

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**INSIDE INFORMATION
KEY FINANCIAL AND PERFORMANCE INDICATORS
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

This announcement is made by ANE (Cayman) Inc. (the “**Company**” together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

To enable shareholders, investors and the general public to better appraise the operational performance of the Group, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces certain selected unaudited key financial and performance indicators of the Group for the three months ended March 31, 2024 (the “**Reporting Period**”), together with comparative figures for the same period of 2023.

FINANCIAL HIGHLIGHTS

For the three months ended March 31, 2024, the Group recorded the following unaudited results:

	Three months ended March 31,		Year-to-year
	2024	2023	change
	(unaudited)	(unaudited)	
	RMB'000	RMB'000	
Revenue	2,377,626	2,064,430	15.2%
Gross profit	382,485	215,371	77.6%
Profit for the period	196,431	48,735	303.1%
Operating profit	284,039	113,399	150.5%
Adjusted pre-tax profit	279,744	119,689	133.7%
Adjusted net profit	208,947	76,273	173.9%

BUSINESS HIGHLIGHTS

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 order to fully utilize our fleet capacity, we also provide full-truckload (“FTL”) services as a supplement of LTL business.

With the solid foundation laid by our in-depth transformation in 2023, we continue to implement the strategy emphasizing both quality and profitability in 2024. Adhering to 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”, we are rigorously implementing below measures to achieve long-term development.

- Improve quality and timeliness of our service through lean management to attract and retain high-margin shippers, and optimize route planning to improve transit efficiency, while coordinating with our freight partners and agents to enhance timeliness.
- Enhance operational efficiency in both sorting center operation and fleet transportation through comprehensive refined management to drive cost reduction, and continue adequate control of expenses to enhance operating profit margins.
- Strengthen our management over our ecosystem, primarily with freight partners and agents to drive freight volume growth through precise pricing as well as all-around enabling of our freight partners and agents, in aspects of customer acquisition, operation support, after-sale service, etc. to cultivate long-term sustainable growth and loyalty.

Through implementation of comprehensive lean management as stated above, we have achieved outstanding results for the three months ended March 31, 2024, unfolding a new era of high-quality growth for ANE leveraging our focus, precision, and flexibility.

- For the three months ended March 31, 2024, we have completed shipment of a total freight volume of 2,875 thousand tons, compared to 2,362 thousand tons in 2023, increasing by 21.7%, which was attributable to the optimization of our freight partners and agents network structure as well as freight volume growth per outlet.
- By the end of March, 2024, we had over 6,400 freight partners and over 23,000 freight agents, compared to over 5,800 freight partners and over 23,000 freight agents by the end of March, 2023, and over 5,900 freight partners and over 22,000 freight agents by the end of December, 2023, enabling us to better serve shippers while expanding nationwide coverage.
- In terms of freight weight mix structure, the freight volume of mini freight (≤ 70 kg), light freight (70 – 500 kg) and bulk freight (> 500 kg) increased by 24.8%, 20.8% and 20.9% respectively, which collectively led to the year-on-year increase of total freight volume.
- For the three months ended March 31, 2024, we recorded a total number of 31,568 thousand shipments, compared to 25,190 thousand shipments for three months ended March 31, 2023, representing a year-on-year growth of 25.3%. As a result, the average freight weight per shipment decreased from 94kg for three months ended March 31, 2023 to 91kg for the three months ended March 31, 2024.

- In terms of service quality, both of our loss rate (number of lost units per hundred thousand units) and damage rate (number of damaged units per hundred thousand units) had further decreased to 0.06 and 8.67 respectively for the three months ended March 31, 2024. As of timeliness, the average shipment time of March 2024 had been optimized to less than 70 hours.

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:

	Three months ended March 31,		Year-to-year
	2024	2023	change
Total freight volume ('000 tons)	2,875	2,362	21.7%
Total shipments ('000)	31,568	25,190	25.3%
Freight weight per shipment (kg)	91	94	-2.9%
Unit price for transportation services (RMB/ton)	442	495	-10.7%
Unit price for value-added services (RMB/ton)	167	151	10.6%
Unit price for dispatch services (RMB/ton)	218	228	-4.4%
Unit price for total services (RMB/ton)	827	874	-5.4%
Unit line-haul transportation cost (RMB/ton)	310	337	-8.0%
Unit sorting centre cost (RMB/ton)	151	207	-27.1%
Unit cost of value-added services (RMB/ton)	33	31	6.5%
Unit cost of dispatch services (RMB/ton)	200	207	-3.4%
Unit cost of revenues (RMB/ton)	694	782	-11.3%
Unit gross profit for value-added services (RMB/ton)	134	120	11.7%
Unit gross profit for dispatch services (RMB/ton)	18	21	-14.3%
Unit gross profit (RMB/ton)	133	92	44.6%
Unit operating profit (RMB/ton)	99	48	106.3%
Unit adjusted pre-tax profit (RMB/ton)	97	51	90.2%

Consolidated statement of profit or loss for the three months ended March 31, 2024 – unaudited

	Three months ended March 31,	
	2024	2023
	RMB'000	RMB'000
Revenue	2,377,626	2,064,430
Cost of revenue	<u>(1,995,141)</u>	<u>(1,849,059)</u>
Gross profit	382,485	215,371
Other income and gains, net	30,103	46,374
General and administrative expenses	(128,549)	(148,346)
Operating profit	284,039	113,399
Finance costs	(17,022)	(25,058)
Fair value changes of financial assets at fair value through profit or loss	<u>211</u>	<u>3,810</u>
PROFIT BEFORE TAX	267,228	92,151
Income tax expense	<u>(70,797)</u>	<u>(43,416)</u>
PROFIT FOR THE PERIOD	<u>196,431</u>	<u>48,735</u>
Attributable to:		
Owners of the parent	187,845	44,087
Non-controlling interests	<u>8,586</u>	<u>4,648</u>

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:

	Three months ended March 31,			
	2024		2023	
	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>			
Transportation	1,271,692	53.5	1,168,450	56.6
Value-added services	479,544	20.2	357,371	17.3
Dispatch services	<u>626,390</u>	<u>26.3</u>	<u>538,609</u>	<u>26.1</u>
Total revenues	<u>2,377,626</u>	<u>100.0</u>	<u>2,064,430</u>	<u>100.0</u>

Our total revenue increased by 15.2% from RMB2,064.4 million for the three months ended March 31, 2023 to RMB2,377.6 million for the three months ended March 31, 2024, primarily driven by the increase in our freight volume from 2,362 thousand tons for three months ended March 31, 2023 to 2,875 thousand tons for three months ended March 31, 2024, which offset the decrease in our unit price for total services from RMB874/ton for the three months ended March 31, 2023 to RMB827/ton for the three months ended March 31, 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.

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:

	Three months ended March 31,			
	2024		2023	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except percentages)</i>			
Line-haul transportation	890,561	44.6	797,227	43.1
Sorting centre	434,723	21.8	488,148	26.4
Value-added services	95,224	4.8	74,009	4.0
Dispatch services	574,633	28.8	489,675	26.5
Total	<u>1,995,141</u>	<u>100.0</u>	<u>1,849,059</u>	<u>100.0</u>

Our cost of revenues increased by 7.9% from RMB1,849.1 million for the three months ended March 31, 2023 to RMB1,995.1 million for the three months ended March 31, 2024, which was mainly due to (i) the increase in our line-haul transportation cost from RMB797.2 million for the three months ended March 31, 2023 to RMB890.6 million for the three months ended March 31, 2024, (ii) the increase in our value-added services cost from RMB74.0 million for the three months ended March 31, 2023 to RMB95.2 million for the three months ended March 31, 2024, and (iii) the increase in our dispatch services cost from RMB489.7 million for the three months ended March 31, 2023 to RMB574.6 million for the three months ended March 31, 2024, which are in line with the revenue growth of transportation, value-added services and dispatch services, respectively.

Gross Profit and Gross Profit Margin

For the three months ended March 31, 2024, the gross profit and gross profit margin was RMB382.5 million and 16.1%, respectively, as compared to RMB215.4 million and 10.4%, respectively, for the three months ended March 31, 2023.

The increase in gross profit was mainly driven by (i) the decrease in our unit line-haul transportation cost from RMB337/ton for the three months ended March 31, 2023 to RMB310/ton for the three months ended March 31, 2024, (ii) the decrease in our unit sorting centre cost from RMB207/ton for the three months ended March 31, 2023 to RMB151/ton for the three months ended March 31, 2024, and (iii) the increase in our unit gross profit of value-added services from RMB120/ton for the three months ended March 31, 2023 to RMB134/ton for the three months ended March 31, 2024. As a result, our unit gross profit increased from RMB92/ton for the three months ended March 31, 2023 to RMB133/ton for the three months ended March 31, 2024. The increase in gross profit margin was mainly driven by the above-mentioned reasons.

General and Administrative Expenses

Our general and administrative expenses decreased by 13.3% from RMB148.3 million for the three months ended March 31, 2023 to RMB128.5 million for the three months ended March 31, 2024, which was mainly due to (i) decrease in salaries and other benefits due to management architecture flattening, (ii) the decrease in share-based payment expenses due to less amortization from historical grants for the three months ended March 31, 2024, and (iii) the decrease in other operation expenses due to more disciplined expense control.

Other Income and Gains, Net

We recorded other income and gains of RMB30.1 million for the three months ended March 31, 2024, as compared to RMB46.4 million for the three months ended March 31, 2023. The change was primarily due to the expiration of weighted deduction of VAT policy leading to absence of gains on weighted deduction of value-added tax.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit of RMB113.4 million for the three months ended March 31, 2023 increased to an operating profit of RMB284.0 million for the three months ended March 31, 2024. Our operating profit margin of 5.5% for the three months ended March 31, 2023 increased to an operating profit margin of 11.9% for the three months ended March 31, 2024, which was mainly due to the above-mentioned reasons.

Finance Costs

Our finance costs decreased by 32.1% from RMB25.1 million for the three months ended March 31, 2023 to RMB17.0 million for the three months ended March 31, 2024, which was mainly due to the decrease in interest on bank and other loans because we repaid part of the loans for the purchase of trucks and other bank loans in advance as we accumulated 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 three months ended March 31, 2024 was profit of RMB0.2 million, as compared to profit of RMB3.8 million for the three months ended March 31, 2023.

Income Tax Expense

We recorded income tax expense of RMB70.8 million for the three months ended March 31, 2024, as compared to income tax expenses of RMB43.4 million for the three months ended March 31, 2023, 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 for the Reporting Period

As a result of the foregoing, we recorded a net profit of RMB196.4 million with a net profit margin of 8.3% for the three months ended March 31, 2024, as compared to a net profit of RMB48.7 million with a net profit margin of 2.4% 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) and adjusted pre-tax profit (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, and adjusted pre-tax profit for the period (two non-HKFRS measures) for the periods indicated.

	For the three months ended	
	March 31,	
	2024	2023
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit for the period	196,431	48,735
Add:		
Shares-based payment expenses ^{Note}	<u>12,516</u>	<u>27,538</u>
Adjusted net profit for the period	<u>208,947</u>	<u>76,273</u>
Add:		
Income tax expense	<u>70,797</u>	<u>43,416</u>
Adjusted pre-tax profit for the period	<u>279,744</u>	<u>119,689</u>

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

	For the three months ended	
	March 31,	
	2024	2023
	(unaudited)	(unaudited)
	(%)	(%)
Net profit margin	8.3	2.4
Adjusted net profit margin	8.8	3.7
Adjusted pre-tax profit margin	11.8	5.8

Liquidity and Financial Resources

The Group's cash and cash equivalent was RMB1,337.6 million as at March 31, 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.

CAUTION STATEMENT

The Board wishes to remind shareholders of the Company and investors that the above financial and business data are based on the Group's internal records and management accounts and have not been reviewed or audited by the auditors.

Any forward-looking statements contained herein are not guaranteed of future performance. Rather they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company and are difficult to predict, that will or may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Therefore, such information is provided to shareholders and potential investors as interim information for reference only. The data shown above do not constitute nor should they be construed as invitations or offers to buy or sell any securities or financial instruments of the Company. Nor are they intended as the offer of any investment services or advices. Shareholders of the Company and investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company. When in doubt, investors are advised to seek professional advice from professional or financial advisers.

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

Hong Kong, May 21, 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.