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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the "**Board**") of directors (the "**Director(s)**") of ANE (Cayman) Inc. (the "**Company**" or "**ANE**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**", "**our**" or "**us**") for the six months ended June 30, 2024 (the "**Reporting Period**"), together with comparative figures for the same period of 2023. 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 six months ended June 30, 2024, the Group recorded the following unaudited results:

	For the six months ended June 30,		
	2024	2023	
	RMB'000	*RMB'000*	Period-to-period
	(Unaudited)	(Unaudited)	change
Revenue	5,288,871	4,550,157	16.2%
Gross profit	877,972	552,282	59.0%
Adjusted pre-tax profit	**577,825**	313,911	84.1%
Adjusted net profit	**429,961**	235,770	82.4%
Profit for the Reporting Period	402,423	169,327	137.7%
Net cash flows from operating activities	952,151	784,314	21.4%

Mr. Qin Xinghua, Co-chairman of ANE, commented, "In 2024, we have continued to adhere to our strategy of "effective scaled growth with equal emphasis on profitability and quality", with a strong focus on our core businesses, and established the Five Most goals of "most optimal cost, most superior quality, most stable timeliness, most timely service response, and most dense network coverage" to enhance the competitiveness of our products and achieve effective growth. In terms of freight volume, the network outlets expansion achieved initial success in the first half of 2024, with the total freight volume reaching 6.4 million tons, representing a period-to-period increase of 20.5%, and the freight weight mix structure continuing to be optimized. In the first half of 2024, we recorded a significant increase in gross profit margin from 12.1% as of June 30, 2023 to 16.6% for the same period in 2024, with adjusted pre-tax profit and adjusted net profit of RMB578 million and RMB430 million, respectively. In the future, we will continue to enhance our network coverage, timeliness and quality, create market-competitive products, leverage digital intelligence to drive business potential, empower freight partners and agents in operation and management, further energize our outlet ecosystem, and enhance customer value as well as shareholders' returns."

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 the first half of 2024, we have completed shipment of a total LTL freight volume of 6.4 million tons, compared to 5.3 million tons for the same period in 2023. With the growth of our mini and light freight segments, our total number of shipments increased by 28.0% to 72.4 million, compared with 56.5 million in 2023, while the average freight weight per shipment decreased from 94 kg in the first half of 2023 to 89 kg in the first half of 2024.

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 over 5.8 million shippers, our end-customers, across China as of June 30, 2024, compared to over 5.0 million as of June 30, 2023.

Our Market and Industry

With the accelerated digitalisation of commerce and trade in domestic market of China and the rapid rise of cross border e-commerce, 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 regarding network coverage, timeliness, service quality and price.

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 missioncritical 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 keep 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 diversified market. We continue to enjoy strong relationship with our top freight partners. As of June 30, 2024, we had over 31,000 freight partners and agents, as compared to over 28,000 freight partners and agents as of June 30, 2023, enabling us to better serve shippers while expanding nationwide coverage.

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 June 30, 2024, we, together with our freight partners and agents, served over 5.8 million shippers, our end-customers, across the entire commerce landscape in China.

With the implementation of our quality growth strategy and adhering to the brand proposition of "Great Goods, Great ANE" ("**用安能運好貨**"), we continuously upgrade our service to better fulfill the demand of our end customers. In the first half of 2024, we launched the "3300-product policy" (3300產品政策) for freights weighting 3 kg to 300 kg to receive full exemption from special dispatch charges, which further eliminated blind spots and enhanced our product competitiveness. As of timeliness, the average shipment time decreased by 5.8% from the first half of 2023 to within 68 hours for the same period of 2024. The timely fulfillment rate (number of shipments completed within guaranteed duration per total number of completed shipments) increased from 72.1% in the first half of 2023 to 73.5% in the same period of 2024, 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 95.3%, from 0.8 in the first half of 2023 to 0.04 in the same period of 2024. And our damage rate (number of damaged units per hundred thousand units) decreased by 77.1%, from 36.0 in the first half of 2023 to 8.3 in the same period of 2024. Besides, better service also leads to lower complaint rate (number of complaints per hundred thousand shipments), which decreased by 90.3%, from 532 in the first half of 2023 to 51 in the same period of 2024.

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 June 30, 2024, we had 82 self-operated sorting centres across China, allowing us, together with our network outlets, to cover approximately 99.2% 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.

We have further optimized our sorting centre network to optimize our line-haul routing and reduce 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 June 30, 2024:

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 82 sorting centres as of June 30, 2024, we had 36 key transit hubs with full coverage of China and 18 transit hubs, which are primarily responsible for interprovincial transfer of freight. The following table sets forth details of our sorting centres as of June 30, 2024:

	Number	Average Area (m^2)	Average daily handling volume in the six months ended June 30, 2024 (tons)	Functionality
Key transit hubs	36	36,693	4,529	Nationwide full connectivity
Transit hubs	18	15,959	1,579	Inter-provincial connectivity
Other sorting centres	28	3,586	333	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 June 30, 2023, 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. In total, our key transit hub handled a freight volume of approximately 21.7 million tons in the first half of 2024.

Line-Haul Network

We directly manage all the line-haul transportation in our network. Our sorting centres are connected with approximately 2,360 well-planned line-haul routes as of June 30, 2024, among which approximately 84.9% are two-way routes.

As of June 30, 2024, our self-operated fleets consisted of over 3,600 high-capacity line-haul trucks and approximately 6,000 trailers. All of our self-operated fleets are operated by our approximately 5,300 contracted drivers.

Network Outlets

As of June 30, 2024, all of the network outlets are owned and operated by over 31,000 freight partners and freight agents across China, covering approximately 99.2% 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. In the meantime, with the accelerated development of e-commerce in both domestic market of China and cross-border markets, we will customise automatic sorting systems based on the type of cargos and gradually pilot them in sorting centres to improve sorting efficiency.

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 six months ended June 30,		
	2024	2023	Period-to-period
	(Unaudited)	(Unaudited)	change
Total freight volume (000 tons)	**6,421**	5,330	20.5%
Total shipments (000)	**72,365**	56,522	28.0%
Freight weight per shipment (kg)	**89**	94	-5.3%
Unit price for transportation services (RMB/ton)	**441**	482[Note]	-8.5%
Unit price for value-added services (RMB/ton)	**167**	151	10.6%
Unit price for dispatch services (RMB/ton)	**216**	221	-2.3%
Unit price for total services (RMB/ton)	**824**	854	-3.5%
Unit line-haul transportation cost (RMB/ton)	**306**	327	-6.4%
Unit sorting centre cost (RMB/ton)	**144**	188	-23.4%
Unit cost of value-added services (RMB/ton)	**35**	33	6.1%
Unit cost of dispatch services (RMB/ton)	**202**	202	0.0%
Unit cost of revenues (RMB/ton)	**687**	750	-8.4%
Unit gross profit for value-added services (RMB/ton)	**132**	118	11.9%
Unit gross profit for dispatch services (RMB/ton)	**14**	19	-26.3%
Unit gross profit (RMB/ton)	**137**	104	31.7%
Unit adjusted pre-tax profit (RMB/ton)	**90**	59	52.5%
Unit adjusted net profit (RMB/ton)	**67**	44	52.3%

Note: As discussed in subsection "Revenue" of "FINANCIAL REVIEW" of this announcement, revenue generated from both LTL business and FTL business have been consolidated, and related revenue data regarding 2023 has been adjusted for consistency.

In the first half of 2024, our total freight volume increased by 20.5% to 6.4 million tons, compared to 5.3 million tons in the first half of 2023, while our total number of shipments increased by 28.0% to 72.4 million, compared with 56.5 million in the first half of 2023. In terms of freight weight mix structure, the freight volume of mini freight (≤70 kg)[1], light freight (70 – 300 kg)[2] and bulk freight (>300 kg)[3] increased by 25.6%, 19.6% and 18.6% respectively. The growth of our mini and light freight volume lead to 28.0% growth of our total number of shipments, while the average freight weight per shipment decreased from 94 kg in the first half of 2023 to 89 kg in the first half of 2024. The above trend reflects our strategy to optimize our freight weight mix structure, as mini freight and light freights have 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 segment 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:

	For the six months ended June 30,			
	2024		2023	
	(**Unaudited**)		(Unaudited)	
	RMB	*%*	*RMB*	*%*
	(*in thousands, except percentages*)			
Transportation	**2,828,200**	**53.5**	2,564,735	56.4
Value-added services	**1,075,149**	**20.3**	805,547	17.7
Dispatch services	**1,385,522**	**26.2**	1,179,875	25.9
Total revenues	**5,288,871**	**100.0**	4,550,157	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 16.2% from RMB4,550.2 million for the six months ended June 30, 2023 to RMB5,288.9 million for the six months ended June 30, 2024, primarily driven by the increase in our freight volume from 5.3 million tons for the six months ended June 30, 2023 to 6.4 million tons for the six months ended June 30, 2024, which offset the decrease in our unit price for total service from RMB854/ton for the six months ended June 30, 2023 to RMB824/ton for the six months ended June 30, 2024.

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 300 kg.
3 Freight that weights more than 300 kg.

The unit price for total services decreased from RMB854/ton for the six months ended June 30, 2023 to RMB824/ton for the six months ended June 30, 2024, which was mainly due to (i) the unit price for transportation services decreased from RMB482/ton for the six months ended June 30, 2023 to RMB441/ton for the six months ended June 30, 2024 as a result of our proactive cost-oriented pricing strategy, (ii) the unit price for dispatch services decreased from RMB221/ton for the six months ended June 30, 2023 to RMB216/ton for the six months ended June 30, 2024 due to the implementation of our "3300-product policy" which exempted special dispatch charges for freights weighting 3 kg to 300 kg, which offset the increase of the unit price of value-added services from RMB151/ton for the six months ended June 30, 2023 to RMB167/ton for the six months ended June 30, 2024.

In the long run, since we will keep strategic focus on LTL business and the FTL business will only remain as a supplement of LTL business to better utilize our fleet, we will disclose the revenue as a whole including both LTL business and FTL business, in the same way as this announcement.

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 six months ended June 30,			
	2024		2023	
	(**Unaudited**)		(Unaudited)	
	RMB	*%*	*RMB*	*%*
	(*in thousands, except percentages*)			
Line-haul transportation	**1,964,532**	**44.5**	1,739,312	43.5
Sorting centre	**927,072**	**21.0**	1,003,950	25.1
Value-added services	**223,433**	**5.1**	176,702	4.4
Dispatch services	**1,295,862**	**29.4**	1,077,911	27.0
Total	**4,410,899**	**100.0**	3,997,875	100.0

Our cost of revenues increased by 10.3% from RMB3,997.9 million for the six months ended June 30, 2023 to RMB4,410.9 million for the six months ended June 30, 2024, which was mainly due to (i) the increase in our line-haul transportation cost from RMB1,739.3 million for the six months ended June 30, 2023 to RMB1,964.5 million for the six months ended June 30, 2024, (ii) the increase in our value-added services cost from RMB176.7 million for the six months ended June 30, 2023 to RMB223.4 million for the six months ended June 30, 2024, and (iii) the increase in our dispatch services cost from RMB1,077.9 million for the six months ended June 30, 2023 to RMB1,295.9 million for the six months ended June 30, 2024, which are in line with the revenue growth of transportation services, value-added services and dispatch services, respectively. Meanwhile, our unit cost of revenues decreased by 8.4% from RMB750/ton for the six months ended June 30, 2023 to RMB687/ton for the six months ended June 30, 2024.

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.

Our line-haul transportation costs increased from RMB1,739.3 million for the six months ended June 30, 2023 to RMB1,964.5 million for the six months ended June 30, 2024, while the unit cost of line-haul transportation decreased from RMB327/ton for the six months ended June 30, 2023 to RMB306/ton for the six months ended June 30, 2024. This reflects the improvement of our fleet efficiency, which is mainly attributed to (i) cost optimization brought about by centralized procurement and optimization of line-haul routes; and (ii) the removal of small sorting hubs that allows more straight line-haul routes.

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.

Our sorting centre costs decreased from RMB1,004.0 million for the six months ended June 30, 2023 to RMB927.1 million for the six months ended June 30, 2024, while the unit cost of sorting centre decreased from RMB188/ton for the six months ended June 30, 2023 to RMB144/ton for the six months ended June 30, 2024, due to (i) the optimizations we made to some of our smaller sorting centres which allows us to reduce the number of our self-operated sorting centres, (ii) the continuously improvement of efficiency through refined management, and (iii) the optimization of leasing terms regarding sorting centres and equipments.

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 RMB176.7 million for the six months ended June 30, 2023 to RMB223.4 million for the six months ended June 30, 2024 was substantially consistent with the increase of our value-added services revenues. The increase in our unit costs of value-added services from RMB33/ton for the six months ended June 30, 2023 to RMB35/ton for the same period in 2024 was mainly because the increase of freight shipment led to higher unit cost on a weight basis as the cost of value-added services was recorded by the number of shipments 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 RMB1,077.9 million for the six months ended June 30, 2023 to RMB1,295.9 million for the six months ended June 30, 2024, which was consistent with the growth of total freight volume. Our unit dispatch costs remained unchanged at RMB202/ton for the six months ended June 30, 2023 to the same period in 2024 was caused by the same factors set out above.

Our total cost of revenues was RMB4,410.9 million for the six months ended June 30, 2024, compared to RMB3,997.9 million for the six months ended June 30, 2023, mainly due to the above reasons.

Gross Profit and Gross Profit Margin

For the six months ended June 30, 2024, the gross profit and gross profit margin was RMB878.0 million and 16.6%, respectively, as compared to RMB552.3 million and 12.1%, respectively, for the six months ended June 30, 2023. The increase in gross profit was mainly driven by (i) the increase in total freight volume and revenue in the first half of 2024; (ii) the combination of our "3300-product policy" 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 RMB14/ton in the unit gross profit of value-added services; and (iii) the continuous lean operation leading to the improvement of unit gross profit.

The increase in gross profit margin was mainly driven by the above-mentioned reasons. As a result, our unit gross profit increased from RMB104/ton for the six months ended June 30, 2023 to RMB137/ton for the six months ended June 30, 2024.

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 six months ended June 30,			
	2024		2023	
	(Unaudited)		(Unaudited)	
	RMB	***%***	*RMB*	*%*
	(*in thousands, except percentages*)			
Salaries and other benefits	**232,746**	**68.2**	171,952	49.5
Business operation expenses	**28,013**	**8.2**	53,575	15.4
Professional service fees	**32,837**	**9.7**	32,828	9.4
Depreciation and amortization	**19,929**	**5.8**	23,137	6.7
Share-based payment expenses	**27,538**	**8.1**	65,863	19.0
Total	**341,063**	**100.0**	347,355	100.0

Our general and administrative expenses decreased from RMB347.4 million for the six months ended June 30, 2023 to RMB341.1 million for the six months ended June 30, 2024. The main changes include (i) the increase in salaries and other benefits from RMB172.0 million for the six months ended June 30, 2023 to RMB232.7 million for the six months ended June 30, 2024, mainly due to the accrual of employee bonuses for the year; (ii) the decrease in business operation expenses due to more disciplined expense control and different schedules for major marketing events; and (iii) the decrease in share-based payment expenses due to less amortisation from historical grants in the first half of 2024;.

Other Income and Gains, Net

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

	For the six months ended June 30,	
	2024	2023
	(**Unaudited**)	(Unaudited)
	(*RMB in thousands*)	
Government grants	**44,669**	7,778
Weighted deduction of value-added tax	**–**	84,320
Foreign exchange (loss)/gain	**(1,925)**	1,452
Interest income	**8,773**	9,326
Gain on disposal of long-term assets	**3,553**	984
Asset impairment	**(5,925)**	(19,542)
Others	**(6,234)**	(1,539)
Total	**42,911**	82,779

We recorded other income and gains of RMB42.9 million for the six months ended June 30, 2024, as compared to other income and gains of RMB82.8 million for the six months ended June 30, 2023. The main changes include (i) the increase in government grants, (ii) the expiration in weighted deduction of value-added tax leading to absence of gains on weighted deduction of VAT for the six months ended June 30, 2024, and (iii) the change in asset impairment due to absence of asset impairment on our fleet.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit of RMB287.7 million for the six months ended June 30, 2023 increased to an operating profit of RMB579.8 million for the six months ended June 30, 2024. Our operating profit margin of 6.3% for the six months ended June 30, 2023 increased to an operating profit margin of 11.0% for the six months ended June 30, 2024, 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 six months ended June 30,	
	2024	2023
	(**Unaudited**)	(Unaudited)
	(*RMB in thousands*)	
Interest on lease liabilities	**23,625**	24,556
Interest on bank and other loans	**8,778**	24,053
Total	**32,403**	48,609

Our finance costs decreased by 33.3% from RMB48.6 million for the six months ended June 30, 2023 to RMB32.4 million for the six months ended June 30, 2024, mainly because the decrease in interest on bank and other loans of RMB15.3 million as we pre-paid part of the loans for the purchase of trucks, using the excess cash accumulated 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 six months ended June 30, 2024 was RMB2.9 million, as compared to RMB8.4 million for the six months ended June 30, 2023.

Income Tax Expense

We recorded income tax expense of RMB147.9 million for the six months ended June 30, 2024, as compared to income tax expense of RMB78.1 million for the six months ended June 30, 2023, primarily because the increase of current income tax which was in line with our profit growth.

Profit for the Reporting Period

As a result of the foregoing, we recorded a profit of RMB402.4 million with a net profit margin of 7.6% for the six months ended June 30, 2024, as compared to a profit of RMB169.3 million with a net profit margin of 3.7% for the same period of 2023.

Non-HKFRS Measures

To supplement our consolidated financial statements that are presented in accordance with HKFRS, we also use adjusted net profit for the period (a non-HKFRS measure), adjusted pre-tax profit (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 profit for the period to adjusted net profit, adjusted pre-tax profit and adjusted EBITDA for the period (three non-HKFRS measures) for the periods indicated.

	For the six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Profit for the period	**402,423**	169,327
Add:		
Shares-based payment expenses[1]	**27,538**	66,443
Adjusted net profit for the period	**429,961**	235,770
Add:		
Income tax expense	**147,864**	78,141
Adjusted pre-tax profit for the period	**577,825**	313,911
Add:		
Depreciation	**423,639**	528,266
Amortisation of other intangible assets	**1,908**	5,245
Interest income	**(8,773)**	(9,326)
Finance costs	**32,403**	48,609
Adjusted EBITDA	**1,027,002**	886,705

Note:

(1) Share-based payment expenses relates to the share rewards we granted to our employees, which is a non-cash item.

	For the six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	(%)	
Net profit margin	**7.6**	3.7
Adjusted net profit margin	**8.1**	5.2
Adjusted pre-tax profit margin	**10.9**	6.9
Adjusted EBITDA margin	**19.4**	19.5

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 six months ended June 30,	
	2024	2023
	(**Unaudited**)	(Unaudited)
	(*RMB in thousands*)	
Depreciation of right-of-use assets	**220,867**	307,503
Depreciation of motor vehicles	**180,907**	193,152
Others	**21,865**	27,611
Total	**423,639**	528,266

Liquidity and Financial Resources

The Group's cash and cash equivalent remained relatively stable from RMB1,407.9 million as at December 31, 2023 to RMB1,400.8 million as at June 30, 2024.

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 June 30, 2024, the Group had outstanding secured borrowings of approximately RMB146.2 million, and outstanding unsecured borrowings of approximately RMB90.0 million. The Group's borrowings carried interest at prevailing market rates.

As at June 30, 2024, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company, was approximately 7.7% (December 31, 2023: 19.1%).

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

Pursuant to a share transfer agreement (the "**Share Transfer Agreement**") entered into by 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)* (寧波梅山保稅港區青虹股權投資合夥企業(有限合夥)) ("**Ningbo Qinghong**") on February 23, 2024, Ningbo Qinghong transferred 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, to ANE Hong Kong, at the consideration of RMB338.7 million. Upon the completion of such equity transfer in April 2024, Shanghai ANE remained an indirect non-wholly owned subsidiary of the Company and became indirectly held as to 98.9540% by the Company and directly wholly owned as to 1.0460% by Beijing Anju Enterprise Management Centre (Limited Partnership)* (北京安聚企業管理中心(有限合夥)). For further information relating to the Share Transfer Agreement and the transactions thereunder, please refer to the announcement and the circular of the Company dated February 23, 2024 and April 12, 2024, respectively.

Save as disclosed above, 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

As of June 30, 2024, the Group did not have plans for material investments and capital assets.

Charge on Assets

As at June 30, 2024, certain of our bank loans and other borrowings were secured by mortgages over certain of our motor vehicles with a net carrying amount of RMB99.7 million.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

Capital Commitment

As of June 30, 2024, the capital commitment of the Group amounted to RMB11.7 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, other financial assets and other payables 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 and liabilities 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 and the Company had no controlling shareholder as at June 30, 2024.

III. OUTLOOK AND PROSPECTS

Future Strategy

2024 marks a pivotal year for the Company to promote its brand value, and we will continue to implement the effective scaled growth strategy with equal emphasis on profitability and quality to enhance our brand strength. Our strategic transformation in 2022 achieved an improvement in costs and quality, which contributed to a significant increase in profit and laid a foundation for strengthening the ANE brand. 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 are rigorously implementing the following measures to ensure continued high quality and sustainable growth.

(i) Improve operational efficiency and quality and timeliness of our service

- Further optimize the sorting networks and route planning through lean management, and execute precisely to maintain cost competitiveness

- Focus on achieving the Five Most goals with the "outlets" as the smallest units, and improve the timeliness and safety of services as a whole to attract and retain customers with high gross profit

- Optimize the performance standards of all stages for different types of customers to promote high-quality growth

(ii) Focus on customer value continually and strengthen network ecosystem to drive freight volume growth

- Use pricing tools to deliver precise subsidies to provide more room for growth while maintain sustainable margins

- Comprehensively support our freight partners and agents, including the upgrade of training systems and digital systems to cultivate long-term sustainable growth and user loyalty

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

(iii) 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 and empower freight partners and agents to further unlock efficiency and quality improvement potentials

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

- Further explore key account business and expand new clients

- Focus on the standardization and customization of products and the diversification of solutions

(v) 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 next stage of ANE's brand development, allowing us to strengthen our competitive edges and grow together with our outlets, while promoting the development of the LTL industry.

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.

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 with comparative figures for the six months ended June 30, 2023, as follows.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024 (Unaudited) *RMB'000***	2023 (Unaudited) *RMB'000*
Revenue	*4*	**5,288,871**	4,550,157
Cost of revenue		**(4,410,899)**	(3,997,875)
Gross profit		**877,972**	552,282
Other income and gains, net	*5*	**42,911**	82,779
General and administrative expenses		**(341,063)**	(347,355)
Operating profit		**579,820**	287,706
Finance costs	*6*	**(32,403)**	(48,609)
Fair value changes of financial assets at fair value through profit or loss	*7*	**2,870**	8,371
PROFIT BEFORE TAX	*8*	**550,287**	247,468
Income tax expense	*9*	**(147,864)**	(78,141)
PROFIT FOR THE PERIOD		**402,423**	169,327
Attributable to:			
Owners of the parent		**390,662**	159,385
Non-controlling interests		**11,761**	9,942
		402,423	169,327
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic (RMB)		**0.34**	0.14
Diluted (RMB)		**0.34**	0.14

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**402,423**	169,327
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the financial statements of subsidiaries	**(27,157)**	(153,922)
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	**32,745**	184,931
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**5,588**	31,009
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**408,011**	200,336
Attributable to:		
Owners of the parent	**396,250**	190,394
Non-controlling interests	**11,761**	9,942
	408,011	200,336

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024 (Unaudited)** ***RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,151,475**	1,351,531
Prepayments for property, plant and equipment		**1,440**	2,552
Right-of-use assets		**945,609**	947,169
Goodwill		**131,527**	131,527
Other intangible assets		**2,736**	4,999
Deferred tax assets		**85,837**	135,980
Restricted cash		**638**	889
Other non-current assets		**64,444**	86,092
Total non-current assets		**2,383,706**	2,660,739
CURRENT ASSETS			
Inventories		**10,358**	7,691
Trade receivables	*12*	**123,632**	91,060
Prepayments		**57,345**	59,622
Other receivables and other assets		**763,874**	732,676
Financial assets at fair value through profit or loss		**823,074**	808,038
Restricted cash		**20,740**	4,237
Cash and cash equivalents		**1,400,848**	1,407,856
Assets classified as held for sale		**–**	5,135
Total current assets		**3,199,871**	3,116,315
CURRENT LIABILITIES			
Trade payables	*13*	**321,672**	314,607
Other payables and accruals		**975,430**	1,009,191
Interest-bearing borrowings		**236,135**	463,726
Tax payable		**94,771**	514
Lease liabilities		**369,768**	368,424
Total current liabilities		**1,997,776**	2,156,462
NET CURRENT ASSETS		**1,202,095**	959,853
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,585,801**	3,620,592

	Notes	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**25**	105,021
Lease liabilities		**535,534**	541,352
Total non-current liabilities		**535,559**	646,373
Net assets		**3,050,242**	2,974,219
EQUITY			
Equity attributable to owners of the parent			
Share capital		**149**	149
Treasury shares		**(16,986)**	–
Reserves		**2,953,533**	2,475,553
		2,936,696	2,475,702
Non-controlling interests		**113,546**	498,517
Total equity		**3,050,242**	2,974,219

1. CORPORATE INFORMATION

ANE (CAYMAN) INC. ("**the Company**") is an exempted company incorporated in the Cayman Islands. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY-1104, Cayman Islands.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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 located 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 accounted for more than 10% of the Group's total revenue for the reporting period.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Transportation	**2,828,200**	2,564,735
Dispatch services	**1,385,522**	1,179,875
Value-added services	**1,075,149**	805,547
Total	**5,288,871**	4,550,157

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time:		
Transportation	**2,828,200**	2,564,735
Dispatch services	**1,385,522**	1,179,875
Value-added services	**59,005**	49,602
Subtotal	**4,272,727**	3,794,212
At a point in time:		
Value-added services	**1,016,144**	755,945
Total	**5,288,871**	4,550,157

(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:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Transportation and dispatch services	**81,353**	106,038
Value-added services	**8,866**	13,772
Total	**90,219**	119,810

5. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Provision for impairment of		
– Trade receivables and other receivables	**(5,925)**	(6,019)
– Assets classified as held for sale	**–**	(13,523)
Government grants*	**44,669**	7,778
Foreign exchange differences, net	**(1,925)**	1,452
Gain on disposal of long-term assets	**3,553**	984
Weighted deduction of value-added tax**	**–**	84,320
Interest income	**8,773**	9,326
Others	**(6,234)**	(1,539)
Total	**42,911**	82,779

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

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

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 tax 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:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other loans	**8,778**	24,053
Interest on lease liabilities	**23,625**	24,556
Total	**32,403**	48,609

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Fair value changes of financial products	**2,870**	8,371

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of revenue*	**3,879,312**	3,351,922
Depreciation of property, plant and equipment	**202,772**	220,763
Depreciation of right-of-use assets	**220,867**	307,503
Amortisation of other intangible assets	**1,908**	5,245
Fair value changes of financial products	**(2,870)**	(8,371)
Government grants	**(44,669)**	(7,778)
Auditors' remuneration	**1,280**	1,080
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages, salaries and allowances	**259,542**	241,731
Pension scheme contributions and other welfare	**32,885**	29,710
Share-based payment expenses	**27,538**	66,443
Total	**4,578,565**	4,208,248
Impairment losses on trade receivables and other receivables	**5,925**	6,019
Impairment of assets classified as held for sale	**–**	13,523
Lease expenses**	**37,314**	35,727
Utility fee	**18,055**	20,877
Interest income	**(8,773)**	(9,326)
Gain on disposal of long-term assets	**(3,553)**	(984)
Gain on weighted deduction of value-added tax	**–**	(84,320)

* 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

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the reporting period.

All of the Group's subsidiaries registered in the PRC, except for certain subsidiaries which enjoy a tax rate of 5%, are subject to PRC enterprise income tax ("**EIT**") at a rate of 25%.

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**97,721**	2,834
Adjustments in respect of prior years	**–**	417
Deferred income tax	**50,143**	74,890
Tax charge for the period	**147,864**	78,141

10. DIVIDEND

The directors of the Company do not recommend the payment of any dividend for the six months ended 30 June 2024.

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,162,605,486 (2023: 1,162,605,486) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2024 and 2023.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings attributable to ordinary equity holders of the parent	**390,662**	159,385

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,162,605,486**	1,162,605,486
Earnings per share (RMB)	**0.34**	0.14

12. TRADE RECEIVABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**183,064**	144,375
Impairment	**(59,432)**	(53,315)
Trade receivables, net	**123,632**	91,060

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 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:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**122,863**	90,276
1 to 2 years	**514**	784
2 to 3 years	**255**	–
Total	**123,632**	91,060

13. TRADE PAYABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**321,672**	314,607

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**309,195**	309,711
3 to 6 months	**1,538**	2,133
6 to 12 months	**8,388**	2,763
Over 1 year	**2,551**	–
Total	**321,672**	314,607

The trade payables are non-interest-bearing and are normally settled on 90-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, there are no changes of Directors and the composition of Board Committees of the Company.

Re-election of Directors

At the annual general meeting of the Company held on June 19, 2024, the shareholders of the Company (the "**Shareholder(s)**") passed ordinary resolutions in relation to re-election of Mr. Chen Weihao, Mr. Zhang Yinghao, Mr. Li Wilson Wei, Ms. Sha Sha and Mr. Hung Cheung Fuk as Directors. For further details, please refer to the Company's circular dated May 24, 2024.

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 set out in Part 2 of the CG 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. Qin Xinghua ("**Mr. Qin**") serves as both the co-chairman of the Board and the chief executive officer. 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 3,031 employees as at June 30, 2024, representing a reduction of 3.5% compared to 3,142 employees as at December 31, 2023. 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 June 30, 2024. 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 June 30, 2024 *(HK$ million)*	Amount not yet utilized as of the date of June 30, 2024 *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(A)	building, upgrading and potential acquisitions of 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	33.0	198.0	205.7	24-36 months from the Listing

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 June 30, 2024 *(HK$ million)*	Amount not yet utilized as of the date of June 30, 2024 *(HK$ million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(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	–	
(C) investment in technology innovations	**20.0**	**201.8**	**–**	**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	–	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	–	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 June 30, 2024 *(HK$ million)*	Amount not yet utilized as of the date of June 30, 2024 *(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	–	7.4	93.5	
(a) Intelligent transportation management to further optimize our route planning and enhance our transportation efficiency	8.0	80.7	–	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**	**11.6**	**100.9**	**–**	

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.

The Company did not hold any treasury shares (as defined in the Listing Rules) as of June 30, 2024, and no treasury shares (as defined in the Listing Rules) of the Company had been sold during the Reporting Period.

Material Litigation

As of June 30, 2024, 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 interim financial results for the six months ended June 30, 2024, 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 interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

In addition, the Company's independent auditor, Ernst & Young, has performed an independent review of the Group's interim financial information for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to June 30, 2024 and up to the date of this announcement.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2024.

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 interim report for the six months ended June 30, 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders (if appropriate) 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.

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

Hong Kong, August 15, 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.

* *For identification purposes only*