ANE (Cayman) Inc.
安 能 物 流 集 團 有 限 公 司

(A company incorporated in the Cayman Islands with limited liability)

(Stock code: 9956)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the "**Board**") of directors (the "**Director(s)**") of ANE (Cayman) Inc. (the "**Company**" or "**ANE**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**", "**our**" or "**us**") for the year ended December 31, 2023 (the "**Reporting Period**"), together with comparative figures for the year of 2022. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated October 30, 2021 (the "**Prospectus**").

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2023, the Group recorded the following audited results:

	Year ended December 31, 2023	Year ended December 31, 2022 (Restated)*	Year-to-year change
	RMB'000	*RMB'000*	
Revenue	**9,916,899**	9,334,931	6.2%
Gross profit	**1,268,003**	730,362	73.6%
Operating profit/(loss)	**619,508**	(171,001)	N/A
Adjusted pre-tax profit/(loss)	**654,415**	(89,775)	N/A
Adjusted net profit/(loss)	**509,805**	(209,111)	N/A
Profit/(loss) for the Reporting Period	**407,245**	(400,455)	N/A
Adjusted EBITDA	**1,730,355**	1,096,435	57.8%
Net cash flows from operating activities	**1,706,182**	1,444,778	18.1%

* As disclosed in subsection (c) of "2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES" of this announcement, the Group has applied the Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, resulting in direct quantitative impact on deferred tax assets and income tax expense, and indirect impact on profit/(loss) for the year, reserves and non-controlling interests.

CEO STATEMENT

Dear Shareholders,

ANE has made a profound strategic transformation in 2023. Faced with the uncertainty of macroeconomics and fierce competition among leading express freight networks, we have completely shifted the original scale and freight volume driven strategy to a new one centered on profit and quality while focusing on effective scale growth. After more than a year of unremitting efforts, the transformation of ANE has achieved fruitful results so far. In 2023, our freight volume reached 12.0 million tons, with gross profit increasing by 73.6% compared with the previous year.

In 2023, with strategic focus on quality growth, ANE has reached a consensus on the strategic goal of effective scale growth. Following the course of action of "new strategy, new organization, new quality, and new execution", we reinformed ourselves with determination to succeed, enhancing the operational efficiencies and organizational capabilities, while reshaping the growth of our business. ANE continues advancing towards the long-term strategic goal.

In order to ensure the implementation of the strategy, we continue to hone organizational resilience. Firstly, we continue to optimize our organization to be flat in order to ensure flexibility; secondly, we continue to stimulate organizational vitality through authorizing, activating and empowering our front-line operative regional organization; Besides, we transformed our middle and back offices into a professional shared service center. With a more solid budget and financial management system, as well as more digitalised business analysis tools, our middle and back offices are now more capable of providing guidance and support for operative regional organization. Last but not least, we comprehensively upgraded the performance-oriented organizational assessment and incentive framework to motivate our strategic transformation.

We drove high-quality growth through a series of initiatives. In order to optimize the ecosystem of our freight partners and agents, we adopted a more precise pricing scheme, introduced a primary organization called "Iron Triangle" to ensure agile response to our freight partners and agents, and provided comprehensive empowerment support. As a result, we have created a more fair and more sustainable freight partner ecosystem with wider coverage. On the product side, we emphasized on quality, timeliness and service to differentiate our products and enhance competitiveness. In addition, we have deepened our channel development to create new momentum for freight volume growth.

In terms of operations, we continued to improve operational efficiency and build ultimate cost control capabilities. On the sorting side, we continue to upgrade our sorting networks, while improving efficiency leveraging people, sites, and equipment. We strictly controlled costs and expenses through lean operations. On the transportation side, we improved transportation efficiency through precise route planning and fleet capacity optimization by building a robust fleet management system. Meanwhile, we optimized the efficiency and steadiness of our shipment. Additionally, we continued to increase operating profit margins through fleet cost reductions.

We acknowledge that everyday efforts are crucial to a thorough transformation which cannot be accomplished in one fell swoop. As 2023 is the year of in-depth transformation, ANE has laid a solid foundation for the Company's long-term development. We are confident that we will continue to iteratively advance based on our past experience, and unfold a new era of high-quality growth for ANE leveraging our focus, precision, and flexibility, with the guidance of the Five Most goals of "most optimal cost, most superior quality, most stable timeliness, most timely service response, and most dense network coverage".

QIN Xinghua
Executive Director, chief executive officer and co-chairman

March 26, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

We operate a leading express freight network in China's less-than-truckload ("**LTL**") market. Express freight network operators, like us, are LTL service providers who have nationwide coverage, and deliver timely and comprehensive freight transportation services. In 2023, we have completed shipment of a total LTL freight volume of 12.0 million tons, compared to 12.1 million tons in 2022.

We mainly provide transportation services, value-added services and dispatch services to our freight partners, our direct customers. We, together with our freight partners and agents, served approximately 5.5 million shippers, our end-customers, across China as of December 31, 2023, compared to over 4.7 million as of December 31, 2022.

Our investment in self-operated fleets helps us achieve self-operation of essentially all two-way route line-haul transportation. In order to fully utilize the backhaul capacity of self-operated fleets deployed for one-way route, we also provide full-truckload ("**FTL**") services, which fulfils the freight demand of shippers by engaging truck vehicle as the unit of transportation for direct point-to-point service.

Our Market and Industry

With the accelerated digitalisation of commerce and trade in China, the full spectrum of the supply chain, from manufacturers to distributors, merchants and retailers, requires fast and high frequency inventory turnover. This could only be achieved through efficient and comprehensive freight transportation solutions to bring merchandise to warehouses and stores closer to end consumers. This in turn generates significant demand for timely, comprehensive and reliable LTL services with nationwide coverage. We are well-positioned for this opportunity by leveraging our nationwide network with comprehensive and diverse product offerings tailored to different shipper preferences. For instance, we offer time-definite products to address e-commerce merchants' increasing focus on timeliness, guaranteed safety product for medicine distributors in the transportation of fragile and valuable goods, and economy freight to meet auto parts suppliers' demand for cost-effectiveness transporting parts to auto manufacturers.

Historically, China's LTL market was highly fragmented and inefficient with a large number of regional direct line and freight operators providing local logistics services in their respective areas. Such freight operators struggle to capture the opportunities and meet the challenges brought by B2C (business-to-consumer) e-commerce growth and evolution in supply chains that have ensued. We have created the freight partner platform model to draw such local operators to our platform as freight partners and agents, empowering them and our entire network to serve as the infrastructure for China's new commerce landscape.

Our Freight Partner Platform

Under our freight partner platform model, we directly operate and control all mission-critical sorting and line-haul processes while our freight partners and agents are responsible for investing and operating the outlets at their own costs and providing feeder service, pickup and dispatch services. We enable and empower tens of thousands of local freight operators to connect with more shippers and to provide digitalised, nationwide, reliable, timely, efficient and comprehensive LTL services to shippers. We deliver unique values to freight partners, agents and shippers. We will continuously invest in sorting centres and line-haul transportation as the freight volume increases to optimise operational efficiency while improving our service quality.

We are dedicated to creating more value to our freight partners and agents while benefiting from their growth. As a result, we believe we are best positioned to further increase our market share in this broad yet fragmented market. As of December 31 2023, we had over 28,000 freight partners and agents, enabling us to better serve shippers while expanding nationwide coverage. We continue to enjoy strong relationship with our top freight partners. The retention rate of our top freight partners [1], which refers to the ratio of the number of top freight partners that remains as our freight partners in a given period, over the total number of top freight partners in the previous period was 95.7% and 98.2% in 2022 and 2023, respectively.

Our Service Quality

We mainly provide transportation services, value-added services and dispatch services to our freight partners and agents, our direct customers. As of December 31, 2023, we, together with our freight partners and agents, served approximately 5.5 million shippers, our end-customers, across the entire commerce landscape in China.

As part of our strategic transformation, adhering to the brand proposition of "Great Goods, Great ANE" ("用安能運好貨"), service quality enhancement has been strategically emphasized and continuously implemented throughout the whole year to better fulfill the demand of our end customers. As of timeliness, the average shipment time decreased by 10.1% to less than 72 hours from the year ended December 31, 2022 to the same period of 2023. The timely fulfillment rate (number of shipments completed within guaranteed duration per total number of completed shipments) increased from 61.2% in the year ended December 31, 2022 to 73.2% in the same period of 2023, indicating the enhancement of steadiness of our service timeliness. Further, we reiterated the importance of our service quality. As a result, our loss rate (number of lost units per hundred thousand units) decreased by 83.2%, from 1.2 in the year ended December 31, 2022 to 0.2 in the same period of 2023. And our damage rate (number of damaged units per hundred thousand units) decreased by 33.6%, from 49.0 in the year ended December 31, 2022 to 32.6 in the same period of 2023. Besides, better service also leads to lower complaint rate (number of complaints per hundred thousand shipments), which decreased by 64.4%, from 1,294 in the year ended December 31, 2022 to 461 in the same period of 2023.

1 The "top freight partners" are defined as the largest freight partners contributing 50% of our total revenue from freight partners in a given period.

Our Network and Infrastructure

We continuously improve our operational efficiency through managing, optimizing and investing in our critical infrastructure, mainly comprising our sorting centres and line haul transportation.

Sorting Centres

As of December 31, 2023, we had 81 self-operated sorting centres across China, allowing us, together with our network outlets, to cover approximately 98.2% of the counties and townships in China. We directly operate our sorting centres mostly on leased premises. Our sorting centres are connected by the line-haul transportation network that we operate. The consolidation sorting centres receive and sort the freight and dispatch them to the destination sorting centres, which deconsolidate the freight and assign the freight to dispatching freight partners and agents.

Throughout 2023, we have optimized our sorting centre network reduce our line-haul routing and sorting costs. We have taken measures such as: (1) extending our direct line-haul route to by-pass small consolidation sorting centres while transporting freight from our key sorting centres/hubs to our freight partners (or vice versa); (2) optimizing labour force allocation to improve sorting efficiency and reduce labour cost; and (3) precisely planning sorting areas to enhance infield movement efficiency. Such measures allow us to reduce the number of self-operated sorting centres, enhancing our operational efficiency while maintaining our national footprint and coverage.

The following map illustrates our nationwide sorting centre network as of December 31, 2023:

Based on the functions, operating freight volume and line-haul connectivity, our sorting centres include key transit hubs, transit hubs and other sorting centres. Out of our 81 sorting centres as of December 31, 2023, we had 36 key transit hubs with full coverage of China and 19 transit hubs, which are primarily responsible for interprovincial transfer of freight. The following table sets forth details of our sorting centres as of December 31, 2023:

	Number	Average Area (m^2)	Average daily handling volume in the year ended December 31, 2023 (tons)	Functionality
Key hubs	36	36,172	3,986	Nationwide full connectivity
Transit hubs	19	17,036	1,470	Inter-provincial connectivity
Other sorting centres	26	4,718	264	Regional connectivity

Our key transit hubs are located in key commercial centres in China such as Shanghai, Hangzhou, Guangzhou, Shenzhen, Chengdu, Suzhou, etc. Compared to December 31, 2022, we improved our network layout by leveraging key hubs while closing down certain less efficient sorting centres, primarily small ones for consolidation purposes, which enables us to reduce transit ratios and improve service quality. On average, our key transit hub handled a freight volume of over 1.1 million tons in 2023. Our transit hubs are normally adjacent to highways and is each directly connected to about 16 provinces on average as of December 31, 2023.

Line-Haul Network

We directly manage all the line-haul transportation in our network. Our sorting centres are connected with approximately 2,300 well-planned line-haul routes as of December 31, 2023, among which approximately 88.5% are two-way routes.

In order to reduce transportation costs and improve transportation efficiency, we have disposed redundant line-haul trucks and optimized the truck-to-trailer ratio. As of December 31, 2023, our self-operated fleets consisted of over 3,600 high-capacity line-haul trucks and approximately 6,300 trailers, as compared to approximately 4,000 high-capacity line-haul trucks and over 6,200 trailers as of December 31, 2022. All of our self-operated fleets are operated by our approximately 5,500 contracted drivers as of December 31, 2023.

Network Outlets

As of December 31, 2023, all of the network outlets are owned and operated by over 28,000 freight partners and freight agents across China, covering approximately 98.2% of counties and townships in China.

Our Technology

Technology is at the core of our operations. It is critical to our platform, network and service offerings. We have digitalised every process of our operations through self-developed IT systems to achieve real-time data tracking, smart outlet management, route planning, sorting management and automated customer service to shippers, which in turn contributes to our superior network capabilities.

II. FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this announcement.

Our results of operations are affected by the total freight volume. The following table sets forth our total freight volume and unit economics of our key operating and financial metrics for the periods indicated:

	For the year ended December 31,		Year-to-year change
	2023	2022	
Total LTL freight volume[Note] ('000 tons)	**12,037**	**12,115**	**-0.6%**
Total LTL shipments ('000)	**128,839**	114,304	12.7%
Freight weight per LTL shipment (kg)	**93**	106	-12.3%
Unit price for LTL transportation services (RMB/ton)	**454**	441	2.9%
Unit price for LTL value-added services (RMB/ton)	**149**	138	8.0%
Unit price for LTL dispatch services (RMB/ton)	**215**	188	14.4%
Unit price for total LTL services (RMB/ton)	**818**	767	6.6%
Unit price for total services (RMB/ton)	**824**	**750**	**9.9%**
Unit line-haul transportation cost (RMB/ton)	**317**	320	-0.9%
Unit sorting centre cost (RMB/ton)	**170**	178	-4.5%
Unit cost of value-added services (RMB/ton)	**31**	28	10.7%
Unit cost of dispatch services (RMB/ton)	**200**	165	21.2%
Unit cost of revenues (RMB/ton)	**718**	**691**	**3.9%**
Unit gross profit for value-added services (RMB/ton)	**118**	110	7.3%
Unit gross profit for dispatch services (RMB/ton)	**15**	23	-34.8%
Unit gross profit (RMB/ton)	**106**	**59**	**79.7%**
Unit operating profit/(loss) (RMB/ton)	**51**	(14)	N/A
Unit adjusted pre-tax profit/(loss) (RMB/ton)	**54**	(7)	N/A
Unit adjusted EBITDA (RMB/ton)	**144**	88	63.6%

Note: The "freight volume", means the amount of freight by volumetric weight. As LTL and FTL has different pricing and settlement model, freight volume is mainly used to illustrate LTL business.

In 2023, we have completed shipment of a total LTL freight volume of 12.0 million tons, compared to 12.1 million tons in 2022. In terms of freight weight mix structure, the freight volume of mini freight (≤70 kg)[1] and light freight (70 – 500 kg)[2], increased by 9.1% and 2.4%, respectively. The freight volume of bulk freight (>500 kg)[3] decreased by 9.7%, which more than offset the increase in mini freight and light freight and led to the slight year-on-year decrease of LTL freight volume. The growth of our mini and light freight segments lead to a 12.7% growth of our total number of shipments, while the average freight weight per LTL shipment decreased from 106kg in 2022 to 93kg in 2023. The above trend reflects our strategy to optimize our freight weight mix structure, as lighter freight has higher unit price and higher margins and requires higher quality and more value-added services. With our focus on profitability and service quality, complemented by our upgraded more precise cost-based pricing scheme, we were able to gradually replace low and negative margin segments with better quality and higher margin business and pursue sustainable growth of such business.

Revenue

During the Reporting Period, we derived our revenues from transportation services, value added services and dispatch services. The following table sets forth a breakdown of our revenue for the periods indicated:

LTL business	**For the year ended December 31,**			
	2023		2022	
	RMB	***%***	*RMB*	*%*
	(in thousands, except percentages)			
Transportation	**5,461,469**	**55.5**	5,339,150	57.5
Value-added services	**1,796,889**	**18.2**	1,670,350	18.0
Dispatch services	**2,590,061**	**26.3**	2,282,851	24.5
Total revenues	**9,848,419**	**100.0**	9,292,351	100.0

FTL business	**For the year ended December 31,**			
	2023		2022	
	RMB	***%***	*RMB*	*%*
	(in thousands, except percentages)			
Transportation	**68,480**	**100.0**	42,580	100.0
Total revenues	**68,480**	**100.0**	42,580	100.0

1 Freight that weights less than or equal to 70 kg.
2 Freight that weights more than 70 kg and less than or equal to 500 kg.
3 Freight that weights more than 500 kg.

LTL and FTL Business

	For the year ended December 31,			
	2023		2022	
	RMB	***%***	*RMB*	*%*
	(in thousands, except percentages)			
Transportation	**5,529,949**	**55.8**	5,381,730	57.7
Value-added services	**1,796,889**	**18.1**	1,670,350	17.8
Dispatch services	**2,590,061**	**26.1**	2,282,851	24.5
Total revenues	**9,916,899**	**100.0**	9,334,931	100.0

The price level of our transportation services is determined by various factors, including the volumetric weight of the freight, transportation distance, product types, market conditions and competition. We are optimizing our dynamic pricing system which periodically evaluates and adjusts our pricing levels, allowing us to optimize our capacity management and operational efficiency. We primarily rely on freight partners and agents to fulfill dispatch services, while undertaking dispatch services by ourselves in certain circumstances.

Our total revenue increased by 6.2% from RMB9,334.9 million for the year ended December 31, 2022 to RMB9,916.9 million for the year ended December 31, 2023, primarily driven by the increase in our unit price for LTL service from RMB767/ton for the year ended December 31, 2022 to RMB818/ton for the year ended December 31, 2023, which offset the decrease in our LTL freight volume from 12.1 million tons for the year ended December 31, 2022 to 12.0 million tons for the year ended December 31, 2023.

The increase in our unit price for LTL transportation was mainly due to (i) the growth of mini freight and light freight that has higher unit transportation prices, and (ii) the implementation of a new cost-based pricing scheme which provides us with a better tool to adjust and monitor our price and margin.

The increase in our transportation revenues was mainly driven by the increase in our unit price for transportation services from RMB441/ton for the year ended December 31, 2022 to RMB454/ton for the year ended December 31, 2023.

The increase in our value-added services revenues was mainly attributable to the increase of unit price of value-added services from RMB138/ton for the year ended December 31, 2022 to RMB149/ton for the year ended December 31, 2023, due to the growth of mini freight and light freight that require more value-added service and higher value-added services fee on weight unit basis (i.e. from a per ton perspective).

The increase in our dispatch services revenues was mainly due to the increase of our unit price of dispatch services. The unit dispatch services revenue increased from RMB188/ton for the year ended December 31, 2022 to RMB215/ton for the year ended December 31, 2023, due to (i) the enhancement of our dispatch service quality that required higher pricing; (ii) the increase of mini freight and light freight that has increased our number of shipments thus increase the number of dispatchments.

We launched FTL business in May 2022. In the long run, we will keep strategic focus on LTL business and the FTL business will remain as a supplement of LTL business to better utilize our fleet.

Cost of revenues

Our cost of revenues primarily consists of costs for (i) line-haul transportation, (ii) sorting centre, (iii) value-added services, and (iv) dispatch services. The following table sets forth a breakdown of our cost of revenues and as a percentage of our total cost of revenues for the periods indicated:

	For the year ended December 31,			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Line-haul transportation	**3,821,272**	**44.2**	3,980,614	46.2
Sorting centre	**2,049,286**	**23.7**	2,216,973	25.8
Value-added services	**371,732**	**4.3**	352,119	4.1
Dispatch services	**2,406,606**	**27.8**	2,054,863	23.9
Total	**8,648,896**	**100.0**	8,604,569	100.0

Our cost of revenues increased by 0.5% from RMB8,604.6 million for the year ended December 31, 2022 to RMB8,648.9 million for the year ended December 31, 2023, which was mainly due to (i) the increase in our value-added services cost from RMB352.1 million for the year ended December 31, 2022 to RMB371.7 million for the year ended December 31, 2023, and (ii) the increase in our dispatch services cost from RMB2,054.9 million for the year ended December 31, 2022 to RMB2,406.6 million for the year ended December 31, 2023, which are in line with the revenue growth of value-added services and dispatch services, respectively.

Line-haul transportation cost primarily includes (i) service costs for third-party fleet operators and (ii) operating costs incurred by our self-operated fleets such as truck fuel costs, road tolls, driver compensation and depreciation costs. The following table sets forth a breakdown of our line-haul transportation cost for the periods indicated:

	For the year ended December 31,			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Services costs for third-party fleets	**454,546**	**11.9**	380,633	9.6
Operating costs incurred by self-operated fleets:	**3,366,726**	**88.1**	3,599,981	90.4
Toll costs	**1,105,226**	**28.9**	1,125,822	28.3
Fuel costs	**970,790**	**25.4**	1,017,483	25.6
Driver compensation	**697,142**	**18.2**	733,277	18.4
Depreciation	**358,584**	**9.4**	355,847	8.9
Others	**234,984**	**6.2**	367,552	9.2
Total line-haul transportation costs	**3,821,272**	**100.0**	3,980,614	100.0

Our line-haul transportation costs decreased from RMB3,980.6 million for the year ended December 31, 2022 to RMB3,821.3 million for the year ended December 31, 2023. While the line-haul transportation unit cost decreased from RMB320/ton for the year ended December 31, 2022 to RMB317/ton for the year ended December 31, 2023. This reflects the improvement of our fleet efficiency, which is mainly attributed to: (i) the decrease of fuel cost driven by the decreasing oil price and our procurement optimization; and (ii) operational efficiency improvement due to more straight line-haul routing, benefiting from the removal of small sorting hubs that allows more straight line-haul routing. As the restructuring of sorting network was completed by July, we recorded a more significant enhancement on the unit transportation cost in the second half of 2023, which is RMB310/ton.

Sorting centre cost includes (i) labour costs, (ii) depreciation of right-of-use assets in relation to leased sorting centres, (iii) property management fees and utility costs, (iv) equipment rental costs, and (v) operation and maintenance costs. The following table sets forth a breakdown of our sorting centre cost for the periods indicated:

	For the year ended December 31,			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Labour costs	**1,210,604**	**59.1**	1,301,694	58.7
Depreciation of right-of-use assets	**554,547**	**27.1**	580,559	26.2
Property management fees and utility costs	**132,444**	**6.4**	155,135	7.0
Equipment rental costs	**71,965**	**3.5**	93,691	4.2
Others	**79,726**	**3.9**	85,894	3.9
Total sorting centre costs	**2,049,286**	**100.0**	2,216,973	100.0

Our sorting centre costs decreased from RMB2,217.0 million for the year ended December 31, 2022 to RMB2,049.3 million for the year ended December 31, 2023. While the sorting centre unit cost decreased from RMB178/ton for the year ended December 31, 2022 to RMB170/ton for the year ended December 31, 2023. This is attributed to (i) the optimizations we made to some of our smaller sorting centres since Q4 2022, which allows us to reduce the number of our self-operated sorting centres, and (ii) the reduction of our labour force and improvement of our labour efficiency, which resulted in a decrease in labour costs. Similar to unit transportation cost, we recorded a more significant decrease in unit sorting centre cost in the second half of 2023, which is RMB156/ton, after the completion of restructuring sorting network by July.

Costs of value-added services are costs directly incurred in relation to our provision of value-added services, such as the cost of digital devices, shipment waybill and consumables.

The increase in our costs of value-added services from RMB352.1 million for the year ended December 31, 2022 to RMB371.7 million for the year ended December 31, 2023 was substantially consistent with the increase of our value-added services revenues. The increase in our unit costs of value-added services from RMB28/ton for the year ended December 31, 2022 to RMB31/ton for the same period in 2023 was mainly because the increase in freight shipment led to higher unit fixed cost on a weight basis as we charge value-added service fee by number of shipment instead of weight.

Costs of dispatch services primarily represent (i) fees of dispatch services paid to our freight partners, the price of which is determined based on the cost structure of freight partners and market conditions, and (ii) costs incurred by our self-operated dispatch services.

The increase in our costs of dispatch services from RMB2,054.9 million for the year ended December 31, 2022 to RMB2,406.6 million for the year ended December 31, 2023 was mainly attributable to (i) the increase of LTL mini freight volume, and (ii) the adjustment of the dispatch fees paid to our freight partners in order to enhance the service quality. The increase in our unit dispatch costs from RMB165/ton for the year ended December 31, 2022 to RMB200/ton for the same period in 2023 was caused by the same factors set out above.

Our total cost of revenues was RMB8,648.9 million for the year ended December 31, 2023, compared to RMB8,604.6 million for the year ended December 31, 2022, mainly due to the above reasons.

Gross Profit and Gross Profit Margin

For the year ended December 31, 2023, the gross profit and gross profit margin was RMB1,268.0 million and 12.8%, respectively, as compared to RMB730.4 million and 7.8%, respectively, for the year ended December 31, 2022. The increase in gross profit was mainly driven by (i) the combination of our new pricing scheme and reinvigorated freight partners ecosystem, which has contributed to a strong growth in our mini and light freight segment, our high margin business, thus leading to an increase of RMB8/ton in the unit gross profit of value-added services; and (ii) the increase in 2023 overall unit revenue. The increase in gross profit margin was mainly driven by the above-mentioned reasons. As a result, our unit gross profit increased from RMB59/ton for the year ended December 31, 2022 to RMB106/ton for the year ended December 31, 2023.

General and Administrative Expenses

The following table sets forth a breakdown of the major components of our general and administrative expenses both in absolute amount and as a percentage of total general and administrative expenses for the periods indicated:

	For the year ended December 31,			
	2023		2022	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Salaries and other benefits	**440,268**	**56.8**	445,064	49.8
Business operation expenses	**86,633**	**11.2**	115,230	12.9
Professional service fees	**102,080**	**13.2**	80,377	9.0
Depreciation and amortisation	**42,240**	**5.5**	63,227	7.1
Share-based payment expenses	**102,568**	**13.3**	188,881	21.2
Total	**773,789**	**100.0**	892,779	100.0

Our general and administrative expenses decreased from RMB892.8 million for the year ended December 31, 2022 to RMB773.8 million for the year ended December 31, 2023. The main changes include (i) the decrease in share-based payment expenses due to less grant of share rewards in 2023, and less amortisation from historical grants in 2023; (ii) the decrease in business operation expenses due to more disciplined expense control; (iii) the decrease in depreciation and amortisation due to the maturity of certain intangible assets; and (iv) the increase in professional fees was mainly due to strategic consulting service fees incurred for our strategic transformation.

Other Income and Gains/(Losses), Net

The following table sets forth a breakdown of the components of our other income and gains/(losses), net for the periods indicated:

	For the year ended December 31,	
	2023	2022
	(RMB in thousands)	
Government grants	**20,170**	21,078
Gains on weighted deduction of value-added tax	**135,914**	57,446
Foreign exchange gain/(loss)	**2,440**	(2,173)
Interest income	**19,140**	15,120
Gain/(loss) on disposal of long-term assets	**31,945**	(13,985)
Asset impairment	**(44,249)**	(41,788)
Others	**(40,066)**	(44,282)
Total	**125,294**	(8,584)

We recorded other income and gains of RMB125.3 million for the year ended December 31, 2023, as compared to other losses of RMB8.6 million for the year ended December 31, 2022. The change was primarily due to the increase in weighted deduction of value-added tax which is RMB135.9 million for the year ended December 31, 2023, mainly in relation to the utilized weighted deduction of VAT for the year ended December 31, 2023. We recorded gains on disposal of long-term assets of RMB31.9 million for the year ended December 31, 2023, as compared to losses on disposal of long-term assets of RMB14.0 million for the year ended December 31, 2022, which was mainly due to the gains incurred by (i) the termination of leasing contracts in advance in relation to the optimization of our sorting network; and (ii) the disposal of redundant fleets.

Operating Profit/(Loss) and Operating Profit/(Loss) Margin

As a result of the foregoing, our operating loss of RMB171.0 million for the year ended December 31, 2022 increased to an operating profit of RMB619.5 million for the year ended December 31, 2023. Our operating loss margin of 1.8% for the year ended December 31, 2022 increased to an operating profit margin of 6.2% for the year ended December 31, 2023, which was mainly due to the above-mentioned reasons.

Finance Costs

The following table sets forth a breakdown of the components of our finance costs for the periods indicated:

	For the year ended December 31,	
	2023	2022
	(RMB in thousands)	
Interest on lease liabilities	**41,281**	58,379
Interest on bank loans and other loans	**37,621**	61,820
Total	**78,902**	120,199

Our finance costs decreased by 34.4% from RMB120.2 million for the year ended December 31, 2022 to RMB78.9 million for the year ended December 31, 2023, mainly because (i) the decrease in interest on lease liabilities of RMB17.1 million in relation to the optimizations we made to some of our smaller sorting centres since Q4 2022, and (ii) the decrease in interest on bank and other loans of RMB24.2 million mainly because we pre-paid part of the loans for the purchase of trucks as we accumulate excess cash from operations.

Fair Value Change of Financial Assets at Fair Value through Profit or Loss

The fair value change of financial assets at fair value through profit or loss for the year ended December 31, 2023 was profit of RMB11.2 million, as compared to profit of RMB10.1 million for the year ended December 31, 2022.

Income Tax Expense

We recorded income tax expense of RMB144.6 million for the year ended December 31, 2023, as compared to income tax expense of RMB119.3 million for the year ended December 31, 2022, primarily because tax losses from previous periods of certain subsidiaries were utilised to offset taxable profit. The deferred tax assets are recognised to the extent that it is probable that taxable profits would be available against which the deductible temporary differences and tax losses can be utilised.

Profit/(Loss) for the Reporting Period

As a result of the foregoing, we recorded a profit of RMB407.2 million with a net profit margin of 4.1% for the year ended December 31, 2023, as compared to a loss of RMB400.5 million with a net loss margin of 4.3% for the same period of 2022, which was, in particular, attributable to (i) the increase of RMB537.6 million in our gross profit due to the increase of overall unit revenue and the above-mentioned factors, (ii) the increase of RMB133.9 million in other income and gains due to the increase in weighted deduction of value-added tax and gain on disposal of multiple assets, and (iii) the decrease of RMB119.0 million in general and administrative expenses in relation to our organizational upgrades.

Non-HKFRS Measures

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

The following table sets out our non-HKFRS measures, and a reconciliation from loss for the period to adjusted net profit/(loss), adjusted pre-tax profit/(loss) and adjusted EBITDA for the period (three non-HKFRS measures) for the periods indicated.

	For the year ended December 31,	
	2023	2022
	(RMB in thousands)	
Profit/(loss) for the period	**407,245**	(400,455)
Add:		
Share-based payment expenses[Note]	**102,560**	191,344
Adjusted net profit/(loss) for the period	**509,805**	(209,111)
Add:		
Income tax expense	**144,610**	119,336
Adjusted pre-tax profit/(loss) for the period	**654,415**	(89,775)
Add:		
Depreciation	**1,007,355**	1,058,830
Amortisation of other intangible assets	**8,823**	22,301
Interest income	**(19,140)**	(15,120)
Finance costs	**78,902**	120,199
Adjusted EBITDA	**1,730,355**	1,096,435

Note: Share-based payment expenses relates to the share rewards we granted to our employees, non-cash item.

	For the year ended December 31,	
	2023	2022
	(%)	
Net profit/(loss) margin	**4.1**	(4.3)
Adjusted net profit/(loss) margin	**5.1**	(2.2)
Adjusted pre-tax profit/(loss) margin	**6.6**	(1.0)
Adjusted EBITDA margin	**17.4**	11.7

Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

Depreciation

The following table sets forth a breakdown of the components of our depreciation for the periods indicated:

	For the year ended December 31,	
	2023	2022
	(RMB in thousands)	
Depreciation of right-of-use assets	**570,825**	621,075
Depreciation of motor vehicles	**384,976**	383,882
Others	**51,554**	53,873
Total	**1,007,355**	1,058,830

Liquidity and Financial Resources

The Group's cash and cash equivalent increase from RMB1,039.3 million as at December 31, 2022 to RMB1,407.9 million as at December 31, 2023. The increase in the cash and cash equivalent was primarily attributable to the cash inflow from operating activities, which was partially offset by the cash outflow from investing activities.

The Group's liquidity remains strong. During the Reporting Period, the Group's primary source of funds was from its ordinary course of business, including payments received from its customers.

Borrowings and Gearing Ratio

As at December 31, 2023, the Group had outstanding secured borrowings of approximately RMB568.7 million, and had no outstanding unsecured borrowings. The Group's borrowings carried interest at prevailing market rates.

As at December 31, 2023, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company, was approximately 19.1%, compared to 41.5% as at December 31, 2022.

The borrowings of the Group are all held in Renminbi. And the cash and cash equivalents of the Group are held in Renminbi, U.S. dollars and Hong Kong dollars. During the Reporting Period, the Group has not used any derivatives and other instruments for hedging purposes.

Significant Investment Held

During the Reporting Period, the Group did not have any significant investments, acquisitions or disposals.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement, as of December 31, 2023, the Group did not have plans for material investments and capital assets. Please see the section headed "Events after the End of Reporting Period" for details of acquisition of minor interest in Shanghai ANE (as defined below).

Charge on Assets

As at December 31, 2023, certain of our bank loans and other borrowings were secured by mortgages over certain of our motor vehicles and buildings with a net carrying amount of RMB140.5 million and RMB70.8 million, respectively.

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities.

Capital Commitment

As of December 31, 2023, the capital commitment of the Group amounted to RMB19.1 million.

Foreign Exchange Exposure

We have transactional currency exposures. We conduct our businesses mainly in Renminbi, with certain transactions denominated in other currencies, such as U.S. dollars. Certain of our cash and bank balances and financial assets at fair value through profit or loss, are denominated in foreign currency which are exposed to foreign currency risk. During the Reporting Period, we did not use any derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets arising in the ordinary course of business. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Share Pledge

During the Reporting Period, there is no pledge by our controlling shareholders of their interests in the shares of the Company (the "**Share(s)**") to secure the Company's debts or to secure guarantees or other support of its obligation before the Listing and we do not have any controlling shareholder upon the Listing.

III. OUTLOOK AND PROSPECTS

Future Strategy

2024 marks a pivotal year for the Company to drive in-depth transformation, as we will continue to implement the strategy emphasizing both quality and profitability. Over the past decade, we have built a leading LTL network through a scale-driven approach and achieved great success in that regard. In today's ever-changing business environment, we must adapt and evolve to consistently improve our profitability and service quality to sustain high quality growth. We have decided to shift our strategic focus from one that prioritizes on scale to one that emphasizes increasing operational efficiency and consistently improving service quality. We are rigorously implementing below measures to ensure a smooth strategic transformation.

(i) Improve quality and timeliness of our service

- Improve the overall quality and timeliness of our service through lean management to attract and retain high-margin shippers

- Optimize route planning to improve transit efficiency, while coordinating with our freight partners and agents to enhance timeliness

(ii) Enhance operational efficiency

- Further upgrade our sorting centre network and enhance sorting efficiency to drive unit cost reduction

- Improve transportation efficiency and reduce fleet cost

- Continue adequate control of expenses to enhance operating profit margins

(iii) Strengthen our management over our ecosystem, primarily with freight partners and agents to drive freight volume growth

- Use price tools to deliver precise subsidies to stimulate freight volume growth while maintain sustainable margins

- Continue to attract new freight partners and agents to deepen the network coverage

- All-around enabling of our freight partners and agents, including customer acquisition, operation support, after-sale service, etc. to cultivate long-term sustainable growth and loyalty

(iv) Accelerate investment in digitalisation

- Further investment in a comprehensive and sophisticated IT infrastructure as the foundation of firm-wide digitalisation

- Deepen the digitalisation granularity of our operation and management to further unlock efficiency and quality improvement potentials

(v) Expand product offerings and new types of customers to capture potential growth opportunities

- Further explore key account business and expand new clients

- Extend our product to meet more logistics demand such as regional LTL transportation needs and timeliness-sensitive products

(vi) Focus on sustainable growth

- Integrate "green transportation" into the guidelines of daily operations to consistently reduce carbon emission

- Improve public disclosure of ESG-relevant information

We believe that above strategies are crucial to the deepening of our transformation, allowing us to strengthen our competitive edges while driving consolidation of China's LTL market.

IV. RISK MANAGEMENT

We are exposed to various risks during our operations. We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as information technology, financial reporting, investment management and internal control.

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023 with comparative figures for the year ended December 31, 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2023** **RMB'000**	2022 RMB'000 (Restated)*
Revenue	*4*	**9,916,899**	9,334,931
Cost of revenue		**(8,648,896)**	(8,604,569)
Gross profit		**1,268,003**	730,362
Other income and gains/(losses), net	*5*	**125,294**	(8,584)
General and administrative expenses		**(773,789)**	(892,779)
Operating profit/(loss)		**619,508**	(171,001)
Finance costs	*6*	**(78,902)**	(120,199)
Fair value changes of financial assets at fair value through profit or loss	*7*	**11,249**	10,081
PROFIT/(LOSS) BEFORE TAX	*8*	**551,855**	(281,119)
Income tax expense	*9*	**(144,610)**	(119,336)
PROFIT/(LOSS) FOR THE YEAR		**407,245**	(400,455)
Attributable to:			
Owners of the parent		**392,379**	(399,952)
Non-controlling interests		**14,866**	(503)
		407,245	(400,455)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic (RMB)		**0.34**	(0.34)
Diluted (RMB)		**0.34**	(0.34)

* As disclosed in subsection (c) of "2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES" of this announcement, the Group has applied the Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, resulting in direct quantitative impact on deferred tax assets and income tax expense, and indirect impact on profit/(loss) for the year, reserves and non-controlling interests.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023 *RMB'000*	2022 *RMB'000* *(Restated)*
PROFIT/(LOSS) FOR THE YEAR	**407,245**	(400,455)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of subsidiaries	**(55,649)**	(352,757)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of the Company	**68,295**	415,738
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**12,646**	62,981
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**419,891**	(337,474)
Attributable to:		
Owners of the parent	**405,025**	(336,971)
Non-controlling interests	**14,866**	(503)
	419,891	(337,474)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2023** ***RMB'000***	31 December 2022 *RMB'000* *(Restated)*	1 January 2022 *RMB'000* *(Restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		**1,351,531**	1,734,558	1,857,344
Prepayments for property, plant and equipment		**2,552**	5,957	25,312
Right-of-use assets		**947,169**	982,511	1,225,534
Goodwill		**131,527**	131,527	146,253
Other intangible assets		**4,999**	13,822	31,707
Deferred tax assets		**135,980**	283,360	401,362
Restricted cash		**889**	9,726	11,329
Other non-current assets		**86,092**	76,934	88,558
Total non-current assets		**2,660,739**	3,238,395	3,787,399
CURRENT ASSETS				
Inventories		**7,691**	9,061	11,529
Trade receivables	*12*	**91,060**	23,464	39,799
Prepayments		**59,622**	90,272	133,985
Other receivables and other assets		**732,676**	602,489	866,064
Financial assets at fair value through profit or loss		**808,038**	841,673	546,737
Restricted cash		**4,237**	313	727
Cash and cash equivalents		**1,407,856**	1,039,345	954,318
Assets classified as held for sale		**5,135**	–	–
Total current assets		**3,116,315**	2,606,617	2,553,159

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2023 RMB'000	31 December 2022 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade and bills payables	*13*	**314,607**	306,018	450,804
Other payables and accruals		**1,009,191**	949,122	968,992
Interest-bearing borrowings		**463,726**	789,056	705,713
Tax payable		**514**	5,698	5,264
Lease liabilities		**368,424**	522,058	520,886
Total current liabilities		**2,156,462**	2,571,952	2,651,659
NET CURRENT ASSETS/(LIABILITIES)		**959,853**	34,665	(98,500)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,620,592**	3,273,060	3,688,899
NON-CURRENT LIABILITIES				
Interest-bearing borrowings		**105,021**	248,245	302,390
Lease liabilities		**541,352**	510,359	713,229
Total non-current liabilities		**646,373**	758,604	1,015,619
Net assets		**2,974,219**	2,514,456	2,673,280
EQUITY				
Equity attributable to owners of the parent				
Share capital		**149**	149	149
Treasury shares		**–**	(11,983)	–
Reserves		**2,475,553**	2,040,171	2,185,798
		2,475,702	2,028,337	2,185,947
Non-controlling interests		**498,517**	486,119	487,333
Total equity		**2,974,219**	2,514,456	2,673,280

1. CORPORATE AND GROUP INFORMATION

ANE (Cayman) Inc. ("the **Company**") is an exempted company incorporated in the Cayman Islands. The registered address of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the less-than-truckload services ("**LTL Services**") in the People's Republic of China (hereafter, the "**PRC**").

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

Impact on the consolidated statements of financial position:

	Increase/(decrease)		
	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Deferred tax assets (Note)	**(693)**	13,784	4,972
Total non-current assets	**(693)**	13,784	4,972
Total assets	**(693)**	13,784	4,972
Net assets	**(693)**	13,784	4,972
Equity			
Retained profits (included in other reserves)	**(666)**	13,255	4,781
Equity attributable to owners of the parent	**(666)**	13,255	4,781
Non-controlling interests	**(27)**	529	191
Total equity	**(693)**	13,784	4,972

Note: The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statements of profit or loss:

	Increase/(decrease) For the year ended 31 December 2023 *RMB'000*	2022 *RMB'000*
Income tax credit	**14,471**	–
Income tax expense	**–**	(8,812)
Profit for the year	**(14,471)**	8,812
Attributable to:		
Owners of the parent	**(13,922)**	8,474
Non-controlling interests	**(555)**	338
	(14,477)	8,812
Total comprehensive income for the year	**(14,477)**	8,812
Attributable to:		
Owners of the parent	**(13,922)**	8,474
Non-controlling interests	**(555)**	338
	(14,477)	8,812

The adoption of amendments to HKAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 23 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

3. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during the reporting period, and the Group's total assets as at the end of the reporting period were derived from one single operating segment, i.e., provision of transportation and related services.

Geographical information

As the Group generates all of its revenues and all the non-current assets are allocated in the PRC during the reporting period, no geographical segments are presented.

Information about major customers

The Group has a large number of customers and no revenue from a single customer is accounted for more than 10% of the Group's total revenue for the reporting period.

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Less-than-truckload		
Transportation	**5,461,469**	5,339,150
Dispatch	**2,590,061**	2,282,851
Value-added services	**1,796,889**	1,670,350
Subtotal	**9,848,419**	9,292,351
Full-truckload		
Transportation	**68,480**	42,580
Total	**9,916,899**	9,334,931

(i) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time:		
Transportation	**5,529,949**	5,381,730
Dispatch services	**2,590,061**	2,282,851
Value-added services	**98,278**	104,974
Subtotal	**8,218,288**	7,769,555
At a point in time:		
Value-added services	**1,698,611**	1,565,376
Total revenue from contracts with customers	**9,916,899**	9,334,931

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Transportation and dispatch services

The Group provides sorting and line-haul transportation services between its sorting centres and then dispatches the goods for its customers. The performance obligations for transportation and dispatch services are satisfied over time when the goods are transported from one location to another. Performance obligations are generally short-term in nature with transit days being less than a week for each shipment. Payment in advance is normally required.

Value-added services

The performance obligations for value-added services are satisfied upon delivery of the related consumables or upon completion of the services. Payment in advance is normally required.

The following table shows the amounts of revenue recognised during the reporting period that were included in the contract liabilities at the beginning of the respective periods:

	2023	2022
	RMB'000	*RMB'000*
Transportation and dispatch services	**106,038**	81,349
Value-added services	**13,772**	11,861
Total	**119,810**	93,210

5. OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of other income and gains/(losses), net is as follows:

	2023	2022
	RMB'000	*RMB'000*
Provision for impairment of		
– Trade receivables and other receivables	**(19,604)**	(18,166)
– Property, plant and equipment	**(11,182)**	(8,896)
– Assets classified as held for sale	**(13,463)**	–
– Goodwill	**–**	(14,726)
Government grants*	**20,170**	21,078
Foreign exchange differences, net	**2,440**	(2,173)
Gain on disposal of financial assets at fair value through profit or loss	**12,137**	6,771
Gain/(loss) on disposal of long-term assets	**31,945**	(13,985)
Gain on disposal of subsidiaries	**–**	7,371
Gains on weighted deduction of value-added tax**	**135,914**	57,446
Interest income	**19,140**	15,120
Others	**(52,203)**	(58,424)
Total	**125,294**	(8,584)

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation.

** Weighted deduction of value-added tax ("**VAT**") mainly represents the utilized weighted deduction of VAT during the current reporting period.

Under the *Announcement on Deepening the Reforms of Value-added Tax Policy* issued by the MOF, STA and the GACC on 20 March 2019, taxpayers in productive service industries are allowed to deduct the VAT payable by 10% of the deductible input tax from 1 April 2019 to 31 December 2022.

Under the *Announcement on Clarifying the Value-added Tax Reduction and Exemption Policy for Small-scale VAT Taxpayers and Other Policies* issued by the MOF and the STA on 9 January 2023, taxpayers in productive service industries are allowed to deduct the VAT payable by 5% of the deductible input tax from 1 January 2023 to 31 December 2023.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other loans	**37,621**	61,820
Interest on lease liabilities	**41,281**	58,379
Total	**78,902**	120,199

7. FAIR VALUE CHANGES OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Fair value changes of financial products	**11,249**	10,081

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Cost of revenue*		**7,430,277**	7,331,152
Depreciation of property, plant and equipment		**436,530**	437,755
Depreciation of right-of-use assets		**570,825**	621,075
Amortisation of other intangible assets		**8,823**	22,301
Fair value changes of financial products	*7*	**(11,249)**	(10,081)
Government grants	*5*	**(20,170)**	(21,078)
Auditors' remuneration		**5,080**	5,000
Employee benefit expenses (including directors' and supervisors' remuneration):			
Wages, salaries and allowances		**595,527**	610,185
Pension scheme contributions and other welfare		**40,345**	57,585
Share-based payment expenses		**102,560**	191,344
Total		**738,432**	859,114
Impairment losses on trade receivables and other receivables		**19,604**	18,166
Impairment of property, plant and equipment		**11,182**	8,896
Impairment of assets classified as held for sale		**13,463**	–
Impairment of goodwill		**–**	14,726
Lease expenses**		**64,165**	93,621
Utility fee		**41,764**	44,073
Interest income	*5*	**(19,140)**	(15,120)
Loss on disposal of other intangible assets		**–**	1,579
(Gain)/loss on disposal of long-term assets	*5*	**(31,945)**	13,985
Gains on weighted deduction of value-added tax		**(135,914)**	(57,446)
Gain on disposal of subsidiaries		**–**	(7,371)

* The amount of cost of revenue excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, employee benefit expenses, lease expenses and utility fee.

** The Group applies the available practical expedients of HKFRS 16 wherein it applies the short-term lease exemption to leases with a lease term that ends within 12 months from the lease commencement date.

9. INCOME TAX EXPENSE

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Current income tax	**2,873**	757
Adjustments in respect of prior years	**(5,643)**	577
Deferred income tax	**147,380**	118,002
Tax charge for the year	**144,610**	119,336

A reconciliation of the tax charge applicable to profit/(loss) before tax at the statutory rate applicable in Chinese Mainland to the tax expense at the effective tax rates is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit/(loss) before tax	**551,855**	(281,119)
Tax at the statutory tax rate of 25%	**137,964**	(70,280)
Lower tax rates enacted by local authorities	**33,971**	29,786
Adjustments in respect of current tax of previous periods	**(5,643)**	577
Adjustments in respect of deferred tax of previous periods	**(20,897)**	89,675
Expenses not deductible for tax	**130**	530
Tax losses utilised from previous periods	**(4,668)**	(41,276)
Tax losses not recognised	**3,753**	110,324
Tax charge for the year at the Group's effective rate	**144,610**	119,336

10. DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the year.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,156,499,102 (2022: 1,162,605,486) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Earnings/(loss)		
Earnings/(loss) attributable to ordinary equity holders of the parent	**392,379**	(399,952)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,156,499,102**	1,162,605,486
Earnings/(loss) per share (RMB)	**0.34**	(0.34)

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**144,375**	72,298
Impairment	**(53,315)**	(48,834)
Net carrying amount	**91,060**	23,464

The Group generally requires payment in advance from its customers and seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing. The credit terms granted by the Group are generally within 45-90 days. An ageing analysis of the Group's trade receivables, based on the transaction date and net of loss allowance, as at the end of the reporting period is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**90,276**	23,464
1 to 2 years	**784**	–
Total	**91,060**	23,464

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**48,834**	62,963
Impairment losses	**6,191**	12
Amount written off as uncollectible	**(1,710)**	(14,141)
At end of year	**53,315**	48,834

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

13. TRADE AND BILLS PAYABLES

	2023 *RMB'000*	2022 *RMB'000*
Trade payables	**314,607**	305,910
Bills payable	**–**	108
Total	**314,607**	306,018

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within 3 months	**309,711**	286,367
3 to 6 months	**2,133**	17,954
6 to 12 months	**2,763**	1,697
Total	**314,607**	306,018

The trade and bills payables are non-interest-bearing and are normally settled on 30-day terms.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Change of Directors and composition of Board Committees

During the Reporting Period and up to the date of this announcement, the Director and the composition of Board Committees of the Company changed as follows:

Mr. Wang Yongjun – tendered his resignation and ceased to act as (i) an executive Director, (ii) the chairman of the Board, (iii) an authorised representative, (iv) the chairman of the nomination committee of the Company (the "**Nomination Committee**"), (v) a member of the environmental, social and governance committee (the "**ESG Committee**") and (vi) a member of the strategy committee (the "**Strategy Committee**") of the Company, with effect from January 9, 2023

Mr. Qin Xinghua – appointed as (i) the co-chairman of the Board, (ii) an authorised representative, (iii) the chairman of the Nomination Committee, and (iv) a member of the ESG Committee, with effect from January 9, 2023

Mr. Chen Weihao – appointed as the co-chairman of the Board with effect from January 9, 2023

Ms. Li Dan	–	tendered her resignation and ceased to act as (i) a non-executive Director and (ii) a member of the Strategy Committee with effect from March 30, 2023
Mr. Wei Bin	–	appointed as (i) a non-executive Director and (ii) a member of the Strategy Committee with effect from March 31, 2023
Ms. Sha Sha	–	appointed as (i) an independent non-executive Director and (ii) a member of the audit committee of the Company (the "**Audit Committee**") with effect from June 30, 2023
Mr. Wang Jian	–	tendered his resignation and ceased to act as (i) a non-executive Director, and (ii) a member of the Strategy Committee, with effect from August 4, 2023
Mr. Zhang Yinghao	–	appointed as (i) a non-executive Director, and (ii) a member of the Strategy Committee, with effect from August 4, 2023
Mr. Lam Man Kwong	–	tendered his resignation and ceased to act as (i) an independent non-executive Director, (ii) a member of the Audit Committee, (iii) a member of the Nomination Committee, (iv) a member of the ESG Committee, and (v) the chairman of the remuneration committee of the Company (the "**Remuneration Committee**"), with effect from November 20, 2023
Mr. Hung Cheung Fuk	–	appointed as (i) an independent non-executive Director, (ii) a member of the Audit Committee, (iii) a member of the Nomination Committee, (iv) a member of the ESG Committee, and (v) the chairman of the Remuneration Committee, with effect from November 20, 2023

Each of Mr. Wei Bin, Ms. Sha Sha, Mr. Zhang Yinghao and Mr. Hung Cheung Fuk has confirmed that she/he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 30, 2023, June 28, 2023, August 2, 2023 and November 17, 2023, respectively, and (ii) understood her/his obligations as a director of a listed issuer under the Listing Rules.

Re-election of Directors

At the annual general meeting of the Company held on June 19, 2023, the shareholders of the Company (the "**Shareholder(s)**") passed ordinary resolutions in relation to re-election of Mr. Jin Yun, Mr. Wei Bin, Mr. Lam Man Kwong, Mr. Wang Jian and Mr. Geh George Shalchu as Directors. For further details, please refer to the Company's circular dated May 29, 2023.

Compliance with the Corporate Governance Code

The Company is committed to ensuring high standards of corporate governance and has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules. Save as disclosed below, during the Reporting Period, the Company has complied with all the applicable code provisions in the Corporate Governance Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Yongjun ("**Mr. Wang**") resigned as the chairman of the Board and the executive Director, with effect from January 9, 2023. Following Mr. Wang's resignation, Mr. Qin Xinghua ("**Mr. Qin**"), an executive Director, and Mr. Chen Weihao, a non-executive Director of the Company, have been appointed as the co-chairmen of the Board with effect from January 9, 2023. Accordingly, Mr. Qin has been both the co-chairman of the Board and the chief executive officer since January 9, 2023. However, the Board believes that vesting the roles of both co-chairman and chief executive officer in Mr. Qin has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the Board, with not less than one third of them being independent non-executive directors. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

In order to maintain high standards of corporate governance, the Board will continuously review and monitor its corporate governance practices.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

Employees and Remuneration

The Group had 3,142 employees as at December 31, 2023, representing a reduction of 19.3% compared to 3,894 employees as at December 31, 2022. The Group enters into employment contracts with its employees to cover matters such as wages, benefits, and grounds for termination.

Remuneration of the Group's employees includes salary, bonus and allowance elements. The compensation programs are designed to remunerate the employees based on their performance, measured against specified objective criteria. We also provide our employees with welfare benefits in accordance with applicable regulations and our internal policies. We provide periodic training to our employees in order to improve their quality, skills and knowledge, including introductory training for new employees, technical training, professional and management training and health and safety training, as well as extensive training to our sales and marketing team. The Group also has in place incentive schemes for its employees.

Use of Proceeds from the Global Offering

On November 11, 2021, upon the Company's listing on the Stock Exchange (the "**Listing**"), the Company issued 80,220,000 ordinary shares with a par value of US$0.00002 at HK$13.88 each, and raised gross proceeds of approximately HK$1,113,454,000 (equivalent to approximately RMB916,606,000). The Company obtained net proceeds of approximately HK$1,009.2 million (equivalent to RMB830.8 million) (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the Global Offering). The net price to the Company (which was calculated by dividing the net proceeds by the number of shares issued in connection with the Global Offering after taking account of the exercise of overallotment option) was approximately HK$12.58 per share.

The table below sets forth a detailed breakdown and description of the use of net proceeds from the date of the Listing to December 31, 2023. The Company intends to use the net proceeds in the same matter and proportion as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Use of Proceeds			Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(HK$ million)*	Amount of net proceeds utilized during the Reporting Period *(HK$ million)*	Amount of net proceeds utilized as of December 31, 2023 *(HK$ million)*	Amount not yet utilized as of the date of December 31, 2023 *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(A)	**building, upgrading and potential acquisitions of months 5 to 10 key transit hubs in strategic locations to accommodate our high-volume growth, improve our network structure and ensure stability and long-term planning**		**40.0**	**403.7**	**165.0**	**165.0**	**238.7**	**24-36 months from the Listing**
(B)	**investment in our line-haul truck fleet to further improve our operation efficiency**		**30.0**	**302.8**	**–**	**302.8**	**–**	
	(i)	purchase approximately 2,000 to 3,000 modern and high-capacity truck tractors and trailers, and to partner with major trucking manufacturers to customise their models to fit our operational needs	25.0	252.3	–	252.3	–	
	(ii)	repay our borrowings for the purchase of trucks of our sorting network	5.0	50.5	–	50.5	–	

Use of Proceeds			Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(HK$ million)*	Amount of net proceeds utilized during the Reporting Period *(HK$ million)*	Amount of net proceeds utilized as of December 31, 2023 *(HK$ million)*	Amount not yet utilized as of the date of December 31, 2023 *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(C)	**investment in technology innovations**		**20.0**	**201.8**	**14.7**	**29.7**	**172.1**	**24-36 months from the Listing**
	(i)	upgrade the technologies and automated facilities of our sorting network	10.0	100.9	13	22.3	78.6	
		(a) Deploy AI-enabled autonomous decision-making systems in our management of sorting network to reduce human error and reliance on individual workers	2.0	20.2	13	20.2	–	
		(b) Sorting automation, with focuses on AI vision monitoring systems, dynamic volume weighing devices, unmanned forklift, IoT devices and automated cross-belts tailored for freight sorting, which enable us to further improve sorting capacity and efficiency	8.0	80.7	–	2.1	78.6	

Use of Proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(HK$ million)*	Amount of net proceeds utilized during the Reporting Period *(HK$ million)*	Amount of net proceeds utilized as of December 31, 2023 *(HK$ million)*	Amount not yet utilized as of the date of December 31, 2023 *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(ii) invest in intelligent transportation management systems and autonomous driving technologies	10.0	100.9	1.7	7.4	93.5	
(a) Intelligent transportation management to further optimize our route planning and enhance our transportation efficiency	8.0	80.7	1.7	7.4	73.3	
(b) Autonomous driving technologies to improve transportation safety and reduce transportation cost	2.0	20.2	–	–	20.2	
(D) Working capital and other general corporate purposes	**10.0**	**100.9**	**51.2**	**89.3**	**11.6**	**24-36 months from the Listing**

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

Material Litigation

As of December 31, 2023, as far as the Company is aware, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim of material importance was pending or threatened against or by the Company.

Audit Committee and Auditor

As of the date of this announcement, the Audit Committee has four members comprising four independent non-executive Directors, being Mr. Li Wilson Wei (chairman of the Audit Committee), Mr. Geh George Shalchu, Ms. Sha Sha and Mr. Hung Cheung Fuk, with terms of reference in compliance with the Listing Rules.

The Audit Committee has considered and reviewed the annual financial results for the year ended December 31, 2023, the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control, risk management and financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended December 31, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The auditor of the Company, Ernst & Young, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2023 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

Other Board Committees

In addition to the Audit Committee, the Company has also established a remuneration committee, a nomination committee, an environmental, social and governance committee and a strategy committee.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On February 23, 2024, ANE Fast Logistics (Hong Kong) Limited ("**ANE Hong Kong**"), an indirect wholly-owned subsidiary of the Company, and Ningbo Meishan Free Trade Port Zone Qinghong Equity Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保税港區青虹股權投資合夥企業(有限合夥)) ("**Ningbo Qinghong**") entered into a share transfer agreement (the "**Share Transfer Agreement**"), pursuant to which ANE Hong Kong conditionally agreed to purchase, and Ningbo Qinghong conditionally agreed to sell, its entire 2.7903% equity interest in Shanghai Anneng Juchuang Supply Chain Management Co., Ltd.* (上海安能聚創供應鏈管理有限公司) ("**Shanghai ANE**"), an indirect non wholly-owned subsidiary of the Company, at the consideration of RMB338.7 million. The consideration will be financed by the Group's internal resources. Upon completion of such acquisition, Shanghai ANE will remain an indirect non wholly-owned subsidiary of the Company and indirectly held as to 98.9540% by the Company and 1.0460% by Beijing Anju Enterprise Management Centre (Limited Partnership)* (北京安聚企業管理中心(有限合夥)). The Share Transfer Agreement and the transactions contemplated thereunder are subject to, among other conditions, approval of the Shareholders by ordinary resolution at the extraordinary general meeting of the Company to be convened in due course. For further information relating to the Share Transfer Agreement and the transactions contemplated thereunder, please refer to the announcement of the Company dated February 23, 2024.

Save as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2023 and up to the date of this announcement.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended December 31, 2023.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The Company will arrange the time of convening the forthcoming annual general meeting (the "**Forthcoming AGM**") as soon as practicable, a circular and notice of the Forthcoming AGM will be published and despatched to the Shareholders in a timely manner in accordance with the requirements of the Listing Rules and the Company's articles of association. Once the date of the Forthcoming AGM is finalized, the Company will publish the period of closure of register of members of the Company in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ane56.com).

The annual report for the year ended December 31, 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

* *For identification purposes only*

By Order of the Board
ANE (Cayman) Inc.
Mr. Chen Weihao and Mr. Qin Xinghua
Co-Chairmen

Hong Kong, March 26, 2024

As at the date of this announcement, the Board comprises Mr. Qin Xinghua and Mr. Jin Yun as executive Directors; Mr. Chen Weihao, Mr. Zhang Yinghao and Mr. Wei Bin as non-executive Directors; and Mr. Li Wilson Wei, Mr. Geh George Shalchu, Ms. Sha Sha and Mr. Hung Cheung Fuk as independent non-executive Directors.