability on October 15, 2018 and is owned by Zhaogang Netcom as to 48.06%, Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) as to 32.04%, Welight Capital L.P. as to 11.00%, and Pangmao Yuanzheng as to 8.9%, respectively

Definitions

"Shenzhen Tushu"	Shenzhen Tushu Supply Chain Management Co., Ltd. (深圳土樹供應鏈管理有限公司) (former name: Shenzhen Tushu Commercial Factoring Co., Ltd. (深圳土樹商業保理有限公司)), a company established in the PRC with limited liability on December 23, 2016 and a wholly-owned subsidiary of Tushu Information Services
"Shenzhen Xinwuyou"	Shenzhen Xinwuyou Technology Co., Ltd. (深圳市芯無憂科技有限公司) (former name: Shenzhen Tengcai Technology Co., Ltd. (深圳市騰採科技有限公司)), a company established in the PRC with limited liability on May 19, 2021 and a wholly-owned subsidiary of Shanghai Tengcai Technology
"Spouse Undertaking"	an undertaking signed by the spouse of each of the Relevant Individual Shareholders, where applicable
"Steel Searcher"	Steel Searcher Limited, a company incorporated in Hong Kong with limited liability on July 23, 2015 and a wholly-owned subsidiary of Zhaogang Netcom
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supporting Services"	collectively, transaction support services, including logistics services, warehousing and processing services, and technology subscription services
"TCRM"	the Trading Customer Relationship Management Platform co-developed by the Company and Tencent Technology Co., Ltd. together
"ton"	metric ton, is a unit of weight, being 1,000 kilograms
"total transaction volume"	the total tonnage of steel products (i) transacted under the Group's transaction services, (ii) transacted under FatCat Easy Procurement, and (iii) transacted under overseas transaction business, in a given period
"Tushu Information Services"	Shanghai Tushu Information Services Co., Ltd. (上海土樹信息服務有限公司) (former name: Shanghai Tushu Financial Information Services Co., Ltd. (上海土樹金融信息服務有限公司)), a company established in the PRC with limited liability on September 17, 2015 and a wholly-owned subsidiary of Zhaogang Netcom
"UAE"	United Arab Emirates

Definitions

"U.S." "US$" or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD"	U.S. dollars, the lawful currency of the U.S.
"Wangchanghui Holdings"	Wangchanghui Holdings Limited, a company established in the BVI with limited liability on February 23, 2012, which is controlled by Mr. Wang Changhui
"Wangdong Holdings"	Wangdong Holdings Limited, a company established in the BVI with limited liability on February 23, 2012, which is controlled by Mr. Wang Dong
"WFOE 1"	Beijing Gangfu Management Consulting Co., Ltd. (北京鋼富管理諮詢有限公司) (former names: Beijing Gangfu Huitong Commerce Co., Ltd. (北京鋼富匯通商貿有限公司) and Beijing Gangfu Huitong Consultancy Co., Ltd. (北京鋼富匯通諮詢有限公司)), a company established in the PRC with limited liability on May 23, 2012 and an indirect wholly-owned subsidiary of the Company
"WVR Beneficiaries"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang Dong and Mr. Wang Changhui, being the holders of the Class B Shares, entitling each to weighted voting rights, details of which are set out in the section headed "Weighted Voting Rights" in "Directors' Report"
"WVR structure"	has the meaning ascribed to it in the Listing Rules
"Xinmao Equity Investment"	Shanghai Xinmao Equity Investment Management Co., Ltd. (上海新貓股權投資管理有限公司), a company established in the PRC with limited liability on September 6, 2016 and a wholly-owned subsidiary of Zhaogang Netcom
"ZG Merger Sub"	ZG Merger Sub Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability on July 17, 2023 and a wholly-owned subsidiary of Company
"Zhaogang Mall"	a third-party digital platform operated by the Company

Definitions

"Zhaogang Netcom" or "Shanghai Gangfu"	Shanghai Steel Information Technology Co., Ltd. (上海找鋼網信息科技股份有限公司), a joint stock company established in the PRC with limited liability on August 4, 2016 (formerly known as Shanghai Gangfu E-commerce Co., Ltd. (上海鋼富電子商務有限公司)), the financial results of which have been consolidated and accounted for as a subsidiary of Company by virtue of the Contractual Arrangements, and one of our Consolidated Affiliated Entities
"Zhaogang (Shanghai) Metal Materials"	Zhaogang (Shanghai) Metal Materials Co., Ltd. (找鋼(上海)金屬材料有限公司) (formerly known as Chongqing Zhaogang Netcom E-commerce Co., Ltd. (重慶找鋼網電子商務有限公司)), a company established in the PRC with limited liability on August 22, 2022 and a wholly-owned subsidiary of Zhaogang Netcom
"Zhejiang Zhaogang Netcom E-commerce"	Zhejiang Zhaogang Netcom E-commerce Co., Ltd. (浙江找鋼網電子商務有限公司), a company established in the PRC with limited liability on September 5, 2023 and a wholly-owned subsidiary of Zhaogang Netcom