



中國民航信息網絡股份有限公司 TravelSky Technology Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code : 00696)

2021 ANNUAL REPORT



54
Host Airlines

246
Domestic Airports

39 System
Integration Projects
on New Airports

World's top 3
largest aviation processing system
for 5 consecutive years

Over 400
Linked Airlines

140+
Overseas Airports

104 System
Integration Projects
Under Construction

World's Largest
BSP Data Processing Center

CORPORATE PROFILE



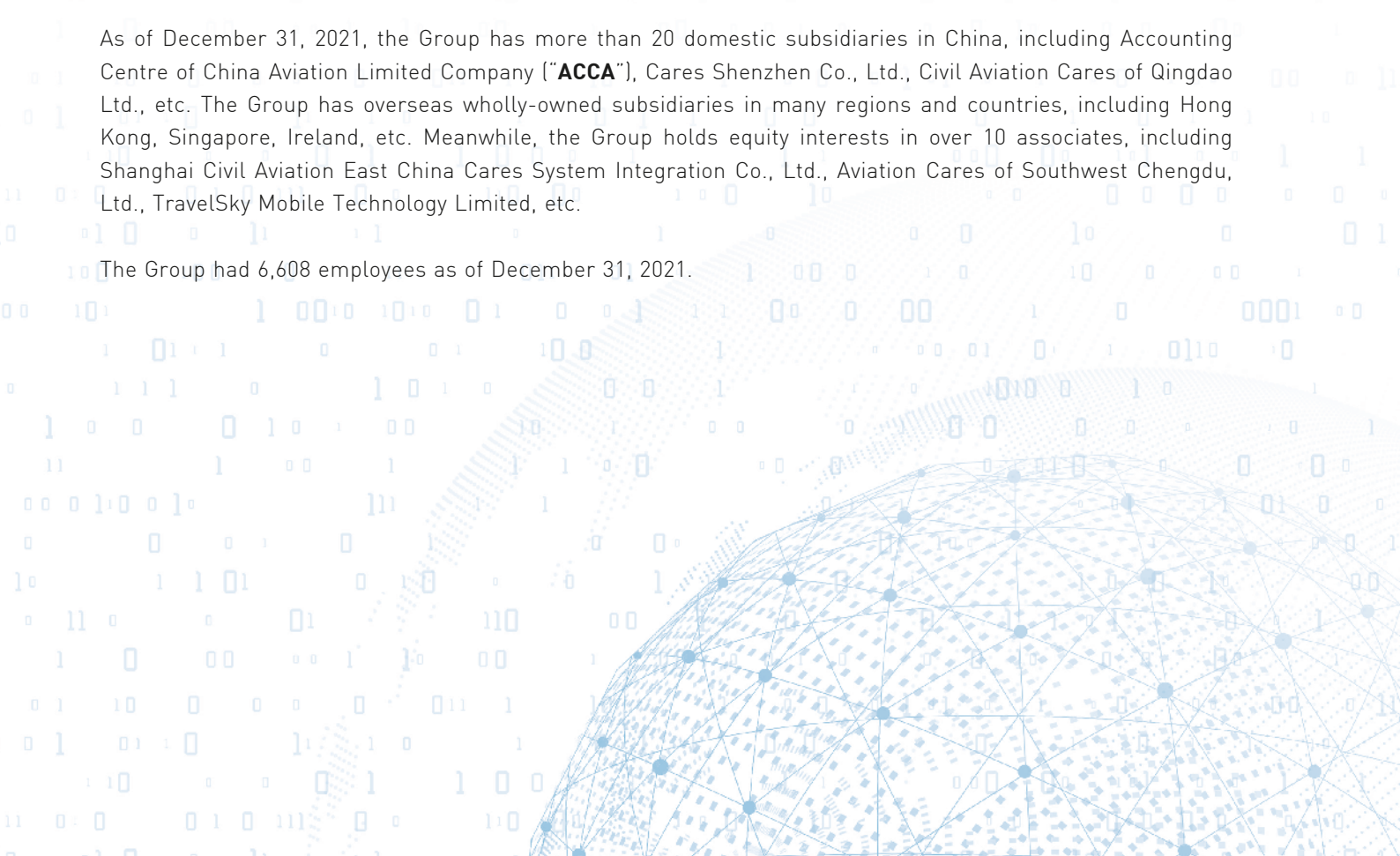
TravelSky Technology Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is the dominant provider of information technology solutions for China’s aviation and travel industry. The core business of the Company includes aviation information technology service, distribution information technology service, accounting, settlement and clearing service for aviation industry, etc. The Group has been devoted to developing leading products and services that satisfy the needs of all the industry participants – ranging from commercial airlines, airports, air travel products and services suppliers to travel agencies, corporate clients, travelers and cargo shippers – to conduct electronic transactions and manage travel-related information.

The Company was incorporated in the People’s Republic of China (the “**PRC**” or “**China**”) on October 18, 2000. The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 00696) on February 7, 2001. On December 27, 2002, the American depositary shares under the Sponsored Level I American Depositary Receipt Programme established by the Company commenced trading on the U.S. over-the-counter market (OTC). Since 2015, the H shares of the Company have been added to the lists of MSCI Emerging Markets Index, Hang Seng Composite LargeCap & MidCap Index, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, etc.

As of the date of this report, the largest shareholder of the Company is China TravelSky Holding Company Limited, which holds approximately 29.29% of the equity interest in the Company. A total of approximately 38.84% of the equity interest in the Company is held by 14 domestic shareholders, including China Mobile Capital Holding Co., Ltd., China National Aviation Holding Company Limited, China Southern Air Holding Company Limited and China Eastern Air Holding Company Limited. The remaining 31.87% of the equity interest in the Company is held by holders of its H shares.

As of December 31, 2021, the Group has more than 20 domestic subsidiaries in China, including Accounting Centre of China Aviation Limited Company (“**ACCA**”), Cares Shenzhen Co., Ltd., Civil Aviation Cares of Qingdao Ltd., etc. The Group has overseas wholly-owned subsidiaries in many regions and countries, including Hong Kong, Singapore, Ireland, etc. Meanwhile, the Group holds equity interests in over 10 associates, including Shanghai Civil Aviation East China Cares System Integration Co., Ltd., Aviation Cares of Southwest Chengdu, Ltd., TravelSky Mobile Technology Limited, etc.

The Group had 6,608 employees as of December 31, 2021.



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DEVELOPMENT HISTORY



In 1979

China Aviation set up an organization to conduct research on the establishment of a computerized passenger service system for civil aviation, the key projects of the National "Seventh Five-Year" Electronic Revitalization Plan* (國家「七五」電子振興計劃), and other relevant issues.

In 1987

The CAAC decided to establish the Civil Aviation Computer Center of China* (中國民用航空計算機中心).

In 1996

Civil Aviation Computer Center of China was renamed as China Civil Aviation Computer Information Center* (中國民航計算機信息中心) (the predecessor of the company's largest shareholder China TravelSky Holding Company), and was restructured from an institution into an enterprise.

In 2001

The Company's H shares were successfully listed on the Main Board of the Stock Exchange (Stock Code: 00696.HK) with an issue price of HKD4.10 per share and a market value of approximately HKD3.6 billion.

In 2003

The Company completed the construction project of the airport passenger processing system (APP) for the top 100 domestic airports in terms of passengers.

1979 1984 1987 1991 1996 2000 2001 2003 2004

From 1984 to 1985

- In 1984, the Civil Aviation Computer Station* (民航計算機總站) under the State Administration of Civil Aviation* (民航總局) (now known as the Civil Aviation Administration of China) (the "CAAC") was established.
- In 1985, Inventory Control System (ICS) and civil aviation and commercial data network were established.

In 1991

Accounting Centre of China Aviation* (中國航空結算中心), the predecessor of ACCA (a wholly-owned subsidiary of the Company), was established and China Aviation Revenue Accounting System* (中國航空收入結算系統) was launched 3 years later.

From 2000 to 2001

- In 2000, the Company was jointly founded by China Civil Aviation Computer Information Center* (中國民航計算機信息中心) and all domestic commercial airlines.
- In 2001, the main project of Electronic Travel Distribution (ETD) system service plan was inspected and accepted by the State.

In 2004

ETD system processing capacity exceeded 100 million passengers.





Development History

In 2021

- The Company has been certified as a "High and New Technology Enterprise" for 21 consecutive years.
- The Company has won the first prize of China Air Transport Association Civil Aviation Science and Technology Progress for 3 consecutive years.
- The Company was awarded "Best Investor Relations" Award and "Best ESG" Award of the "2021 China Financing Award".
- The Company was named to the "Top 50 Central Enterprises in ESG" by State-owned Assets Supervision and Administration Commission.
- The Company has successfully completed the guarantee task of civil aviation passengers information system during the holding of major events, such as the celebration of centenary of the founding of the CPC, the Sixth Plenary Session of the 19th Central Committee of the CPC, the National Games, the China International Fair for Trade in Services, and the China International Import Expo.

In 2020

- The Company was granted "20th Anniversary Partner Award (20週年合作夥伴獎)" by IATA.
- The former wholly-owned subsidiary of the Company, TravelSky Mobile Technology Limited* (中國航信移動科技有限公司) (now as an associated company which provided service with mobile application, "Umetrip", as major product) completed mixed-ownership reform and employee stock ownership plan.
- Our self-developed platform, "Baggage Travel", was recognized as the public information platform of the full-process baggage tracking system of civil aviation of China by CAAC.

In 2017

The development of the new-generation passenger service information system was completed and the new data centre in Shunyi, Beijing, was gradually put into use.

In 2009

ACCA became the world's largest billing and settlement plan data processing center.

In 2007

In order to provide civil aviation passenger information security services for the Beijing Olympic Games, the Company expanded mainframe and opened platform resources, built mainframe and opened backup system, and improved the backup system of new-generation airport passenger processing front end system (NewAPP).

2007

2008

2009

2011

2015

2017

2019

2020

2021

In 2008

- The Company was the first in the world to realize the 100% electronic application of airline tickets and was granted "Simplified Business Strategic Partner Global Outstanding Contribution Award* (簡化商務戰略合作夥伴全球傑出貢獻獎)" by International Air Transport Association ("IATA").
- The Company acquired all registered capital and properties of ACCA.

In 2011

- ETD system processing capacity exceeded 300 million passengers.
- A mobile Internet-oriented mobile application, "Umetrip", was independently researched and developed.

From 2015 to 2016

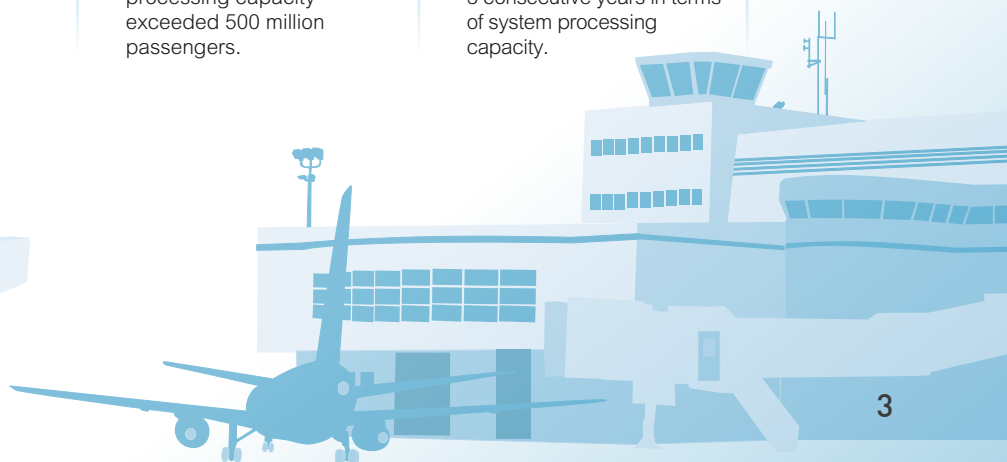
- The H shares of the Company were added to the lists of MSCI Emerging Markets Index, Hang Seng Composite LargeCap & MidCap Index, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.
- In 2015, the Company obtained the first batch of National Operation and Maintenance Qualification Certificate-Level 1* (運行維護一級資質證書).
- In 2016, ETD system processing capacity exceeded 500 million passengers.

In 2019

- The Company obtained the certificate for "Important Software Enterprise under the National Planning Layout" for 14 consecutive years.
- The "Aggregator (聚合)" platform based on new distribution capability (NDC) was awarded the highest NDC level 4 certification by IATA.
- ETD system processing capacity approached 700 million passengers and ranked third in the world for 3 consecutive years in terms of system processing capacity.

On February 7, 2021

The Company has been listed for 20 years with the market value of more than HKD50 billion.



FINANCIAL HIGHLIGHTS



For the year ended December 31, 2021

From its listing on the Stock Exchange in 2001 to the Year 2019, as required by domestic and overseas regulatory rules, the Company has engaged PRC auditor and international auditor each year to prepare audited financial statements in accordance with China Accounting Standards for Business Enterprise (“CASBE”) and the International Financial Reporting Standards (“IFRSs”), respectively.

As stated in the announcements dated December 29, 2020 and February 26, 2021, and the circular dated January 8, 2021 of the Company, according to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, in order to improve the efficiency and reduce the cost of disclosure, as considered and approved by the Board and the general meeting of the Company, the Company would no longer prepare its results according to IFRSs since the Year 2020 and the Board of the Company would present audited financial statements prepared according to CASBE since 2020 annual report.

Note: The information in the following table is derived from the audited financial statements prepared according to CASBE and IFRSs.

For the year ended December 31 (CASBE)

	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000
Operating revenue	6,734,245	7,472,114	8,121,673	5,485,577	5,476,177
Total profit	2,636,102	2,651,560	2,802,821	314,161	663,883
Net profit attributable to shareholders of the parent	2,253,126	2,326,317	2,526,006	362,800	551,301
Earnings per share (basic and diluted) (RMB)	0.77	0.79	0.87	0.12	0.19

Note: Earnings per share were calculated on the basis of total number of shares in issue of the Company of 2,926,209,589 shares as at December 31, 2021.

As at December 31 (CASBE)

	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000
Total assets	20,594,511	22,132,366	23,648,574	22,769,276	24,111,139
Total liabilities	4,731,883	4,685,763	4,412,869	4,001,118	4,881,056
Total equity	15,862,628	17,446,603	19,235,705	18,768,158	19,230,083



Financial Highlights

	For the year ended December 31				2021 RMB'000 CASBE
	2017	2018	2019	2020	
	RMB'000 IFRSs	RMB'000 IFRSs	RMB'000 IFRSs	RMB'000 CASBE	
Operating revenue	6,734,245	7,472,114	8,121,673	5,485,577	5,476,177
Total profit	2,631,629	2,650,372	2,819,676	314,161	663,883
Net profit attributable to shareholders of the parent	2,248,653	2,325,129	2,542,861	362,800	551,301
Earnings per share (basic and diluted) (RMB)	0.77	0.79	0.87	0.12	0.19

Note: Earnings per share were calculated on the basis of total number of shares in issue of the Company of 2,926,209,589 shares as at December 31, 2021.

	As at December 31				2021 RMB'000 CASBE
	2017	2018	2019	2020	
	RMB'000 IFRSs	RMB'000 IFRSs	RMB'000 IFRSs	RMB'000 CASBE	
Total assets	20,593,195	22,113,322	23,646,384	22,769,276	24,111,139
Total liabilities	4,732,757	4,685,762	4,412,868	4,001,118	4,881,056
Total equity	15,860,438	17,427,560	19,233,516	18,768,158	19,230,083

STATEMENT OF THE BOARD



Huang Rongshun
Chairman

2021 marks the launch of China's "14th Five-Year Plan". Under the complex situation of major global changes and the pandemic both unseen in a century, China's civil aviation industry has continued to recover from twists and turns. The Group reviewed the situation, made scientific judgments, and formulated a strategic plan of the Company during the "14th Five-Year Plan" period. The Group prevented and controlled the pandemic, and improved the capability to secure safety. Focusing on main responsibilities and principle businesses, the Group steadily advanced reform, optimized industrial layout, and accelerated innovation. It promoted technical research, strengthened risk management and control, and enhanced internal management. As a result, the production and operation targets were accomplished, and operating profit was recorded. The Group won the Excellence Award of the 22nd China Patent Award, the First Prize of Civil Aviation Science and Technology Progress Award (民航科技進步一等獎) and other important scientific and technological awards. The work on reform reached and exceeded the annual target set by the SASAC. The Group successfully guaranteed the civil aviation passenger information system during major events including the celebration of the 100th anniversary of the founding of the Communist Party of China and the Beijing Winter Olympics.

The year 2022 is important for China to embark a new journey to build a modern socialist country in an all-round way and to realize the Second Centenary Goal. The national economy develops with a good momentum, and the domestic epidemic is generally under control. In the field of civil aviation development, China has embarked on a new journey from a single air transport power into a multi-field civil aviation power. In terms of the industry, it continues to tap the potential of China's



civil aviation market. As a main line of strategies for civil aviation during the “14th Five-Year Plan” period, to build intelligent civil aviation will officially enter the stage of scale implementation from top-level design. Cloud computing, big data, edge computing, artificial intelligence, digital twin and other high-tech drive the iterative upgrade of new business forms and new models. The digital and retail transformation of airlines and the more urgent need for the construction of airports with four characteristics of “safety”, “green”, “smart” and “humanity” led by intelligence have provided significant opportunities for the Group to grow.

On the other hand, conflicts in international situation have intensified, the external environment has become even more complex, severe and uncertain and China’s economy faces new downward pressure. The civil aviation industry continues to be impacted by the epidemic. At the beginning of March 2022, IATA forecasted that the total global civil aviation traffic would not exceed the level of 2019 until 2024. CAAC proposes that in 2022, production and transportation of China’s civil aviation will generally recover to approximately 85% of the level before the epidemic. The competition in the industry becomes increasingly fierce; cross-border competition accelerates; and international competitors maintain a strong expansion trend. All of them also make the Group face severe challenges.

The Group will face up to the difficulties with confidence, implement the overall policy of prioritizing stability while pursuing progress, and mainly promote the following work: firstly, to consolidate the safety foundation, fully perform the key tasks of civil aviation, and focus on improving the ability to prevent and resolve major risks; secondly, to implement the strategic plans, strengthen the execution and management of strategies, strive to achieve the carbon peaking and carbon neutrality goals, and steadily optimize business layout and adjust structure; thirdly, to enhance service awareness, respond faster to new changes and new demands in the market, and continuously improve market-oriented services; fourthly, to give full play to the leadership of scientific and technological innovation, enhance efforts in innovation, research and development, improve the incentive mechanism for scientific and technological talents, and continue to strengthen independent innovation capabilities and core competitiveness; fifthly, to deepen corporate reform, strengthen internal management, insist on reducing costs and improving quality and efficiency to effectively enhance the enterprise vitality. Through unremitting efforts, we strive to build the Group into an enterprise offering world-class integrated information services.

Finally, on behalf of the Board, I would like to take this opportunity to extend my gratitude to all shareholders, investors, customers, directors and supervisors for their long-term trust and support! My thanks also go to all my colleagues in the Group for their determination and hard work! In the new year, we will face difficulties and move forward bravely to provide higher-quality and more convenient services for users and civil aviation passengers, and create greater value for shareholders and the society.

BUSINESS REVIEW



As the leading provider of information technology solutions for China's aviation and travel industry, the Company stands at a core-sector along the value chain of China's aviation and travel service distribution. The Company has been devoted to serving the needs of all industry participants ranging from commercial airlines, airports, travel products and service providers, travel agencies, travel service distributors or agents, corporate clients, travelers and cargo shippers, as well as major international organisations such as IATA and government bodies, with the scope of services covering the provision of critical information systems on flight control, air ticket distribution, check-in, boarding and load planning, accounting, settlement and clearing system, etc. With over four decades of tenacious research and development, the Company has built up a complete industry chain for aviation and travel information technology service, established a relatively comprehensive and competitively priced product line of aviation and travel information technology service with robust functionality, aiming to help all industry participants to expand their business, improve service quality, minimise operational costs and enhance operational efficiency, and ultimately bring benefits to travelers.

In 2021, the COVID-19 epidemic continued to evolve and recur, and its impact on the civil aviation industry was deeper and more persistent than expected. A report released by IATA in January 2022 showed that the overall travel demand enhanced in 2021, global air passenger demands fell by 58.4% compared to the whole of 2019, and represented an improvement compared to 2020. With the prevention and control of the epidemic in China being further stabilised and normalized, the transportation volume of China's civil aviation industry in 2021 rebounded year-on-year. However, due to the continuous and frequent occurrence of overseas epidemic and international travel restrictions, the global air passenger demands remained at a low level.

AVIATION INFORMATION TECHNOLOGY SERVICES

The Company's aviation information technology ["**AIT**"] services, which consist of a series of products and solutions, are provided to 41 Chinese commercial airlines and over 350 foreign and regional commercial airlines. The AIT services comprise electronic travel distribution ["**ETD**"] services (including inventory control system ["**ICS**"] services and computer reservation system ["**CRS**"] services) and airport passenger processing system ["**APP**"] services, as well as other extended information technology solutions related to the above core business, including but not limited to, product services to support aviation alliance, solutions for developing e-ticket and e-commerce, data service to support decisions of commercial airlines as well as information management system service to improve ground operational efficiency.



In 2021, the processed system capacity of the Group's electronic travel distribution (ETD) system on domestic and overseas commercial airlines was approximately 432.7 million, representing an increase of approximately 5.0% over the same period in 2020, among which, the processed system capacity on commercial airlines in China increased by approximately 5.1%, while those on foreign and regional commercial airlines decreased by approximately 0.4%. The number of foreign and regional commercial airlines with direct links to the CRS system of the Group reached 152, with sales percentage through direct links reaching approximately 99.9%. The number of foreign and regional commercial airlines using the Group's APP system services, multi-host connecting program services and self-developed Angel Cue platform connecting services also increased to 192, with approximately 0.42 million of passenger departures processed in 31 airports.

In 2021, the Group continued to enhance the aviation information technology and its extended services, with an aim to fulfill the demand of commercial airlines for the information technology solutions on travel convenience, auxiliary services, e-commerce and international services. As a strategic partner of the "Fast Travel" project of IATA, the commonly used self-service check-in system (CUSS) independently developed by the Group pursuant to IATA standards was launched to 194 major domestic and international airports, and the online check-in service was applied to 246 domestic and international airports. Such products, together with the mobile check-in products and SMS check-in products, processed a total of approximately 258 million passenger departures. The invention patent of "method and device for reliability evaluation of flight inquiry system (航班查詢系統可靠性評估方法及裝置)" won the Excellence Award

**Xiao Yinhong***Executive Director**General Manager*



of 22nd China Patent Award for the first time. The mobile phone application “Umetrip” actively expanded air tickets, hotels, insurance and other businesses. The self-developed NLP Intelligent Customer Service System for Civil Aviation Passengers was put into operation in more than 20 large and medium-sized airports, commercial airlines, government departments, which effectively improved the travel experience of passengers; and the project of “Research, Development and Application of Key Technologies of Civil Aviation Mobile Travel Intelligent Service Platform (民航移動出行智能服務平台關鍵技術研發及應用)” won the first prize of Science and Technology Progress Award of China Communications and Transportation Association.

In 2021, the Group continued to improve the functions of passenger service system, and steadily promoted the airline retail solutions and upgrades. The Travel Retail Platform (TRP) for airlines supported the innovative passenger-centered business model of commercial airlines, and the number of customers increased to 18. The project won the first prize of the Civil Aviation Science and Technology Award of China Air Transport Association. The “Baggage Travel” platform, officially certified by CAAC as the Public Information Platform of Full-process Baggage Tracking System for China’s Civil Aviation (中國民航行李全流程跟蹤系統公共信息平台), signed contracts with 36 domestic commercial airlines, and connected with more than 30 domestic airports including Shanghai Hongqiao, Shenzhen and Kunming. The project won the second prize of the Civil Aviation Science and Technology Award of China Air Transport Association, and established the most complete real-time data warehouse and big data platform of civil aviation passenger luggage in the industry. With the “door-to-door” service platform of civil aviation passenger baggage, we jointly explored innovative business models for baggage with a number of commercial airlines, airports and logistics providers, and firstly applied the platform at Shanghai Hongqiao Airport.

ACCOUNTING, SETTLEMENT AND CLEARING SERVICES

The Group provided accounting, settlement and clearing services, information system development and support services and air travel financial service to commercial airlines and other aviation corporations through ACCA, a wholly-owned subsidiary of the Group. As the downstream business of the Group’s principal activities in air travel service distribution and sales, the above business strongly strengthened the industry chain for the Group’s information technology business in the air transportation and travel industry. Apart from being the world’s largest service provider of IATA Billing and Settlement Plan (BSP) Data Processing and Data Processing Software, ACCA is also the leading provider of outsourced services and system products services in revenue management and provider of new air travel finance in the civil aviation industry in China, its major customers include domestic passenger and cargo airlines, overseas and regional commercial airlines, domestic airports, government organisations and IATA.

In 2021, business of accounting, settlement and clearing services of the Group was also adversely affected by the epidemic. In this regard, the Group actively adjusted business strategies to respond to market changes. We built the third-generation passenger revenue management platform in line with the development trend of new distribution capability (“**NDC**”) and ONE Order (“**ONE Order**”), to improve marketing and realize the integration of business and finance; the market share of travel business account products in China’s travel business payment market has gradually increased, with 326 new corporate customers signed throughout the year, and the proportion of central state-owned enterprises reaching more than 70%.

In 2021, there were approximately 840 million transactions processed with the Group’s accounting, settlement and clearing system, and approximately 273 million BSP tickets processed with our BSP Data Processing services. Revenue from agency clearing business for passenger, cargo and mail transportation, miscellaneous expenses and international and domestic clearing fees exceeded USD4.46 billion. The transaction volume of air travel finance business was approximately RMB72.1 billion.



DISTRIBUTION OF INFORMATION TECHNOLOGY SERVICES

In 2021, the Group continued to improve the information technology of the travel distribution network and enriched sales content, with direct links and high-level networking to all Global Distribution Systems (“GDSs”) around the world and 152 foreign and regional commercial airlines, covering over 400 domestic and overseas cities. The distribution network has reached 33 overseas countries and regions.

In 2021, the Group continued to strengthen the channel market, enhance the sales capabilities of foreign and regional commercial airlines, and enrich non-airline resources. The Group signed new LinkStar agreements with 7 major domestic Online Travel Agency (OTA) platforms to ensure the smooth implementation of new business policies; reshaped front-end products for agents and offered differentiated tariff products; reached business cooperation with 6 foreign commercial airlines, signed NDC business agreements, and connected with 9 NDC commercial airlines; enriched non-airline product resources, and with hotel business as a starting point, reached and empowered channel customers with rich non-airline distribution content through standardized interfaces, business travel, general front-end and other forms; optimized functions of business travel system, made breakthroughs and improvements in resource integration, value-added services, and system docking to enhance user experience; realized the ability to issue electronic invoices, and successfully accessed different types of agents including OTA, travel, and wholesale; and formulated and implemented the restriction plan on third-party data collection platform, to effectively eliminate the use of personal configurations to collect and illegally retrieve passenger information through third-party platforms with a high frequency. The overseas sales was further promoted, and the certification of 30 overseas neutral Billing and Settlement Plan (“BSP”) in total was completed.

AIRPORT INFORMATION TECHNOLOGY SERVICES

In 2021, while consolidating the market share of traditional departure front-end service products, the Group strengthened the research, development and promotion of airport information technology service products, and built an overall solution for airport smart operation with the airport collaborative decision-making system A-CDM as the core, covering ground service guarantee, apron management, flight delay service and other application systems. The Group guaranteed the operation of 7 new airports including Wuxuan, Heze and Chengdu Tianfu, undertook the system building project of Chengdu Tianfu Airport, and developed “intelligent travel whole-process series” products. It cooperated with Changsha Airport to officially release the transit facilitation and inter-provincial, inter-airline luggage check-in service so that 5 airports in Changsha, Shenzhen, Kunming, Zhengzhou and Lanzhou jointly established an “inter-provincial transit airport alliance”, and one-time check-in and one-time security check was realized for passengers by virtue of the TravelSky Transit Passenger Service Link (航信中轉通). Baggage Travel won the bid for the baggage tracking system project in the Beijing Capital, Shanghai Pudong and other large hub airports. Face boarding was deployed in 44 large, medium and small airports across the country; One ID passenger service platform was extended to 47 airports in Chongqing, Lhasa, etc.; and smart transit system was promoted to Dalian, Lanzhou, Guilin, Nanchang and other 16 airports. A-CDM system was put into operation at several airports with passengers over ten million including Shenzhen and Changsha. The product was selected as an excellent case in the ESG Blue Book of Listed Central Enterprises (2021) (《中央企業上市公司ESG藍皮書(2021)》), and together with the smart transit products, was included in the “Domestic New Products Promotion List on Chinese Brands’ Day (中國品牌日國貨新品推廣項目錄)” by Electronic United Information Association under the Ministry of Industry and Information Technology, which further improved the product image. The Group actively promoted the construction and implementation of the “Easy Check (易安檢)” platform and front-end solutions.



The departure front-end system of the new-generation APP dominated China's large and medium-sized airports and assisted commercial airlines in providing various services for passengers, such as boarding, transiting and connecting, in 68 overseas or regional airports. The number of departure passengers receiving such services reached approximately 1.5 million, accounting for approximately 82% of the number of passengers returning from overseas of such commercial airlines in China.

AIR FREIGHT LOGISTICS INFORMATION TECHNOLOGY SERVICES

In 2021, the Group continued to consolidate its leading position in the domestic aviation logistics information service market, re-signed the freight production system service contract with Air China Cargo Co., Ltd. to achieve long-term cooperation; comprehensively promoted products such as cargo terminal production system, cargo security inspection system, cargo ground operation service system and successfully signed new contracts with 14 cargo terminals customers; accelerated the promotion of electronic waybill business of civil aviation logistic, signed the electronic waybill service contract with Sichuan Airlines Logistics Co., Ltd., with a steady growth to 1.25 million electronic waybills.

PUBLIC INFORMATION TECHNOLOGY SERVICES

In 2021, the Group actively responded to and implemented the "14th Five-Year Plan", seized opportunities from the development of digital economy, and those from information technology services in the key areas of digital industrialization and industrial digitization. It accelerated the research, development and promotion of information technology service products. The Group completed the delivery of data center resources for key customers including China Galaxy Securities Company Limited and China United Network Communications Corporation Limited. It signed contracts with numbers of enterprises and institutions such as Beijing Diplomatic Service Corporation (北京外交人員服務總公司), China Welfare Lottery Technology Development (Beijing) Co., Ltd. (中福彩科技發展(北京)有限公司), and China National Pharmaceutical Group Co., Ltd. Our business extended from cloud computing services to information planning and digital transformation consulting services. More than 20 new customers were acquired in data intelligence services for different fields including government, finance, and cultural tourism. The Group continued to develop the general aviation information technology service market. The number of general aviation companies and airport users using the general aviation system reached 83, achieving a breakthrough in the field of aviation and airport informatization.

SAFE OPERATION

The Group's infrastructure serves the sustainable development of its business, the objectives of which are to ensure safety in production, satisfy the needs of business development, and strive to realize the safety, efficiency and low consumption of infrastructure by making full use of existing technologies, and commercial and management instruments, so as to achieve the sustainable development of business. The Group comprehensively reconstructed the safety system. It built a new safety system with "two levels + three fields (兩層+三領域)" and "three horizontal + three vertical (三橫+三縱)" as the main features to comprehensively improve the overall capability to guarantee safety. Through the establishment of a safe production accountability system, we continuously consolidated the safety foundation, comprehensively built a modern safety system with corresponding capabilities, and secured overall stable performance in safety throughout the year, which laid a solid foundation for the high-quality development of the enterprise and the safety of national civil aviation.



In 2021, the Group actively fulfilled social responsibilities, gave full play to its own advantages, and worked hard to improve quality and efficiency, as a way to provide strong technical support and service guarantee for scientific and technological anti-epidemic and resumption of work and production. On the one hand, we made every effort to ensure the smooth operation of ICS, CRS, APP, and core open systems. The utilization rate of three mainframe systems and major open platform systems exceeded 99.99%, which helped the joint prevention and control of the epidemic. We successfully guaranteed the safety operation of the civil aviation passenger information system during the Chinese Spring Festival travel rush, the National People's Congress and Chinese People's Political Consultative Conference sessions, the National Day, activities celebrating the centenary of the Communist Party of China and the Sixth Plenary Session of the 19th CPC Central Committee. The Group fully improved the capability to manage and control account security, and promoted the mainframe system to enter the era of real-name operation. On the other hand, the Group continued to accelerate the upgrading of core infrastructure facilities. It optimized the deployment of departure front-end configurations and self-service check-in systems at more than 40 airports. We improved the end-to-end, full-chain and intelligent monitoring system, fully covered the departure of ten airports, strengthened the monitoring and early warning capabilities of core business. We advanced energy saving and consumption reduction in depth. The annual PUE of the data center was less than 1.3, reaching the advanced level in the industry. The differentiated resource deployment in line with the grade of business was refined to effectively reduce the impact of single-cluster system failures on users and improve system security.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other relevant laws, regulations, policies and standards on environmental protection of China and operating locations. The Group has established an initial energy management system, and set up an organization and management institution for energy conservation and emission reduction to decompose tasks and objectives of energy conservation and ecological environmental protection into relevant management departments and production departments so as to continuously promote and ensure that energy conservation and ecological environmental protection is managed more standardized and efficient in a long run. In 2021, the Group continued to practise the concept of green development to improve the level of green operation, and formulated strict rules and regulations for greenhouse gases, hazardous and non-hazardous wastes and domestic sewage to well perform daily measurement, monitoring, management and up-to-standard discharge. We flexibly managed natural gas and electric energy based on time and situation to reduce unnecessary waste, and strive to reduce the impact on the ecological environment.

RISK FACTORS AND FUTURE DEVELOPMENT

In 2021, in the face of major changes in the operating environment including the global epidemic and the sharp contraction of international aviation market, the full recovery of China's civil aviation industry faced severe challenges. The Group encountered greater difficulties to develop and promote businesses. Facing the impact of the epidemic, the Group coordinated the ongoing epidemic prevention and control and high-quality development to stabilize the business cornerstone. It continued to consolidate the safety foundation, reinforce the technological innovation capability, and improve the risk prevention and control system and the talent incentive guarantee. The Group actively reduced cost and enhanced quality and efficiency as a way to mitigate the adverse impact of the epidemic, and steadily promote our operations in a sustainable manner. The Company's liquidity position also met the needs of working capital.



Besides the risk factors caused by the epidemic, the Group faces macroeconomic environment and geopolitical risks as well. The Group will pay close attention to the changes in the global macroeconomic status, flexibly adjust its market strategy and make efforts to achieve good operating results. Facing the risks of changeable market environment, the Group will thoroughly release its potential and work hard to strengthen the capability to innovate science and technologies, develop market, and serve customers so as to achieve stable and progressive market operations. The independent innovation of high-tech companies mainly relies on talents. To deal with the difficulty in keeping talents and the risk of losing talents, the Company will actively implement incentive policies for scientific and technological talents, and build a long-term mechanism of incentive and guarantee for scientific and technological innovation.

In this regard, the Group will stick to the strategic goal of building an “world first-class integrated information service enterprise”, continue to consolidate and develop aviation information technology service, integrate and develop distribution information technology service, strive to develop airport information technology service, and innovate and develop accounting, settlement and clearing service, and is committed to “enhancing internal control, preventing risk and promoting compliance” to promote the reform of the internal control system, perform the responsibility of risk subjects, improve the risk prevention and control mechanism, reinforce risk monitoring and response, advance the level of risk control management, and strengthen the construction of information management and control system, thereby boosting the modernization in the governance system and governance ability, so as to provide a solid foundation for the Group’s high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS



For the ease of having brief understanding in the situation of the Company, we have selected some key indicators, which can reflect the profitability, solvency and cash liquidity of the Company, to comprehensively reflect the financial position and operating results of the Company. The following discussion and analysis should be read in conjunction with the financial information contained in the audited financial statements of the Group (together with the notes thereto) prepared according to CASBE reproduced in this annual report. The following discussions on the summary of historical results do not represent a prediction as to the future business operations of the Group.

SUMMARY OF RESULTS OF OPERATIONS IN YEAR 2021

As stated in the announcement of the Company dated January 31, 2022, the profitability of the Company experienced a year-on-year increase, which is attributable to that the Company enhanced efforts in market expansion and communication with customers, reversed credit impairment losses, and further strengthened cost control in 2021, and that there has been an increase in the business of airport digital products.

The revenue and operating results of the Group mainly came from the Group's operations in China. For Year 2021, profit before taxation of the Group was approximately RMB663.9 million, representing an increase of approximately 111.3% over that in the year ended December 31, 2020 ("**Year 2020**"). Net profit attributable to shareholders of the parent was approximately RMB551.3 million, representing an increase of approximately 52.0% over that in Year 2020.

The basic and diluted earnings per share of the Group in Year 2021 were RMB0.19.

TOTAL REVENUE

The total revenue of the Group in Year 2021 amounted to approximately RMB5,476.2 million, representing a decrease of approximately RMB9.4 million, or 0.2%, from approximately RMB5,485.6 million in Year 2020. The decrease in total revenue is reflected as follows:

- Aviation information technology service revenue represented 38.8% of the Group's total revenue in Year 2021, as compared to 45.5% for Year 2020. Aviation information technology service revenue decreased by 14.7% from RMB2,495.5 million in Year 2020 to RMB2,127.5 million in Year 2021. The main sources of the revenue were Inventory Control System service, Computer Reservation System service and Airport Passenger Processing service, as well as other extended information technology services related to the above core business provided by the Group to commercial airlines. The decrease of the revenue was mainly due to the adjustment for services used by certain customers as affected by the epidemic.

Management Discussion and Analysis of Financial Conditions and Results of Operations



- Accounting, settlement and clearing services revenue accounted for 5.8% of the Group's total revenue in Year 2021, as compared to 6.6% for Year 2020. Accounting, settlement and clearing services revenue decreased by 11.7% from RMB359.6 million in Year 2020 to RMB317.5 million for Year 2021. The main source of the revenue was accounting, settlement and clearing services provided by the Group to third parties including commercial airlines, airports, agencies and government bodies, etc. The decrease of the revenue was primarily due to the year-on-year decrease of volume of international settlement and clearing business, which was affected by the overseas epidemic.
- System integration service revenue accounted for 25.1% of the Group's total revenue in Year 2021, as compared to 21.5% for Year 2020. System integration service revenue increased by 16.6% from RMB1,178.0 million in Year 2020 to RMB1,373.1 million for Year 2021. The main sources of the revenue were hardware integration, software integration and data and information integration services provided by the Group to airports, commercial airlines and other corporate clients. The increase of the revenue was primarily due to the year-on-year increase in projects that met the completion acceptance conditions.
- Data network revenue accounted for 9.5% of the Group's total revenue in Year 2021, as compared to 8.9% for Year 2020. Data network revenue increased by 6.1% from RMB489.4 million in Year 2020 to RMB519.4 million for Year 2021. The main source of the revenue was distribution information technology service provided by the Group to agencies. The increase of the revenue was mainly due to increased business volume of distribution information technology service.
- Other revenue accounted for 20.8% of the Group's total revenue in Year 2021, as compared to 17.6% for Year 2020. Other revenue increased by 18.2% from RMB963.1 million in Year 2020 to RMB1,138.7 million for Year 2021. The sources of the revenue were other technology services, payment business, room tenancy and other services provided by the Group. The increase of the revenue was mainly due to the increase in other technical services and payment business.



TOTAL OPERATING EXPENSES

Total operating expenses for Year 2021 amounted to RMB5,309.3 million, representing an increase of RMB491.9 million or 10.2%, as compared to RMB4,817.4 million for Year 2020. The changes in total operating expenses are reflected as follows:

- Staff costs increased by 7.7%, mainly due to the fact that the Group was entitled to social insurance premium exemption in 2020 and there was no social insurance premium exemption in 2021;
- Depreciation and amortisation increased by 9.9%, mainly due to the increase of depreciation and amortization resulted by the increase of fixed assets and intangible assets of the Group;
- Selling costs of software and hardware increased by 9.7%, mainly due to the increase in business volume of contracted projects of the Group;
- Technical support and maintenance fees increased by 45.2%, mainly due to the increase in R&D projects of the Company; and
- Other operating expenses decreased by 7.5%, mainly due to the reduction of daily operating expenses of the Group as affected by the epidemic.

As a result of the above changes in revenue and total operating expenses and considering that the Group reversed certain losses from credit impairment through strengthening market expansion and communication with customers, the operating profit of the Group increased by approximately RMB346.7 million, or approximately 106.7%, from approximately RMB324.8 million in Year 2020 to approximately RMB671.5 million in Year 2021.

CORPORATE INCOME TAX

Under the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), in general, the applicable income tax rate of enterprises in China is 25%. Pursuant to relevant requirements, enterprises recognised as the "High and New Technology Enterprise" are entitled to a preferential corporate income tax rate of 15% according to the CIT Law. The Company was approved and certified by relevant authorities as a "High and New Technology Enterprise" since its establishment, and was reviewed to renew the status of "High and New Technology Enterprise" in accordance with relevant regulatory requirements. The latest review was completed in December 2020, and the Company maintained its status as the "High and New Technology Enterprise", and was confirmed to be entitled to the preferential corporate income tax rate of 15% from Year 2020 to Year 2022 as a "High and New Technology Enterprise". Hence, the Company has calculated the expenses on corporate income tax for Year 2021 using the preferential tax rate of 15%. For details of corporate income tax of the Group for Year 2021, please see Note 4 to the financial statements.



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT OF THE COMPANY

Net profit attributable to shareholders of the parent of the Company increased by approximately 52.0% from approximately RMB362.8 million in Year 2020 to approximately RMB551.3 million in Year 2021.

DISTRIBUTION OF PROFIT

According to the Company Law of the People's Republic of China (the "**Company Law**"), relevant laws and regulations, and the articles of association of the Company (the "**Articles**"), the profit after taxation of the Company during the year is distributed in the following order: (i) making up cumulative prior years' losses, if any; (ii) appropriation to the statutory surplus reserve fund; (iii) appropriation to the discretionary surplus reserve fund; (iv) appropriation to the distribution of dividends for ordinary shares.

DISCRETIONARY SURPLUS RESERVE FUND

In Year 2021, the discretionary surplus reserve fund for Year 2020 approved to appropriate at the annual general meeting held on May 27, 2020 and the statutory surplus reserve fund for Year 2021 that should be appropriated have been accounted for in the financial statements of the Group for Year 2021.

The proposed appropriation of 10% of profit after taxation in the financial statements of the Company prepared in accordance with CASBE with an amount of RMB40.0 million to the discretionary surplus reserve fund for Year 2021 is subject to shareholders' approval at the forthcoming annual general meeting (the "**AGM**"). Therefore, the amount will be recorded in the Group's financial statements for the year ending December 31, 2022.

DISTRIBUTION PROPOSAL OF FINAL CASH DIVIDEND FOR YEAR 2021

On March 24, 2022, the Board of the Company proposed the distribution of a final cash dividend of RMB160.9 million, representing RMB0.055 per share (tax inclusive) for Year 2021 (the "**Final Dividend**") as calculated based on the total number of shares in issue of the Company of 2,926,209,589 shares as at the issue date of this report. Upon distribution of the above Final Dividend, the distributable profit as at December 31, 2021 of the Company is approximately RMB7,108.5 million (as at December 31, 2020: RMB7,017.1 million).

The Company will submit the above Final Dividend distribution proposal to the forthcoming AGM. If such proposal is approved at the AGM, the Final Dividend for Year 2021 is expected to be paid on or before September 30, 2022. The date of the AGM has not been fixed, and detailed arrangements in relation to the AGM (including the date and book closure period) will be disclosed by the Company in due course. Further, upon conclusion of the AGM, the Company will publish an announcement on the matters related to the Final Dividend, including, among other things, the amount of Final Dividend per share in Hong Kong dollar, book closure period, ex-date, dividend payment date and dividend tax, etc.



RESERVES AVAILABLE FOR DISTRIBUTION TO SHAREHOLDERS

After the appropriation of the statutory surplus reserve fund and the discretionary surplus reserve fund from the Company, the reserves available for distribution to shareholders as at December 31, 2021 amounted to RMB7,269.5 million (as at December 31, 2020: RMB7,063.9 million).

LIQUIDITY AND CAPITAL STRUCTURE

The following table summarises the cash flows of the Group for the following years:

	For the year ended December 31,	
	2021 RMB'million	2020 RMB'million
Net cash flow generated from operating activities	2,942.8	164.2
Net cash flow used in investing activities	-796.8	-311.9
Net cash flow used in financing activities	-165.6	-691.1
Net increase in cash and cash equivalents	1,974.7	-862.0
Effect of foreign exchange rate changes on cash and cash equivalents	-5.8	-23.2

The Group's working capital for Year 2021 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB2,942.8 million. As at December 31, 2021, the Group did not use any financial instruments for hedging purpose. As at December 31, 2021, cash and cash equivalents of the Group amounted to RMB6,339.2 million, of which 95.4%, 3.9% and 0.3% were denominated in Renminbi, U.S. dollar and new Taiwan dollar, respectively.

RESTRICTED BANK DEPOSITS

As at December 31, 2021, restricted bank deposits in the amount of RMB124.8 million (as at December 31, 2020: RMB92.3 million) mainly refer to the deposits placed at designated bank accounts as guarantee deposits to secure, amongst others, the settlement of related business.

TRUST DEPOSITS AND IRRECOVERABLE OVERDUE TIME DEPOSITS

As at December 31, 2021, the Group did not have any trust deposits and irrecoverable overdue time deposits. All cash deposits held by the Group are deposited with commercial banks and complied with applicable laws and regulations.

FOREIGN EXCHANGE RISKS

The Group's foreign exchange risk arises from commercial transactions and assets and liabilities denominated in foreign currencies. Fluctuation of the exchange rates of Renminbi against foreign currencies could affect the Group's operational results.



FINANCIAL ASSETS INVESTED

With regard to capital management, based on the principles of prudence and soundness, the Group generally chooses principal-protected wealth management products with interest rates higher than those of bank deposits for the same period, so that the Group can maximize its capital gains.

In Year 2021, the Group had the following major financial assets:

(1) Trading Financial Assets

As at December 31, 2021, the Group held structural bank deposits issued by Bank of Communications, Industrial Bank and Bank of Beijing of RMB1,100 million, RMB1,100 million and RMB1,100 million, with total structural bank deposits of RMB3,300 million (floating yield). The annual interest rate of such structural bank deposits varied from 1.35% to 4.55%. Such structural bank deposits have a maturity period ranging from 90 to 189 days and are non-cancellable before maturity.

(2) Financial Assets at Amortised Cost

As at December 31, 2021, the Group held certificates of deposit for more than three months issued by China Construction Bank, Bank of Communications and China Minsheng Bank of RMB405 million, RMB140 million and RMB75 million, with total certificates of deposit for more than three months of RMB620 million. The annual interest rate of such bank deposits varied from 2.0% to 3.85%. Such bank deposits have a maturity period ranging from 365 to 1,096 days and are non-cancellable before maturity.

(3) Financial Assets at Fair Value whose Changes were Recorded through Other Comprehensive Income:

Name of investment	Business nature	Percentage of shareholding as at December 31, 2021 %	Percentage of shareholding as at December 31, 2020 %	Fair value as at December 31, 2021 RMB'000	Fair value as at December 31, 2020 RMB'000	Gain as of December 31, 2021 RMB'000	Gain as of December 31, 2020 RMB'000
Unlisted equity (measured at fair value)							
- CMRH Life	Life insurance	13.26	13.26	850,623	893,203	-42,580	9,453



The performance and prospects of the financial assets “CMRH Life” during the period were as follows:

- a. **Name of the company:** China Merchants RenHe Life Insurance Company Limited (“CMRH Life”)
- b. **Business scope:** general insurance (including life insurance and annuity insurance), health insurance, accident injury insurance, bonus insurance, omnipotent insurance, reinsurance of all of the above insurance businesses, the application of the insurance funds allowed by the State laws and regulations, and other businesses approved by the China Banking and Insurance Regulatory Commission.
- c. **Investment cost of the Company:** RMB875.0 million.
- d. **The percentage of the shareholding held by the Company:** 13.26%.

Note: As stated in the announcement of the Company dated October 17, 2019, the Company decided not to participate in the capital increase of CMRH Life. The capital increase was completed on April 16, 2020. The shareholding of the Company in CMRH Life was diluted from 17.5% to 13.26%.

- e. **The fair value and the scale relative to the total assets of the Group:**

As at December 31, 2021, the Group invested a fair value of approximately RMB850.6 million in CMRH Life, accounting for 3.5% of the total assets of the Group.

- f. **The performance in Year 2021:**

According to the information provided by CMRH Life to the Company, it recorded a loss of RMB589.0 million in Year 2021, mainly because up-front costs are required for branch establishment, channel expansion and other aspects during the period of rapid business expansion for life insurance company, and loss was incurred by CMRH Life in the early stage of the development of business is in compliance with general operating rules in life insurance industry.

- g. **Strategies of future investments and the prospects of such investments:**

According to the information provided by CMRH Life to the Company, the life insurance industry in the PRC is transforming to high-quality development, opening a new round of life insurance industry development boom cycle. CMRH Life will actively promote innovation and development, focus on value growth and continue to promote the implementation of the four major strategies of “value leading, innovation driving, technology empowering, risk control assurance”, give full play to the shareholders’ advantages and strive to build into a quality insurance service provider with innovative characteristics.



(4) Financial Assets at Fair Value whose Changes were Recorded through Profit or Loss:

China Mobile Equity Fund

As stated in the announcement of the Company dated April 16, 2020, the Company entered into the limited partnership agreement (the “**Agreement**”) in relation to the formation of China Mobile Equity Fund (Hebei Xiongan) Partnership (Limited Partnership)* (中移股權基金(河北雄安)合夥企業(有限合夥)) (“**China Mobile Equity Fund**”) with China Mobile Capital Holding Co., Ltd.* (中移資本控股有限責任公司), other investors (together with the Company and China Mobile Capital Holding Co., Ltd.* (中移資本控股有限責任公司), as the limited partners) and China Mobile Fund Co., Ltd.* (中移股權基金管理有限公司) (as the general partner), pursuant to which, the Company agreed to contribute RMB1 billion in cash to China Mobile Equity Fund during the term of the Agreement. China Mobile Equity Fund will mainly invest in 5G industry application and information communication industry chain, ecosystem and empowerment industry.

As of December 31, 2021, the Company has actually contributed (including the fund management fee) RMB354.6 million pursuant to the Agreement. Please refer to Note 12.1 to the financial statements for details.

CHARGE ON ASSETS

As at December 31, 2021, the Group had no charge on its assets.

CONTINGENT LIABILITIES

As at December 31, 2021, the Group had no material contingent liabilities.

GEARING RATIO

As at December 31, 2021, the gearing ratio of the Group was 20.2% (as at December 31, 2020: 17.6%), which was computed by dividing the total liabilities by the total assets of the Group as at December 31, 2021.

MAJOR INVESTMENT OR FINANCING PLAN

As of December 31, 2021, the Group did not have any major investment or plan to acquire major capital assets. The Board estimates that the sources of funding of the Group in 2022 will be sufficient for the capital requirement of daily operations and the Group does not have any major financing plan.

The total capital expenditure of the Group amounted to RMB867.7 million for Year 2021 (2020: RMB941.8 million), mainly used in the Company’s daily operation.

As at December 31, 2021, the Group’s capital expenditure commitment amounted to approximately RMB734.1 million, which will be mainly used for the Company’s daily operation, maintenance, research and development and upgrading of computer system, China Mobile Equity Fund (an unlisted investment fund), etc. The sources of funding for such commitments will include existing cash on hand and internal cash flows generated from operating activities of the Group.



EMPLOYEES

The Group has different rates of remuneration for different employees (including executive directors and staff supervisors), according to their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations, as amended from time to time. The remuneration of the employees of the Group includes salaries, bonuses and fringe benefits provided in compliance with relevant regulations of the PRC, as amended from time to time, such as medical insurance, pension, unemployment insurance, maternity insurance and housing funds. The Group also provides its employees with opportunities to acquire skills in areas such as the aviation and travel industry, computer information technology and business administration, and provides training on the latest development in areas such as computer information technology, personal qualities, laws, regulations and economics. In 2007, the Group implemented a corporate annuity scheme (or supplementary pension plan) in accordance with relevant policies of the PRC. According to the corporate annuity scheme, the Group is required to make provision for monthly corporate annuity fees with reference to the total actual salary each month in the previous year and the ratio approved by the relevant authorities of the PRC. It also needs to deposit the annuities in the custody account of corporate annuity fund opened by its custodian.

Please refer to Note 14.2 to the financial statements for details of the pension plan.

As at December 31, 2021, the total number of employees of the Group was 6,608.

Staff costs of the Group amounted to approximately RMB1,912.2 million for Year 2021 (2020: RMB1,775.2 million), representing approximately 36.5% of the total operating expenses of the Group for Year 2021, among which, the aggregate corporate annuity expenses of the Group amounted to approximately RMB66.3 million for Year 2021 (2020: RMB66.7 million).

TERMINATION OF PHASE II H SHARE APPRECIATION RIGHTS SCHEME

As stated in the announcement of the Company dated November 26, 2019 in relation to the proposed adoption of Phase II H share appreciation rights scheme (the “**Appreciation Rights Scheme**”) and the relevant initial grant proposal (the “**Initial Grant Proposal**”), the circular of the Company dated December 2, 2019 in relation to the proposed adoption of Appreciation Rights Scheme, the voluntary announcement of the Company dated January 3, 2020 in relation to the approval of the Appreciation Rights Scheme by the State-owned Assets Supervision and Administration Commission of the State Council and the announcement of the Company dated January 16, 2020 in relation to the poll results of the resolution passed at the extraordinary general meeting, the Appreciation Rights Scheme has been approved by the extraordinary general meeting convened by the Company on January 16, 2020 and taken effect on the same date. As disclosed in the 2021 interim report of the Company dated September 15, 2021, the Company granted 34,582,624 H share appreciation rights to 484 incentive recipients in total and the corresponding number of H shares would amount to approximately 1.18% of the total issued share capital of the Company.

As stated in the announcement of the Company dated December 2, 2021, the Board decided to terminate the Share Appreciation Rights Scheme and the Initial Grant Proposal on December 2, 2021, and enter into an agreement with the incentive recipients to terminate the share appreciation rights granted but not yet exercised before the date of the announcement. According to relevant regulatory requirements, the Company will timely study and launch other effective incentive plan in order to achieve practical incentive effects and promote the Company’s sustainable and healthy development.

In Year 2021, the relevant fee of aforesaid Appreciation Rights Scheme has been accrued to approximately RMB89.6 million. The Company reduced relevant costs of RMB66.1 million according to CASBE, and the adjustment has been reflected in the financial statements of the Company for Year 2021. Please refer to Note 11 to the financial statements for details.

CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE PRACTICE

The Board has adopted the code provisions as stipulated in the Corporate Governance Code (the “**Code Provision(s)**”) in Appendix 14 to the Listing Rules and its latest amendments from time to time, as the Company’s code of corporate governance practices.

In compliance with the principles set out in the Corporate Governance Code, the Board is committed to implementing effective corporate governance policies to ensure that all decisions are made in good faith and in accordance with the principles of transparency, fairness and integrity. With necessary and effective counterbalance, the Group continues to improve its corporate governance structure, so as to raise the quality of supervision and management, and to meet the expectation of its shareholders and the relevant parties.

In Year 2021, the Company fully complied with the Code Provisions.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the securities transactions of the Company’s directors and supervisors.

Having made specific enquiries of all directors, no director failed to comply with the relevant requirements of the Model Code in Year 2021.

THE BOARD

According to the provisions of the Articles, the Board of the Company comprises nine directors, with external directors accounted for more than half of the total number of directors and including at least three independent non-executive directors.

The composition of the seventh session of the Board of the Company: (i) Mr. Huang Rongshun and Mr. Xiao YinHong acted as the executive directors of the seventh session of the Board of the Company; (ii) Mr. Zhao Xiaohang, Mr. Xi Sheng and Mr. Luo Laijun acted as the non-executive directors of the seventh session of the Board of the Company; (iii) Mr. Cao Shiqing, Dr. Ngai Wai Fung and Mr. Liu Xiangqun acted as the independent non-executive directors of the seventh session of the Board of the Company. Mr. Huang Rongshun, an executive director, served as the Chairman of the seventh session of the Board.

As stated in the announcements of the Company dated July 9, 2021 and August 5, 2021:

- (1) As at the extraordinary general meeting of the Company, Mr. Huang Rongshun has been elected as the executive director of the seventh session of the Board; Mr. Cui Zhixiong, the former chairman and executive director of the seventh session of the Board, ceased to be the chairman and executive director of the Company.



- (2) Following the abovementioned extraordinary general meeting, as at the seventh session of the Board of the Company, Mr. Huang Rongshun was elected as the Chairman of the seventh session of the Board, and also appointed as the Chief Member (Chairman) of the Nomination Committee and the Strategy and Investment Committee (Legal Compliance Committee). Mr. Cui Zhixiong, the former Chief Member (Chairman) of the Nomination Committee and the Strategy and Investment Committee (Legal Compliance Committee) of the seventh session of the Board, ceased to be the Chief Member (Chairman) of the Nomination Committee and the Strategy and Investment Committee (Legal Compliance Committee) of the Company.

For Year 2021, the list of directors of the Company, their positions in each special committee and the attendance of each of the directors for relevant meetings, such as Board meetings, are as follows.

Name	Position	Board meetings	General meetings	Attendance rate for meetings (Note 1)				Strategy and Investment Committee (Legal Compliance Committee) ("Strategy Committee") meetings
				Audit and Risk Management Committee ("Audit Committee") meetings	Remuneration and Evaluation Committee ("Remuneration Committee") meetings	Nomination Committee meetings		
Huang Rongshun (Note 2)	Chairman, Executive Director; Chief Member of Nomination Committee; Chief Member of Strategy Committee	100%	100%	-	-	-		100%
Xiao Yinhong	Executive Director, General Manager; Member of Strategy Committee	100%	100%	-	-	-		100%
Zhao Xiaohang	Non-executive Director; Member of Strategy Committee	0% (Note 1)	0%	-	-	-		100%
Xi Sheng	Non-executive Director; Member of Strategy Committee	20% (Note 1)	0%	-	-	-		100%
Luo Laijun	Non-executive Director; Member of Strategy Committee	20% (Note 1)	0%	-	-	-		0%
Cao Shiqing	Independent Non-executive Director; Member of Audit Committee; Chief Member of Remuneration Committee; Member of Nomination Committee	80% (Note 1)	67%	50%	100%	-		-

Corporate Governance Report



Name	Position	Board meetings	Attendance rate for meetings (Note 1)					Strategy and Investment Committee (Legal Compliance Committee) ("Strategy Committee")
			General meetings	Audit and Risk Management Committee ("Audit Committee")	Remuneration and Evaluation Committee ("Remuneration Committee")	Nomination Committee		
Ngai Wai Fung	Independent Non-executive Director; Chief Member of Audit Committee; Member of Remuneration Committee	100%	100%	100%	100%	-	-	
Liu Xiangqun	Independent Non-executive Director; Member of Audit Committee; Member of Remuneration Committee; Member of Nomination Committee	100%	100%	100%	100%	-	-	
Cui Zhixiong (Note 2)	Resigned Executive Director; Resigned Chief Member of Nomination Committee Resigned Chief Member of Strategy Committee	100% (Note 1)	67%	-	-	-	-	

Notes:

- Attendance rate = Number of meetings attended/Number of meetings ought to be attended by such director in 2021, excluding meetings by way of circulation of written proposals. The attendance rates of all directors at the meetings held by way of circulation of written proposals are 100% but are not included in the above attendance rate table.

During Year 2021, the Board held five physical meetings and three meetings by way of circulation of written proposals, and convened one annual general meeting and two extraordinary general meetings. The Audit Committee held two physical meetings. The Remuneration Committee held one physical meeting and one meeting by way of circulation of written proposals. The Nomination Committee held one meeting by way of circulation of written proposals. The Strategy Committee held one physical meeting and one meeting by way of circulation of written proposals.

When director Zhao Xiaohang, director Xi Sheng, director Luo Laijun, director Cao Shiqing failed to attend a Board meeting in person, they appointed other directors to vote and express their views on their behalf by written authorization.

- Director Cui Zhixiong resigned on August 5, 2021, and director Huang Rongshun took up his position on August 5, 2021.



The Board is accountable to the general meeting in accordance with the Articles and performs the following duties: convening general meetings and reporting its work therein; implementing resolutions passed at the general meetings; determining business plans and investment plans; preparing the annual budgets and accounts; proposing to shareholders on the distribution of dividends and bonuses as well as increment and decrement of share capital; establishing proposals for amendment to the Articles; deciding other significant affairs and administrative issues of the Company other than issues to be resolved at the general meetings as stipulated in the Company Law and the Articles; and exercising other power by virtue of office and obligations as delegated by the general meetings and the Articles.

The Board is responsible for leading and monitoring the Company, and collectively making decisions and supervising the operation of the Company. The Board is responsible for preparing accounts for each financial period to ensure that they reflect the Group's business and results during the period in a true and fair manner. The Board accepts responsibilities for the preparation of the Group's financial statements. As at the date of this report, the Board has not been aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Headed by the General Manager, the management of the Company is responsible for overseeing the management of the Company's daily production and operation, coordinating the implementation of the Board resolutions, coordinating the implementation of the annual business plans and investment proposals, formulating plans for the internal management bodies, formulating plans for the branches of the Company, establishing the basic management system, formulating the basic constitution and performing other duties as delegated by the Board. The management briefs the Board on the financial conditions and major operating performance of the Company every month, submits financial or other information to the Board for review and approval, and provides full explanations and information to questions addressed by the Board.

The Board includes three independent non-executive directors, representing one-third of the Board, which is in compliance with the requirements of Rules 3.10 and 3.10A of the Listing Rules. During the reporting period, the Company received from the three independent non-executive directors, namely Mr. Cao Shiqing, Dr. Ngai Wai Fung and Mr. Liu Xiangqun, annual confirmations of their independence submitted to the Company in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the above independent non-executive directors are independent.

In Year 2021, as required under Code Provision C.1.4, each director of the Company actively participated in continuous professional development to develop and refresh his knowledge and skills. This is to ensure that his contribution to the Board remains informed and relevant.

In Year 2021, the Company Secretary provided each director with updates and amendments to the Listing Rules and other regulatory laws and regulations from time to time and arranged induction training for the newly appointed directors, including talks on directors' responsibilities by the legal advisor and trainings on directors' continuing obligations under the Listing Rules as well as the rules and requirements of the Guidelines on Disclosure of Inside Information.



In Year 2021, the compliance with Code Provision C.1.4 of each director according to the learning and training records provided by individual director is as follows:

Executive Directors

Mr. Huang Rongshun	A, B
Mr. Cui Zhixiong (resigned)	A, B
Mr. Xiao Yinhong	A, B

Non-executive Directors

Mr. Zhao Xiaohang	A, B
Mr. Xi Sheng	A, B
Mr. Luo Laijun	A, B

Independent Non-executive Directors

Mr. Cao Shiqing	A, B
Dr. Ngai Wai Fung	A, B
Mr. Liu Xiangqun	A, B

Notes:

A: self-learning and reading updates and amendments to relevant laws and regulations including the Listing Rules

B: attending thematic training talks organised by professional bodies

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In Year 2021, the Chairman of the Board of the Company is Mr. Cui Zhixiong (resigned from August 5, 2021) and Mr. Huang Rongshun (took up his position on August 5, 2021) while the General Manager (Chief Executive Officer) of the Company is Mr. Xiao Yinhong.

RELATIONSHIP AMONG MEMBERS OF THE BOARD

In Year 2021, all members of the Board have no financial, business, family or other material/relevant relationships with each other (including the Chairman and the Chief Executive Officer).

TERMS OF NON-EXECUTIVE DIRECTORS

Name	Position	Date of Appointment	Expiry Date
Zhao Xiaohang	Non-executive Director	February 27, 2020	February 27, 2023
Xi Sheng	Non-executive Director	February 27, 2020	February 27, 2023
Luo Laijun	Non-executive Director	February 27, 2020	February 27, 2023
Cao Shiqing	Independent Non-executive Director	February 27, 2020	February 27, 2023
Ngai Wai Fung	Independent Non-executive Director	February 27, 2020	February 27, 2023
Liu Xiangqun	Independent Non-executive Director	February 27, 2020	February 27, 2023



BOARD COMMITTEES

Corporate Governance Functions

The Board of the Company is responsible for corporate governance functions, including developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors and reviewing the Company's compliance with the Code Provisions and disclosure in the "Corporate Governance Report".

The Board has adopted the Code Provisions as the Company's code of corporate governance and established four special committees dedicated in conducting investigation and research, making analysis and giving specific advice to the Board in respect of strategic investment, nomination, remuneration, financial reporting, internal control and risk management, etc. The Company, from time to time, reminds the directors and senior management to learn new rules and laws proactively and take effective management action to discharge their duties cogently. The Company has set up more than ten basic management systems relating to legal compliance, including the "Measures for the Administration of Information Disclosure", the "Legal Affairs Regulations" and the "Regulations on Contracts". The Board has adopted Appendix 10 to the Listing Rules as the Model Code regarding the securities transactions by the Company's directors and supervisors and has also formulated the "Model Code for Securities Transactions by Employees" of the Company.

Audit and Risk Management Committee

The Audit Committee's role and functions are available at the Company's website. They mainly include: reviewing financial reports in respect of its completeness, accuracy and integrity; receiving reports from the management and auditors; making enquiries and receiving reasonable explanations to and from the Company's financial department and auditors on the Company's financial position; reviewing issues in respect of the Group's financial reporting, risk management and internal control and reporting the same to the Board.

The Audit Committee comprises three independent non-executive directors, namely Dr. Ngai Wai Fung, Mr. Cao Shiqing and Mr. Liu Xiangqun. Dr. Ngai Wai Fung serves as the Chief Member (Chairman) of the Audit Committee. The term of each member of the committee is the same as his respective term as a director.



In Year 2021, the Audit Committee convened two meetings, and independent non-executive directors Dr. Ngai Wai Fung and Mr. Liu Xiangqun attended two meetings, independent non-executive director Mr. Cao Shiqing attended one meeting and entrusted other member to attend and express his views at another meeting. The work of the Audit Committee during the year is mainly as follows:

1. received reports on financial work from the financial officers of the Company and reviewed the interim and annual consolidated financial statements, annual report and interim report of the Company, including accounting standards adopted by the Company, any changes in accounting policies and practices, major judgmental areas, significant audit adjustments, the going concern assumptions and any qualified opinion, and compliance with accounting standards and legal and regulatory requirements in relation to financial reporting; and had discussions with the management of the Company.
2. met with the auditors at least twice and met with the auditors at least annually in the absence of the Company's management; discussed with the auditors the nature and scope of the audit and reporting obligations; received the audit procedures and work plan for the annual audit and interim review from the auditors; listened to the management's explanation and response to any queries raised by the external auditors during auditing and gave specific opinions and recommendations.
3. conducted an interim review and an annual review on the Company's connected transactions, and gave opinions and recommendations regarding the relevant internal management and control mechanism.
4. reviewed the risk management and internal control system of the Company and reported the same to the Board, and gave opinions and recommendations in respect of the effectiveness of risk management and internal control system.
5. reviewed the independence of auditors and audit procedures, and proposed recommendations in relation to the appointment of auditor and remuneration budget to the Board.

Remuneration and Evaluation Committee

The role and functions of the Remuneration Committee are available at the Company's website. They mainly include: studying appraisal criteria for directors and senior management, carrying out appraisal and giving advice according to the Company's actual operation; studying and reviewing remuneration policies and proposals of directors and senior management, and evaluating their performance; advising the Board on the remuneration policies and frameworks of directors and senior management of the Company, and on the standard procedure of setting up such remuneration policy; and monitoring the implementation of the Company's remuneration scheme.

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Cao Shiqing, Dr. Ngai Wai Fung and Mr. Liu Xiangqun. Mr. Cao Shiqing serves as the Chief Member (Chairman) of the Remuneration Committee. The term of each member of the committee is the same as his respective term as a director.



As stated in the circular of the Company dated January 10, 2020, the announcement of the Company dated February 27, 2020 and the 2020 interim report, pursuant to the approval obtained in the general meeting and the relevant rules and requirements issued by the domestic regulators as well as the obligations assumed by each of the directors and supervisors, the current remuneration policies for directors and supervisors approved by the seventh session of the Board of the Company are as follows:

- (1) the annual basic remuneration of each independent non-executive director is RMB60,000 (inclusive of tax). If he serves as a chief member of a special committee, his annual basic remuneration shall be RMB70,000 (inclusive of tax). He may receive a meeting allowance of RMB3,000 or RMB2,000 (inclusive of tax) for each attendance at the Board meetings or special committee meetings;

If an independent non-executive director is a retired person-in-charge of a central State-owned enterprise, the work subsidy standards for the independent non-executive director shall be dynamically adjusted annually in accordance with the results of the annual performance appraisal; (i) the work subsidy shall be provided by the Company in advance according to the monthly standard of RMB5,000 (before tax) per person in the current year, that is, RMB60,000 (before tax) per person per year; (ii) after determining the results of the annual performance appraisal in the previous year, the Company shall settle the balance of work subsidy according to the following specific standards: if she or he receives a excellent appraisal, she or he is entitled to receive an annual work subsidy of RMB100,000 (before tax) per person; if she or he receives a good appraisal, she or he is entitled to receive an annual work subsidy of RMB80,000 (before tax) per person; if she or he receives an appraisal of basically competent or less, she or he is entitled to receive an annual work subsidy of RMB60,000 (before tax) per person; and (iii) if she or he has worked in the Company for less than one year, the work subsidy shall be calculated according to the actual number of months and she or he shall cease to receive any other monetary income from the Company.

- (2) the annual basic remuneration of each independent supervisor is RMB60,000 (inclusive of tax), with no meeting allowance;
- (3) with reference to the relevant regulatory requirements, except for independent directors and independent supervisors, other directors and supervisors (regardless of being Chairman of the Board and the Supervisory Committee, or member or chief member of any special committee) are not entitled to such remuneration, bonus and meeting subsidies;
- (4) the aforementioned adjustment procedures of remuneration standard: the adjustment proposal shall be formulated by the Remuneration Committee and submitted to the Board for consideration. Such adjustment proposal shall comply with relevant requirements of laws and regulations, requirements of regulatory authorities and shall be implemented by the Board according to the authorization and approval by the general meeting.



In Year 2021, the Remuneration Committee held two meetings (including one meeting by way of circulation of written proposals). All members attended the meetings and discussed the renewal of the liability insurance for directors and senior management, the early termination of the Appreciation Rights Scheme Phase II and Initial Grant Proposal and other relevant matters.

Details of remuneration of the directors and senior management are set out in note 10.5 to the financial statements.

Nomination Committee

The role and functions of the Nomination Committee are available at the Company's website. They mainly include: reviewing the structure, size and composition of the Board; identifying candidates suitably qualified to become directors; assessing the independence of independent directors; and making recommendations to the Board on the above matters and the appointment planning for directors.

The Nomination Committee comprises the Chairman of the Company at that time and executive director, namely Mr. Cui Zhixiong, and two independent non-executive directors, namely Mr. Cao Shiqing and Mr. Liu Xiangqun. Mr. Cui Zhixiong serves as the Chief Member (Chairman) of the Nomination Committee. The term of each member of the Nomination Committee is the same as his respective term as a director. Mr. Cui Zhixiong ceased to be the Chairman, executive director and the Chief Member of the Nomination Committee from August 5, 2021, and Mr. Huang Rongshun, the new Chairman of the Board, was appointed as the Chief Member (Chairman) of the Nomination Committee to replace Mr. Cui Zhixiong.

The nomination and recommendation policies of the Company's directors are as follows: the major promoter shareholders nominate and recommend candidates for directors (other than independent non-executive directors) while the Nomination Committee selects suitable candidates for independent non-executive directors. Such candidates for directors (including independent non-executive directors) must at least fulfill the relevant requirements of Chapter 6 of the Company Law, Chapters 3 and 13 of the Listing Rules and Chapter 14 of the Articles. Candidates for independent non-executive directors must also satisfy the independence requirement as set out in Chapter 3 of the Listing Rules. The Board is responsible for submitting the details about the candidates to the general meeting. The appointment and removal of directors shall be determined by the general meeting.

In 2013, the Nomination Committee of the Company established the basic principles of the board diversity policy of the Company, including: open gender; adopting the age of 70 as the upper age limit, pursuant to which no candidate aged 70 or above shall be nominated in principle, and if a director will become 70 years old within his/her term of office, the Company may consider to shorten his/her term as appropriate in accordance with the opinion of the domestic regulatory authorities; for the cultural and academic background or professional experience, a director shall, in general, possess an advanced level of education, and his/her expertise and experience shall be considered according to its relevance with the business of the Company or the management of listed companies, such as information technology, network technology, communication technology, finance, accounting, law, management and marketing. The Company has noted that the Listing Rules on gender diversity of the board of directors have been amended. The Company is actively studying and strives to comply with the Listing Rules as soon as practicable.



In accordance with the Articles, the Board of the Company shall comprise nine directors, of which at least one-half of the directors are external directors (including at least three independent non-executive directors), and at least one-third of the directors are independent non-executive directors. Directors shall be elected by way of ordinary resolution at the general meeting; in case more than nine directors are approved, those who have got the highest votes shall be elected as directors. A director serves for a term of not more than three years and is subject to re-election upon expiry. Any director who has unexpired terms of office may be removed by way of ordinary resolution at the general meeting provided that the general meeting is conducted in accordance with the relevant laws and administrative rules.

A shareholder's written notice about his intention to nominate a director's candidate and a written notice given by such candidate of his willingness to be nominated shall be sent to the Company after the date of despatch of the notice of the general meeting appointed for such election and at least seven days prior to the date of such general meeting. The procedures for nominating a director by a shareholder are available at the Company's website.

In Year 2021, the Nomination Committee held one meeting by way of circulation of written proposals and all members attended the meeting. During the reporting period, the Nomination Committee considered the proposals on the appointment of Mr. Huang Rongshun as the Chairman of the Board, executive director, the Chief Member of the Nomination Committee and the Chief Member of the Strategy Committee of the Company.

Strategy and Investment Committee (Legal Compliance Committee)

The Strategy Committee is responsible for studying and advising the Company on its long term development strategies and significant investment decisions, including major issues which may affect the development of the Company such as significant investment and financing plans, significant capital operations and asset operations projects, as well as legal compliance issues. Its duties were disclosed on October 16, 2018, and are available at the Company's website.

In Year 2021, the Strategy Committee comprises Mr. Cui Zhixiong (the Chairman of the Company at that time and executive director), executive director Mr. Xiao Yinhong and three non-executive directors, namely Mr. Zhao Xiaohang, Mr. Xi Sheng and Mr. Luo Laijun, and Mr. Cui Zhixiong serves as the Chief Member (Chairman) of the Strategy Committee. The term of each member of the Strategy Committee is the same as his respective term as a director. Mr. Cui Zhixiong ceased to be the Chairman, executive director and the Chief Member of the Strategy Committee from August 5, 2021, and Mr. Huang Rongshun, the new Chairman of the Board, was appointed as the Chief Member (Chairman) of the Strategy Committee to replace Mr. Cui Zhixiong.

In Year 2021, the Strategy Committee held two meetings (including one meeting by way of circulation of written proposals) and all members attended the meetings. During the reporting period, the Strategy Committee discussed and reviewed the development plan of "14th Five-Year Plan" and the 2020 Environmental, Social and Governance Report of the Company.



Supervisory Committee

The Supervisory Committee of the Company was established in accordance with the Company Law and the Articles. The Supervisory Committee reviews the Company's financial position in accordance with the Articles and supervises the operation and management activities of the Board and senior management. The Supervisory Committee is responsible for attending Board meetings, reviewing financial information submitted by the directors at the general meetings from time to time such as financial affairs and financial statements, and supervising the activities of the Board and other senior management in discharging their duties. In case of conflict of interest between the Company and any of its directors, the Supervisory Committee shall negotiate or initiate legal proceedings against such directors on behalf of the Company.

The Supervisory Committee of the Company comprises five supervisors, including two shareholder representative supervisors, one independent supervisor and two staff representative supervisors. Other supervisors are all appointed and removed at the general meeting of the Company, except for staff representative supervisors who are appointed or removed at the staff representative meeting of the Company. The term of each supervisor is no more than three years.

As stated in the announcement of the Company dated February 26, 2021, according to the poll results of the extraordinary general meeting of the Company on February 26, 2021, Ms. Tang Lichao was elected as the supervisor of the seventh session of the Supervisory Committee of the Company.

The seventh session of the Supervisory Committee of the Company comprises Mr. Ding Wanzhi, Ms. Zeng Yiwei, Ms. Liang Shuang, Ms. Tang Lichao and Mr. Zhu Yan. Mr. Zhu Yan is an independent supervisor while Mr. Ding Wanzhi and Ms. Liang Shuang are staff representative supervisors. Mr. Ding Wanzhi serves as the Chairman of the Supervisory Committee.

The list of supervisors of the seventh session of the Supervisory Committee of the Company and the attendance of each supervisor at meetings in Year 2021 are as follows:

Name	Position	Attendance rate for Supervisory Committee meetings (Note 1)	Attendance rate for general meetings	Attendance rate for Board meetings
Ding Wanzhi	Chairman of the Supervisory Committee, Staff Representative Supervisor	100%	67%	80%
Liang Shuang	Staff Representative Supervisor	100%	67%	100%
Zeng Yiwei	Supervisor	100%	33%	20%
Zhu Yan	Independent Supervisor	100%	0%	60%
Tang Lichao	Supervisor	50% (Note 2)	33%	0%



Notes:

1. Attendance rate = Number of meetings attended/Number of meetings ought to be attended by the supervisor in 2021. The attendance rate for meetings by way of circulation of written proposals was not included in the above attendance rate.
2. Supervisor Tang Lichao failed to attend one meeting of the Supervisory Committee in person, but she has appointed other supervisor to attend and vote at the meeting on her behalf in writing.
3. In Year 2021, the Supervisory Committee held two meetings and supervisors shall be present in five physical meetings of the Board, one annual general meeting and two extraordinary general meetings.

During Year 2021, the seventh session of the Supervisory Committee reviewed the financial reporting information for the year ended December 31, 2020 and the six months ended June 30, 2021, attended each Board meeting, supervised the operation and management activities of the Board and senior management, and made management recommendations to the management.

After making specific enquiries with the supervisors, all supervisors fully complied with the requirements of the Model Code in Year 2021.

REMUNERATION OF EXTERNAL AUDITORS

The aggregate service fees paid by the Company to BDO China SHU LUN PAN Certified Public Accountants LLP ("**BDO China**", Certified Public Accountants in the PRC) for Year 2021 amounted to RMB2,224.9 thousand, comprising annual audit service fee of approximately RMB1,625.6 thousand and non-audit service fee of approximately RMB599.3 thousand for the review of interim financial statements, annual compliance review of continuing connected transactions and compliance review of preliminary results announcement, etc.

COMPANY SECRETARY

The Board of the Company appointed Mr. Yu Xiaochun to serve as the company secretary. Mr. Yu completed 15 hours of relevant professional training in Year 2021.

POWER OF SHAREHOLDERS

Procedures for Convening an Extraordinary General Meeting

Any shareholder(s) individually or collectively holding 10% or more of the Company's total issued share capital shall be entitled to request the Board in writing to convene an extraordinary general meeting. Upon receiving such request, the Board shall issue a notice of extraordinary general meeting within 30 days and hold an extraordinary general meeting within two months from the receipt of such request. Otherwise, the shareholder(s) proposing to convene an extraordinary general meeting in writing may himself (themselves) convene an extraordinary general meeting within four months from the receipt of such written request by the Board.

Procedures for Shareholders to Make Enquiries to the Board at Any Time

Shareholders must prove to the Board that they actually own the equity interests of the Company (e.g. by providing shareholding documents etc.). The Company suggests shareholders submitting their enquiry requests in writing (including by email, facsimile and mail) and providing sufficient contact details so that the Company can handle and take down their enquiries in a proper and timely manner.



Procedures for Putting Forward a Proposal at the General Meeting

Any shareholder intending to put forward a temporary proposal at the general meeting of the Company shall provide shareholding document to prove that he/she is interested in 3% or more of the Company's total issued share capital and put forward and deliver his/her/its proposal in written form to the Company (addressed to the Chairman or the Company Secretary of the Company) 10 days before the date of convening the general meeting. The Board will issue supplementary notice of the general meeting within two days from the receipt of such proposal and announce the content of the proposal. If the issuance of supplementary notice fails to meet the relevant requirements of the listing rules of the stock exchange where the Company's shares were listed in respect of issuance of supplementary notice, the Company shall postpone the general meeting in an appropriate way.

Shareholders may contact the Company via the following telephone, facsimile, email or postal address:

Telephone: (8610) 5765 0696

Facsimile: (8610) 5765 0695

Email: ir@travelsky.com.cn

Postal address: TravelSky High-tech Industrial Park, Houshayu Town, Shunyi District, Beijing, PRC
(中國北京順義區後沙峪鎮中國航信高科技產業園區)

INVESTOR RELATIONS

On February 26, 2021, with the approval of the extraordinary general meeting, the Articles has been amended for terms therein regarding accounting standards, financial report, shareholders' proposal right, change in the register of members, the notice period of the general meeting and convening procedures. Please refer to the announcements dated December 29, 2020, and February 26, 2021, and the circular dated January 8, 2021 of the Company for details. Save as disclosed above, during Year 2021, no amendment or alteration has been made to the Articles.

RISK MANAGEMENT AND INTERNAL CONTROL

In order to ensure the effectiveness of risk management and internal control system, factoring the actual needs, the Company has set up a well-established organizational structure for risk management and internal control. The adequate and effective risk management and internal control system can help to ensure the realization of strategic objectives of the Company. The Board of the Company is responsible for the establishment and perfection and effective implementation of risk management and internal control system. The management is responsible for organising and leading daily operation of risk management and internal control of the Company, and reporting to the Board about the outcome on a regular basis. The Audit and Risk Management Committee set up under the Board performs supervisory duties regarding to the establishment and effective execution of risk management and internal control system, including assessment on the scope, adequacy and effectiveness of risk management and internal control system, and providing recommendations on improvement of such control.

The Company reviews and confirms the risk management and internal control system for the previous year at least once a year and presents the annual report of risk and internal control to the Audit and Risk Management Committee of the Board in order to assist the Board in assessment of the effectiveness of internal control management and risk management of the Company.



The Company conducted assessment on internal control in the Company at the middle and end of 2021. The Board believes that during the reporting period, the Company has established internal control for businesses and matters included in evaluation range which was implemented effectively, so as to achieve the objectives of internal control of the Company and there is no material and significant defect. The risk management and internal control system of the Company is valid and sufficient. The aim of the Company's risk management and internal control system is to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurances against non-material misstatements or losses.

The resources, qualification and experience of employees as well as training and budget in accounting, internal audit and financial function of the Company basically fulfilled the requirements of corporate governance and control, but extra backup resources and budgets are required to meet the needs of corporate governance and control under the expanding business scope.

The Company analyzed the possibility of risk occurrence and related impact on the achievement of strategic objectives in risk assessment, which involves various risk areas such as strategy, market, operation and finance. The Company prioritized the risks according to their significance and identified major risks, and formulated risk responding measures and solutions based on further analysis of sources of risk and causes of risk. Both the possibility and extent of impact of risks were lowered, and there was no material risk claim occurred during the reporting period in Year 2021. The Company judges and analyzes on the changes in both the internal and external environment as well as its own business every year, and formulates effective responding measures in order to improve its management capabilities and prevent operational risks.

The Company clearly understands the importance of employees' risk awareness for risk management and internal control system. Therefore, the Company introduces concepts and knowledge of risk management and internal control to all the staff through special training, risk research, publicity documents and other ways every year, to cultivate the risk awareness and compliance concept of employees.

Procedures for Risk Identification, Assessment and Management of the Company

The Company has established a dynamic risk management process according to its own business characteristics and conducted continuous iterative optimization. The Company will organise each of department to seek existing risks in each important operation activity and business progress to supplement and amend the description and classification of original risk event and update risk repository based on changes on internal and external environment the Company faced with. The Company will summarise and determine the scope of this assessment in conjunction with the Company's key areas in operation management and risk preference of the management, and conduct risk assessment in the form of questionnaire by combining qualitative and quantitative methods, so as to form a comprehensive and systematic risk assessment conclusion in five types of risk areas, such as strategy, market, finance, laws and operation. Long-term and effective risk assessment mechanism will be established to assist the management to grasp risk management information in time and make scientific and reasonable decisions. As for material and major risks identified, the relevant responsible units organised by the Company thoroughly analyzed the source of risk and causes of risk, timely proposed risk management strategies and risk solutions, and performed ongoing control and monitoring to ensure the measures adopted have been implemented effectively.



The Review Procedures of the Company's Risk Management and Internal Control System

Each unit conducts self-assessments firstly, and then the internal control department will form inspection teams to conduct examination, communicate and confirm with the inspected unit on the issues identified during the inspection and give recommendations on the rectification. The Company persistently optimised and improved its risk management and internal control system by revising and refining its internal control manual every year, rationalising the current systems, hierarchies, operational workflow, control measures and risk events of the Company in accordance with the needs of the Company's business management and external regulatory requirements, revising and refining the internal control manual and risk database, and establishing a work mechanism that is constantly updated and optimised, thereby boosting the effectiveness of the internal control manual and risk database. The Company assesses the effectiveness of the internal control system and evaluates the risk management at least once a year, in order to identify the defects in internal control and significant and major risks, and to organise the relevant units to rectify the defects and response to the risks, and perform ongoing supervision and evaluation.

The Characteristics of the Risk Management and Internal Control System of the Company

The Company's risk management and internal control system is well-developed and organically combined risk management and internal control processes by making internal control an important means of preventing and eliminating risks, and adopting comprehensive risk management as the key criteria for validating and upgrading internal control. The Company tirelessly enhanced its "standardised, scientific, effective and highly efficient" risk management and internal control system "with the internal environment as the key foundation, risk assessment as a key part, control measures as an important means, communication of information as a crucial condition and internal supervision as a key assurance", so as to enhance its risk management and internal control capabilities and to ensure the long-term growth and sustainable development of the Company's business.

The procedures and internal controls for the handling and dissemination of inside information by the Company: the Company has formulated the "Measures for the Administration of Information Disclosure", which regulates the procedures of identification, confidentiality, pre-warning and disclosure of inside information and such internal control measures are adequate.

The Company has a specialised department of internal audit, which is responsible for annual inspection, analysis and assessment for the effectiveness of risk management and internal control system of the Company. The department will adhere to the continuous optimization of risk management and internal control system, organizational structure and process, to ensure the effective realization of the Company's strategic objectives.

By Order of the Board

Yu Xiaochun

Company Secretary

March 24, 2022

REPORT OF DIRECTORS



The Board of the Company is pleased to present its report together with the audited financial statements of the Group for Year 2021.

GROUP ACTIVITIES

The Group is the dominant provider of information technology solutions for China's aviation and travel industries. The core businesses of the Group include aviation information technology service, distribution of information technology service, as well as accounting, settlement and clearing services, etc.

The analysis of the Group's financial performance is set out under the section headed "Management Discussion and Analysis of Financial Conditions and Results of Operations". The Group presented revenue disaggregated by the timing of revenue recognition and primary geographical markets, please refer to note 5 to the financial statements for details.

BUSINESS REVIEW

A review of the business of the Group during the year and discussions on its future business development are set out in the sections headed "Statement of the Board" and "Business Review". Analysis of the Group's financial and operational conditions using financial key performance indicators is set out in the sections headed "Management Discussion and Analysis of Financial Conditions and Results of Operations" and "Financial Highlights". Compliance with relevant laws and regulations which have a significant impact on the Group is set out in the sections headed "Corporate Governance Report" and this section. The Company's environmental policies and performance are set out in the section headed "Business Review".

SHARE CAPITAL STRUCTURE

The issued share capital of the Company as at December 31, 2021 amounted to 2,926,209,589 shares, with a par value of RMB1.00 each. As at December 31, 2021, the share capital structure of the Company is as follows:

Class of shares	Number of shares	Percentage to the
		total number of shares in issue (%)
Domestic Shares	1,993,647,589	68.13
H Shares	932,562,000	31.87
Total	2,926,209,589	100



PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended December 31, 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights under the Articles or the PRC laws.

PUBLIC FLOAT

The Company has maintained the prescribed public float under the Listing Rules, based on the corporate information available to the Company and within the knowledge of its directors as at the latest practicable date prior to the issue of this report.

INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2021, the interests and short positions of any person (other than directors, supervisors or chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") are set out as follows:

Name of shareholder	Class and number of shares (Note 2)	Capacity	Approximate percentage of respective class of share capital (Note 3)	Approximate percentage of total share capital (Note 3)
China TravelSky Holding Company Limited	857,226,589 domestic shares of RMB1 each (L)	Beneficial owner	43.00%	29.29%
China Mobile Capital Holding Co., Ltd.	292,100,000 domestic shares of RMB1 each (L) (Note 4)	Beneficial owner	14.65%	9.98%
China National Aviation Holding Company Limited	268,300,500 domestic shares of RMB1 each (L) 18,720,000 domestic shares of RMB1 each (L) (Note 5)	Beneficial owner Interest of controlled corporation	13.46% 0.94%	9.17% 0.64%
China Southern Air Holding Company Limited	202,781,500 domestic shares of RMB1 each (L) 65,773,500 domestic shares of RMB1 each (L) (Note 6)	Beneficial owner Interest of controlled corporation	10.17% 3.30%	6.93% 2.25%



Name of shareholder	Class and number of shares (Note 2)	Capacity	Approximate percentage of respective class of share capital (Note 3)	Approximate percentage of total share capital (Note 3)
China Eastern Air Holding Company Limited	182,743,500 domestic shares of RMB1 each (L) (Note 4)	Beneficial owner	9.17%	6.25%
	25,155,000 domestic shares of RMB1 each (L) (Note 7)	Interest of controlled corporation	1.26%	0.86%
	3,900,000 domestic shares of RMB1 each (L) (Note 8)	Interest of controlled corporation	0.20%	0.13%
JPMorgan Chase & Co.	64,442,952 H shares of RMB1 each (L) (Note 9)		6.91%	2.20%
	15,984,871 H shares (L)	Interest of corporation controlled by the substantial shareholder		
	143,000 H shares (L)	Investment manager		
	60,470 H shares (L)	Person having a security interest in shares		
	48,254,611 H shares (L)	Approved lending agent		
	13,104,030 H shares of RMB1 each (S) (Note 9)	Interest of corporation controlled by the substantial shareholder	1.40%	0.45%
	48,254,611 H shares of RMB1 each (P) (Note 9)	Approved lending agent	5.17%	1.65%
Citigroup Inc.	56,241,214 H shares of RMB1 each (L) (Note 10)		6.03%	1.92%
	1,879,752 H shares (L)	Interest of corporation controlled by the substantial shareholder		
	54,361,462 H shares (L)	Approved lending agent		
	54,361,462 H shares of RMB1 each (P) (Note 10)	Approved lending agent	5.82%	1.86%
FMR LLC	56,152,638 H shares of RMB1 each (L) (Note 11)	Interest of corporation controlled by the substantial shareholder	6.02%	1.92%

Report of Directors



Notes:

- (1) Interests and short positions in the shares and underlying shares of the Company disclosed in this section are based on the reasonable inquiries made by the Company and the data published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") (www.hkexnews.hk). For the latest disclosure of interests filings of the substantial shareholders of the Company's H shares, please refer to the "Disclosure of Interests" section on the website of HKEX (www.hkexnews.hk).
- (2) (L) – Long position; (S) – Short position; (P) – Lending pool.
- (3) The percentage is calculated by the amount of shares held by relevant person/the total amount of relevant shares issued as at December 31, 2021. Percentage of total share capital is based on 2,926,209,589 shares of the total issued share capital of the Company as at December 31, 2021; percentage of respective class of share capital is based on 1,993,647,589 domestic shares and 932,562,000 H shares of the Company as at December 31, 2021.
- (4) As stated in the announcements dated December 15, 2020 and January 21, 2021 of the Company, China Eastern Air Holding Company Limited agreed to transfer, and China Mobile Capital Holding Co., Ltd. agreed to acquire 145,500,000 domestic shares of the Company. Immediately following the completion of the transaction, China Eastern Air Holding Company Limited directly and indirectly holds 211,798,500 domestic shares of the Company, representing approximately 7.24% of the total issued share capital of the Company (of which, directly holds 182,743,500 domestic shares of the Company, representing approximately 6.25% of the total issued share capital of the Company); China Mobile Capital Holding Co., Ltd. holds 292,100,000 domestic shares of the Company, representing approximately 9.98% of the total issued share capital of the Company.
- (5) These shares were held by Shenzhen Airlines Company Limited, a subsidiary of China National Aviation Holding Company Limited. China National Aviation Holding Company Limited was deemed to be interested in the shares held by Shenzhen Airlines Company Limited by virtue of the SFO.
- (6) These shares were held by Xiamen Airlines Company Limited, a subsidiary of China Southern Air Holding Company Limited. China Southern Air Holding Company Limited was deemed to be interested in the shares held by Xiamen Airlines Company Limited by virtue of the SFO.
- (7) These shares were held by China Eastern Airlines Corporation Limited, a subsidiary of China Eastern Air Holding Company Limited. China Eastern Air Holding Company Limited was deemed to be interested in the shares held by China Eastern Airlines Corporation Limited by virtue of the SFO.
- (8) These shares were held by China Eastern Airlines Wuhan Company Limited, a subsidiary of China Eastern Air Holding Company Limited. China Eastern Air Holding Company Limited was deemed to be interested in the shares held by China Eastern Airlines Wuhan Company Limited by virtue of the SFO.
- (9) Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by JPMorgan Chase & Co. on October 15, 2021, JPMorgan Chase & Co. was deemed to be interested in 64,442,952 H shares (L), 13,104,030 H shares (S) and 48,254,611 H shares (P). These shares were held by JPMorgan Asset Management (Taiwan) Limited, J.P. Morgan AG, J.P. Morgan Securities LLC, JPMORGAN CHASE BANK, N.A. – LONDON BRANCH, J.P. Morgan Investment Management Inc., J.P. MORGAN SECURITIES PLC, JPMorgan Asset Management (Asia) Inc., JPMorgan Asset Management Holdings Inc., JPMorgan Chase Holdings LLC, J.P. Morgan International Finance Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Broker-Dealer Holdings Inc., J.P. MORGAN CAPITAL HOLDINGS LIMITED, which were directly or indirectly controlled by JPMorgan Chase & Co.. JPMorgan Chase & Co. was deemed to be interested in the shares held by such companies by virtue of the SFO.
- (10) Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by Citigroup Inc. on December 9, 2021, Citigroup Inc. was deemed to be interested in 56,241,214 H shares (L) and 54,361,462 H shares (P). These shares were held by Citicorp LLC, Citibank, N.A., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc., Citigroup Global Markets Inc., Citigroup Global Markets Holdings Bahamas Limited, Citigroup Global Markets Limited, Citicorp Trust Delaware, National Association, Citicorp Trust South Dakota, which were directly or indirectly controlled by Citigroup Inc.. Citigroup Inc. was deemed to be interested in the shares held by such companies by virtue of the SFO.
- (11) Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed by FMR LLC on August 25, 2021, FMR LLC was deemed to be interested in 56,152,638 H shares (L). These shares were held by Fidelity Management & Research Company LLC, Fidelity Management & Research (Hong Kong) Limited, Fidelity (Canada) Investment Management Holdings LLC, Fidelity Management & Research (Canada) ULC, FIAM Holdings LLC, Fidelity Institutional Asset Management Trust Company, FIAM LLC, FIMM, LLC, Fidelity Management Trust Company, Fidelity Canada Investors LLC, Bay Street Holdings LLC, 483A Bay Street Holdings LP, BlueJay Lux 1 S.a.r.l., Fidelity Investments Canada ULC, which were directly or indirectly controlled by FMR LLC. FMR LLC was deemed to be interested in the shares held by such companies by virtue of the SFO.

Save as the above, to the best knowledge of the Company's directors, as at December 31, 2021, no person (other than directors, supervisors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company that are required to be recorded in the register maintained by the Company under Section 336 of the SFO.



INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY OTHER ASSOCIATED CORPORATIONS

As at December 31, 2021, none of the directors, supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange by the directors, supervisors or chief executive pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

None of the directors, supervisors or chief executive of the Company or their respective associates had been granted or had exercised any rights to subscribe for the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) for the year ended December 31, 2021.

As at December 31, 2021, each of China TravelSky Holding Company Limited, China National Aviation Holding Company Limited, China Southern Air Holding Company Limited and China Eastern Air Holding Company Limited had interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at December 31, 2021:

- (a) Mr. Huang Rongshun (an executive director) was a director and general manager of China TravelSky Holding Company Limited;
- (b) Mr. Xiao Yinhong (an executive director) was a director of China TravelSky Holding Company Limited;
- (c) Mr. Zhao Xiaohang (a non-executive director) was an employee of China National Aviation Holding Company Limited;
- (d) Mr. Xi Sheng (a non-executive director) was an employee of China Eastern Air Holding Company Limited; and
- (e) Mr. Luo Laijun (a non-executive director) was an employee of China Southern Air Holding Company Limited.

Save as disclosed above, as at December 31, 2021, none of the existing and proposed directors or supervisors of the Company was a director, supervisor or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.



CHANGE OF DIRECTORS AND SUPERVISORS

Details in relation to the change of directors and supervisors during the year are set out in the section headed "Corporate Governance Report".

CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

Change in the information of directors and supervisors of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2021 interim report is set out below:

Mr. Zhao Xiaohang, a non-executive director of the seventh session of the Board of the Company, ceased to be the vice general manager of China National Aviation Holding Company Limited, the senior vice president and a member of the Standing Committee of Communist Party Committee of Air China Limited in March 2022.

Mr. Ngai Wai Fung, an independent non-executive director of the seventh session of the Board of the Company, ceased to be the independent non-executive director of China Communications Construction Company Limited in February 2022.

Mr. Ding Wanzhi, the chairman of the seventh session of the Supervisory Committee of the Company, ceased to serve as the director and chairman of Guangzhou TravelSky Information Technology Limited* (廣州民航信息技術有限公司) in November 2021 and ceased to serve as the director and chairman of Hainan Civil Aviation Cares Co., Ltd.* (海南民航凱亞有限公司) in April 2022.

Ms. Zeng Yiwei, a supervisor of the seventh session of the Supervisory Committee of the Company, ceased to serve as the chief accountant of Xiamen Airlines Company Limited in August 2021. Ms. Zeng has been appointed as the deputy head of Assets and Finance Department of Bauhinia Culture Group Co., Ltd since September 2021.

Ms. Liang Shuang, a supervisor of the seventh session of the Supervisory Committee of the Company, has served as the full-time vice chairwoman of the labor union of the Company since January 2022.

Ms. Tang Lichao, a supervisor of the seventh session of the Supervisory Committee of the Company, ceased to serve as the deputy general manager in digital office of the commercial committee of HNA Aviation Group Co. Ltd.* (海航航空集團有限公司) in January 2022. Ms. Tang has been appointed as the head in digital office of HNA Aviation Group Co. Ltd.* (海航航空集團有限公司) since January 2022.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

All members of the seventh session of the Board and the seventh session of the Supervisory Committee of the Company have respectively entered into service contracts with the Company. The term for the seventh session of the Board and the Supervisory Committee is from February 27, 2020 to February 26, 2023. For the year ended December 31, 2021, none of the directors or supervisors had entered or proposed to enter into a service contract with any member of the Group which will not expire or is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

As of December 31, 2021, all directors of the Company were covered under the liability insurance purchased by the Company for its directors.



REMUNERATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Details of the remuneration of directors, supervisors and senior management are set out in note 10.5 to the financial statements.

INTERESTS OF DIRECTORS AND SUPERVISORS OR THEIR CONNECTED ENTITIES IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Certain members of the seventh session of the Board and the Supervisory Committee of the Company are also members of the management of various PRC commercial airlines which are shareholders of the Company. The contracts or transactions entered into between the Company or any of its subsidiaries and such airline shareholders have been referred to in the section headed "Connected Transactions" in this Report of Directors. Save as disclosed above, none of the directors or supervisors or their connected entities were materially interested, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party during, or at the end of Year 2021.

DIVIDEND POLICY AND ANNUAL DIVIDEND

On the basis of sustainable development, the Company maintained a stable and sustained dividend policy. Specific dividend distribution plan for ordinary shares for each year (including cash dividend distribution plan) will be proposed by the Board on distribution of dividends (including cash dividend distribution plan) at the general meeting after taking consideration of factors including the current operations of the Company and the capital requirement for future development of the Company. Generally, the Company distributed annual final dividends in cash once each year, total amount of which accounted for approximately 30-40% of the profit after taxation of the Company in that year.

The Board proposed the distribution of a final cash dividend of RMB0.055 per share (tax inclusive) for Year 2021. For details, please refer to the section headed "Distribution of Profit" in "Management Discussion and Analysis of Financial Conditions and Results of Operations".

RESERVES AVAILABLE FOR DISTRIBUTION TO SHAREHOLDERS

Details of change of reserves available for distribution to shareholders of the Group in Year 2021 are set out in the statement of changes in equity of this annual report.

TAX RELIEF AND EXEMPTION OF STOCKHOLDERS

The Company is not aware of any tax relief and exemption available by reason of holding of the Company's securities.

MATERIAL LITIGATION

The Group was not involved in any material litigation or dispute in Year 2021.



DONATION

In 2021, the Company donated RMB12.07 million.

EMPLOYEES' RETIREMENT SCHEME

Details of the employees' retirement scheme of the Group are set out in the section headed "Employees" in "Management Discussion and Analysis of Financial Conditions and Results of Operations" and note 14.2 to the financial statements.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Particulars of the Company's subsidiaries and associated companies as at December 31, 2021 are set out in note 7 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group during Year 2021 are summarised in note 5.15 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The Group deeply acknowledges the importance of maintaining good relationships with its suppliers and customers to achieve its long-term goals and maintain its leading position in the market.

China TravelSky Holding Company Limited was the largest supplier of the Group for Year 2021 and the total fees paid by the Group to such company in Year 2021 accounted for 1.2% of the Group's total operating expenses (after deducting depreciation and amortisation expenses). During Year 2021, the total fees paid to the five largest suppliers of the Group accounted for 4.9% of the Group's total operating expenses (after deducting depreciation and amortisation expenses).

The Group strictly complies with laws and regulations such as the "Tendering and Bidding Law of the People's Republic of China" and the "Implementation Regulations of the Tendering and Bidding Law of the People's Republic of China", and has been exploring and improving its supplier management system. The Group formulated the "Supplier Management Measures", followed the "market access system" for suppliers and selected excellent suppliers against a set of criteria based on price, quality, technology, integrity and etc., and prevented the supplier's information leakage, damage, loss through reasonable and effective information security technology and management process. The Group will continue to improve the ability to identify and monitor environmental and social risks of suppliers, hold activities for suppliers' communication regularly, listen to and absorb the opinions and advice from suppliers, and work with suppliers to improve their sustainable development performance.



Sales to the largest customer of the Group, China Southern Airlines Company Limited, accounted for 8.9% of the Group's revenue from its sales of goods or rendering of services for Year 2021. During the same period, total sales to the Group's five largest customers accounted for 32.4% of the Group's revenue from its sales of goods or rendering of services. Three of these top five customers were China Southern Airlines Company Limited, Air China Limited and China Eastern Airlines Corporation Limited. Their respective controlling shareholders, namely, China Southern Air Holding Company Limited, China National Aviation Holding Company Limited and China Eastern Air Holding Company Limited, each holds more than 5% and an aggregate of approximately 26.23% of the number of the issued shares of the Company as at December 31, 2021. Since listing, the Company has been providing continuous services to the above major customers, which are commercial airlines in China. The revenue derived from the above major customers is set out in note 10.5 to the financial statements.

The Group adheres to the customer service policy of "customer-oriented", and continues to strive to provide products and services that meet customer needs as a long-term partner of customers. In our operation and management, the Group has always established the "provision of excellent information services" as its core philosophy, and quickly responded to customer needs. Through the full-process service of "customer-oriented", the Group has comprehensively improved customer satisfaction and loyalty.

Save as disclosed in this report and in note 10.5 to the financial statements, none of the directors, supervisors and their close associates nor any shareholder (which to the knowledge of the directors held more than 5% of the number of the issued shares of the Company) had any interest in any of the aforementioned suppliers and customers.

CONNECTED TRANSACTIONS

The Company has formulated connected transaction management measures, including the arrangements in relation to the identification, management, control, approval and disclosures of connected transactions, as well as the relevant internal control measures. The directors confirm that the following transactions are connected transactions or continuing connected transactions of the Company (some of them are also related party transactions as set out in note 10.5 to the financial statements) which are the connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group as set out in the following (a) to (f) in accordance with Rule 14A.56 of the Listing Rules. A copy of the its letter has been provided by the Company to the Stock Exchange.

In the opinion of the independent non-executive directors of the Company, the continuing connected transactions in Year 2021 (the following (a) to (f)): (i) were entered into in the usual and ordinary course of business of the Group; (ii) were conducted on normal commercial terms or better; and (iii) were conducted on the terms of the relevant agreements governing those transactions, which are fair and reasonable and in the interests of the shareholders of the Group as a whole.



During the Year 2021, the Group continued to carry out the following transactions, which constitute continuing connected transactions as defined in the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules:

(a) Provision of Aviation Information Technology Services by the Company to the Airlines which are Connected Persons

The Group (excluding ACCA) provided aviation information technology services and products to China Eastern Airlines Corporation Limited ("**Eastern Airlines**") and its subsidiaries, including but not limited to Shanghai Airlines Company Limited ("**Shanghai Airlines**") and China United Airlines Company Limited (collectively the "**Airlines**"). The Airlines were the associates of the substantial shareholders of the Company.

The Group (excluding ACCA) provided the aviation information technology services and related products to the Airlines, including:

- (i) flight control system services which provided, among other services, the consolidated information, flight information, flight control, flight tickets sales, automatic tickets sales and announcement of freight price and related products (if applicable);
- (ii) computer reservation system services which provided, among other services, flight information display, real-time flight reservation, automatic tickets sales, tickets price display and other travel related services and related products (if applicable);
- (iii) airport passenger processing system services which provided, among other services, check-in, departure control and load planning services and related products (if applicable); and
- (iv) civil aviation and commercial data network services which provided, among other services, the network transmission services and connection services, and related products (if applicable).



In accordance with the following prescribed prices of CAAC determined through amicable negotiation between both parties, subject to the types of system through which the transactions were processed, and upon a combined (for the services under (i) to (iii) above, the maximum fee would not be more than RMB9.9 per segment after combination) or separate basis of fee charge, the aforesaid Airlines were required to pay service fees to the Group on a monthly basis including:

- (1) The “flight control system services” as mentioned in (i) above and “computer reservation system services” as mentioned in (ii) above are generally referred to as the “airlines passenger booking system services”. The pricing of the airlines passenger booking system services is subject to the maximum guidance prices prescribed by CAAC, being the progressive per segment booking fee ranging from RMB4.5 to RMB6.5 for domestic flights and RMB6.5 to RMB7 for international and regional flights (depending on the monthly booking volume). The Company may also determine the actual prices for airlines passenger booking system services through arm’s length negotiation with the Airlines, having taken into account of its booking volume, as long as the prices do not exceed the above maximum guidance prices prescribed by CAAC;
- (2) The pricing of the “airport passenger processing system services” as mentioned in (iii) above is also subject to the maximum guidance prices prescribed by CAAC, being (a) RMB7 per segment for international and regional flights and RMB4 per segment for domestic flights; and (b) RMB500 per aircraft for load planning services. The Company may also determine the actual prices for airport passenger processing system services through arm’s length negotiation with the Airlines, having taken into account of a number of factors such as types of the flights, transportation volume, level of services and size of the aircraft, as long as the prices do not exceed the above maximum guidance prices prescribed by CAAC; and
- (3) The pricing of the provision of relevant products associated with the technical services and other types of services under the “civil aviation and commercial data network services” as mentioned in (iv) above (other than physical identified device (“**PID**”) connection and maintenance services) is not governed by the guidelines of CAAC or the framework of any other PRC airlines regulatory body. The pricing strategies of such services or products will be mutually negotiated by both parties, and are mainly determined by the Company after taking into account the following two factors: (i) the cost of provision of those products or services; and (ii) the processing volume and complexity involved in handling those products or services. The pricing of PID connection and maintenance services is determined with reference to the guidance price prescribed by CAAC of RMB200 per PID per month.



The continuing connected transactions as mentioned in (a) above were conducted in the ordinary and usual course of business of the Group and were the principal source of operating revenue of the Group. For more details, please refer to the announcement of the Company dated September 11, 2020 and the circular dated September 24, 2020.

Waiver regarding written agreements:

As stated in the announcement dated September 11, 2020 and the circular dated September 24, 2020 of the Company, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver, which is for a three-year term (from 2021 to 2023) from strict compliance with the requirement of having written agreements under Rule 14A.34 of the Listing Rules with respect to the continuing connected transactions. At the same time, the Company also sought a general mandate and annual caps with a three-year term from the independent shareholders to carry out the continuing connected transactions under the waiver. In the event that the terms of new written agreements to be subsequently entered into with the Airlines are materially different from those approved by the independent shareholders, the Company will re-comply with the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To ensure that the continuing connected transactions are carried out in accordance with the regulatory guidelines and terms as disclosed by the Company and those to be agreed in the renewal agreements of the continuing connected transactions, the Company has in place adequate mechanism, internal control procedures and external regulatory measures to ensure that the terms of the continuing connected transactions adhere to and strictly follow the regulatory guidelines, agreements governing those continuing connected transactions or these details of the transactions so disclosed herein (in the absence of written agreements).

As stated in the announcement of the Company dated January 21, 2021, China Eastern Air Holding Company Limited* (中國東方航空集團有限公司) and its associates, which include but not limited to, the Airlines, Eastern Air Logistics Co., Ltd.* (東方航空物流股份有限公司) ("**Eastern Logistics**"), China Cargo Airlines Co., Limited* (中國貨運航空有限公司) ("**China Cargo**"), ceased to be the connected persons of the Company under the Listing Rules since January 21, 2021.

The transaction amount of the continuing connected transactions between the Company and the Airlines in (a) above from January 1, 2021 to January 21, 2021 was approximately RMB33,607 thousand, the annual cap of which was RMB943,818 thousand.



(b) Lease of Properties by the Company from China TravelSky Holding Company Limited (“China TravelSky Holding”)

As China TravelSky Holding is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. As stated in the announcement of the Company dated December 12, 2018, the Company leases two properties from China TravelSky Holding:

- (i) The Company leases the properties in Dongsì, Beijing from China TravelSky Holding as data centers for daily operation. The Company re-entered into the Beijing Dongsì Property Tenancy Agreement with China TravelSky Holding, for a term of three years starting from January 1, 2019. The average usage fee per square metre per day for using the Beijing Dongsì properties by the Company is RMB10.98, which shall be paid quarterly. The annual cap for each of the years during the term of the agreement was RMB36,500 thousand.
- (ii) The Company also re-entered into the Shanghai Property Tenancy Agreement with China TravelSky Holding, for a term of three years starting from January 1, 2019. The average usage fee per square metre per day for using the Shanghai properties by the Company is RMB5.12, which shall be paid quarterly. The annual cap for each of the years during the term of the agreement was RMB18,500 thousand.
- (iii) The Company shall bear the expenses of water, electricity, heating and communication incurred during its usage of the Beijing Dongsì properties and Shanghai properties.

For Year 2021, the total rental paid by the Company to China TravelSky Holding for the lease of the Beijing Dongsì properties stated in (i) above amounted to approximately RMB36,073 thousand, and the total rental paid by the Company to China TravelSky Holding for the Shanghai properties stated in (ii) above amounted to approximately RMB18,116 thousand.

(c) Transactions between the Company and the Connected Cares which were Connected Persons

As stated in the announcement of the Company dated December 27, 2018, on December 27, 2018, the Company has renewed the services framework agreement (the “**Cares Framework Agreements**”) with the following connected Cares, for a term of three years starting from January 1, 2019 to December 31, 2021.

The connected Cares were:

- (A) Non-wholly-owned subsidiaries, being the connected persons under Rule 14A.07(5) of the Listing Rules: Cares Hubei Co., Ltd.* (湖北民航凱亞有限公司) [“**Hubei Cares**”], Aviation Cares of Yunnan Information Co., Ltd.* (雲南民航凱亞信息有限公司) [“**Yunnan Cares**”], Civil Aviation Cares of Qingdao Limited* (青島民航凱亞系統集成有限公司) [“**Qingdao Cares**”] and Civil Aviation Cares Technology of Xi'an Ltd.* (西安民航凱亞科技有限公司) [“**Xi'an Cares**”];



- (B) The associates of the substantial shareholders of the Company, being connected persons as defined under Rule 14A.07(4) of the Listing Rules: Shanghai Civil Aviation East China Cares System Integration Co., Ltd. ("**Huadong Cares**").

Details of the Cares Framework Agreements: the connected Cares shall provide the Company or its customers with technical training and maintenance services, and services in respect of sale of products, purchase of equipments, marketing and distribution of products of the Company including, among other things, (i) to build the network nodes of the computer system for civil aviation passengers transport service in the regions to be agreed by the Company and the connected Cares, and provide daily maintenance and technical support to the terminals and communication equipment of the users of the computer system; (ii) to connect to the physical identified device (PID) of the Company for using the Company's data network services; (iii) to provide maintenance and security service for the check-in and loading related technology in respect of the airport departure system of the Company used by airlines; and (iv) to provide marketing and distribution of products of the Company. The Company shall, among other things, lease the main equipment required for the network nodes for use by the connected Cares and shall be responsible for the design of network configuration layout, installation, testing and repair of the equipment according to the needs of the connected Cares.

The service fees of Cares Framework Agreements are generally determined: (i) according to the rates prescribed by the government regulatory bodies (such as CAAC) where the relevant services are regulated by the government regulatory bodies; (ii) through negotiation between the Company and the connected Cares with reference to guidance prices proposed by the government regulatory bodies; (iii) through negotiation between the Company and the connected Cares based on the market prices (if any) or the original prescribed government rates or guidance prices, or set by the Company according to the cost to revenue principle, where no prescribed rates or guidance prices are available, or they have been cancelled or are no longer applicable; and (iv) in compliance with the ordinary business principle which are no less favourable than terms available from independent third parties to the Company, including:

- (1) With respect to connection to the Company's network and system, the connected Cares shall pay the Company periodically: (i) connection fees based on the usage and the fee standard determined by the Company with reference to the policy of CAAC; (ii) PID technical service fees based on the usage and the fee standard determined by the Company with reference to the policy of CAAC; and (iii) technical service fees for connection to the Company's mainframe via the Internet and use of the products of the Company based on the usage at the fee standard set by the Company or according to separate agreements to be entered into between the Company and the connected Cares on each product.
- (2) With respect to equipment leasing and maintenance, (i) the connected Cares shall pay equipment lease fees (if any) on a price based on cost or at the market prices or according to separate agreements to be entered into between the Company and the connected Cares; and (ii) the Company shall pay the equipment maintenance fees on a price based on cost or at the market prices or according to separate agreements to be entered into between the Company and the relevant Service Company.



- (3) With respect to marketing and distribution of products of the Company, (i) the Company shall pay for the technical extension services provided by the connected Cares to the users of the Company (if any) and such fees may be determined according to separate agreements to be entered into between the Company and the connected Cares; (ii) the Company shall share the revenue from e-ticketing services with the connected Cares on a pro-rata basis according to market prices or pursuant to separate agreements to be entered into between the Company and the connected Cares; and (iii) the Company shall pay service fees for distribution of hotel services on a pro-rata basis or pursuant to separate agreements to be entered into between the Company and the connected Cares.
- (4) With respect to technology development services, the Company shall pay technology development service fees (if any) for engaging the professional personnel from the connected Cares for provision of, amongst others, product development services and such fees may be determined according to separate agreements to be entered into between the Company and the connected Cares.

As stated in the announcement of the Company dated January 21, 2021, Hubei Cares, Yunnan Cares, Qingdao Cares, Xi'an Cares and Huadong Cares, ceased to be the connected persons of the Company under the Listing Rules since January 21, 2021.

The transaction amount of the aforesaid continuing connected transactions from January 1, 2021 to January 21, 2021 was RMB0, the annual cap of which was RMB236,000 thousand.

(d) Services Provided by ACCA to Eastern Airlines, Shanghai Airlines and China Cargo

The provision of services by ACCA, a wholly-owned subsidiary of the Company, to the connected persons of the Company is also subject to the relevant requirements under Chapter 14A of the Listing Rules. For details of such continuing connected transactions, please refer to the announcements of the Company dated December 31, 2019 and August 27, 2020.

The services provided by ACCA to Eastern Airlines and Shanghai Airlines include:

- (1) the provision of application systems in relation to passenger transport, which include, among others, (i) domestic and international passengers transport revenue accounting management system, (ii) passenger transport business analysis system, (iii) passenger transport promotion and incentive accounting management system, (iv) subsidy management system, as well as relevant support and maintenance services for the abovementioned system products, which include the systematic infrastructure services required for the operation of application systems, the implementation of application system products, the application support and maintenance for daily operation as well as the customised program development;
- (2) the provision of revenue accounting services, which include, among others, (i) the passenger revenue accounting services (i.e., the passenger combined audit services, UATP accounting services and the passenger sales audit services) and (ii) the service fee settlement services; and
- (3) the provision of clearing services through domestic and/or international clearing platforms.

**The services provided by ACCA to China Cargo include:**

Cargo and mail revenue management platform services and agent management platform services, which mainly include the installation, implementation and adjustment of the cargo and mail revenue management platform and agent management platform; the technical support and application support services for the operation of the cargo and mail revenue management platform and agent management platform; the customised development, supervision, maintenance and systematic infrastructure services required for the operation of application systems for the cargo and mail revenue management platform and agent management platform.

The foresaid service fees shall generally be calculated on a monthly basis and shall be settled in cash. Such service fees shall generally be paid on a monthly basis. The pricing policies of the relevant services are as follows:

- (1) the pricing of the provision of application systems in relation to passenger transport as well as relevant support and maintenance services is as follows: (i) the pricing of the abovementioned provision of domestic and international passengers transport revenue accounting management system and relevant support and maintenance services is not governed by any regulatory pricing guidelines but is determined through arm's length negotiation between ACCA, Eastern Airlines and Shanghai Airlines with reference to the costs of services to be provided and varies depending on the transaction volume (i.e. the higher the transaction volume, the lower the rate). The rate of unit price for such services is not more than RMB0.4 for domestic passengers and not more than RMB1.65 for international passengers. (ii) the pricing of the abovementioned provision of passenger transport business analysis system and relevant support and maintenance services is not governed by any regulatory pricing guidelines but is determined through arm's length negotiation between ACCA, Eastern Airlines and Shanghai Airlines. Such fees mainly consist of an annual fee of not more than RMB2,000,000 for the usage and technology support of business analysis system products; a system implementation fee of RMB2,500 per person per day; and a customised development fee of RMB2,500 per person per day. (iii) the pricing of the abovementioned passenger transport promotion and incentive accounting management system and relevant support and maintenance services is not governed by any regulatory pricing guidelines but is determined through arm's length negotiation between ACCA, Eastern Airlines and Shanghai Airlines. Such fees mainly consist of a service fee with the rate of unit price not more than RMB50,000 for monthly payment for international services and not more than RMB120,000 for quarterly payment for the technology support of the system products; a system implementation fee of RMB2,500 per person per day; and a customised development fee of RMB2,500 per person per day; (iv) the pricing of the abovementioned subsidy management system as well as relevant support and maintenance services is not governed by any regulatory pricing guidelines but is determined through arm's length negotiation between ACCA, Eastern Airlines and Shanghai Airlines. Such fees mainly consist of a services fee with the rate of unit price of RMB100,000 for monthly payment for the technology support of the system products; a system implementation fee of RMB2,500 per person per day; and a customised development fee of RMB2,500 per person per day;



- [2] the pricing of the abovementioned passenger revenue accounting services is generally subject to the maximum guidance prices prescribed by CAAC, and is generally calculated based on certain percentage rates, ranging from 0.3% to 0.9% of the total amount involved in the revenue accounting services, depending on each individual type of revenue accounting services with the exception that the passenger sales audit services fee is calculated based on the volume of tickets at a rate of not more than RMB0.8 per ticket plus an adjusted fee charged at a rate of 10% of the adjusted amount; the pricing of the abovementioned services fee accounting services is generally subject to the maximum guidance prices prescribed by CAAC, and is generally calculated by 0.9% of the amount involved in the services fee accounting services;
- [3] the pricing of the abovementioned clearing services is generally subject to the maximum guidance prices prescribed by CAAC. For the clearing services provided through domestic platforms, the services fees mainly consist of: (i) a fixed monthly fee of RMB5,000 on the assumption that the transaction amount is not more than RMB1 million; and (ii) if the transaction amount is more than RMB1 million, then the exceeding part will be charged at a rate of 0.06%. For the clearing services provided through international platforms, the services fees mainly consist of (i) a fixed annual fee of USD8,000 on the assumption that the transaction amount is not more than USD1 million; (ii) if the transaction amount is more than USD1 million but not more than USD10 million, then the exceeding part will be charged at a rate not more than 0.09%; and (iii) if the transaction amount is more than USD10 million, then the exceeding part will be charged at a rate of not more than 0.06%;
- [4] the pricing of provision of the abovementioned cargo and mail revenue management platform services is determined through arm's length negotiation between ACCA and China Cargo with reference to waybills processed by the system per month. Fees for each waybill handled by the cargo and mail revenue management platform are not more than RMB5.2 for international and regional routes, and not more than RMB1.8 for domestic routes, depending on the volume of waybills processed; and
- [5] the pricing of provision of the abovementioned agent management platform services is determined through arm's length negotiation between ACCA and China Cargo, mainly include: a system implementation fee of RMB2,500 per person per day, a customised development fee of RMB2,500 per person per day and a system services fee of RMB100,000 per month.

As stated in the announcement of the Company dated January 21, 2021, China Eastern Air Holding Company Limited* (中國東方航空集團有限公司) and its associates, which include but not limited to, the Airlines, Eastern Logistics, China Cargo, ceased to be the connected persons of the Company under the Listing Rules since January 21, 2021.



In Year 2021, the transaction amounts and annual caps of the above continuing connected transactions between ACCA and the connected persons below were as follows:

Airlines (connected persons)	Latest Signing of Agreements	Transaction Amounts from	
		Year 2021 Annual Caps (RMB'000)	January 1, 2021 to January 21, 2021 (RMB'000)
Eastern Airlines and Shanghai Airlines	Agreement for January 1, 2021 to December 31, 2021 was re-entered into by both parties on August 27, 2020.	150,000	5,344
China Cargo	Agreement for January 1, 2020 to December 31, 2021 was entered into by both parties on December 31, 2019.	16,000	1,250

(e) Factoring Services Agreement

As stated in the announcement of the Company dated August 27, 2020, Antu Jinxin Commercial Factoring Company Limited* (安途金信商業保理有限公司) (“**Factoring Company**”) and ACCA have re-entered into Factoring Services Agreement with Eastern Airlines on August 27, 2020, with a term of one year commencing from November 5, 2020 to November 4, 2021.

Factoring Company and ACCA are wholly-owned subsidiaries of the Company. Eastern Airlines is a subsidiary of China Eastern Air Holding Company Limited* (中國東方航空集團有限公司) and therefore an associate of a substantial shareholder of the Company, and a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Contents of service: Factoring Company provides financing commercial factoring services for the account receivables incurred during the operation process of the UATP card issuing business by Eastern Airlines and its customers, which include, but not limited to, all or part of the services in relation to account receivables financing, account receivables management, account receivables collection and repayment guarantee. Of which, Factoring Company will acquire the account receivables of Eastern Airlines arising from using UATP accounts, based on the requirements of Eastern Airlines on conducting UATP card issuing business, and Eastern Airlines will receive factoring financing amounts from Factoring Company. The debtor of the account receivables shall pay the transferred account receivables to Factoring Company upon its maturity. ACCA shall provide financial, data and business resources to support Factoring Company.



Service fees: The service fees charged to Eastern Airlines by Factoring Company shall be not lower than 0.9% of each factoring proceed, and shall vary depending on payment days (the longer the payment days, the higher the rate). The service fees charged to Eastern Airlines by ACCA shall be 0.15% of the total factoring proceeds. After the deduction of all the service fees and handling charges receivable by Factoring Company and ACCA on the date of formation of relevant account receivables from the factoring proceeds, Factoring Company shall pay the remaining amounts to Eastern Airlines on the next day of formation of the relevant account receivables, and shall transfer relevant service fees to ACCA.

As stated in the announcement of the Company dated January 21, 2021, China Eastern Air Holding Company Limited* (中國東方航空集團有限公司) and its associates, which include but not limited to, the Airlines, Eastern Logistics, China Cargo, ceased to be the connected persons of the Company under the Listing Rules since January 21, 2021.

The maximum outstanding factoring balance of the aforesaid continuing connected transactions from January 1, 2021 to January 21, 2021 was RMB0, the annual cap being RMB100,000 thousand, and factoring service fees and handling charges were RMB0, the annual cap being RMB5,250 thousand.

(f) Continuing Connected Transactions between the Company and TravelSky Mobile Technology Limited (“TravelSky Mobile Tech”)

As stated in the announcement of the Company dated June 29, 2020, TravelSky Capital Management Limited, a wholly-owned subsidiary of China TravelSky Holding, the substantial shareholder of the Company, and other investors have agreed to make a capital contribution to TravelSky Mobile Tech. The relevant capital increase agreement was approved by the State-owned Assets Supervision and Administration Commission of the State Council on June 29, 2020. The relevant industrial and commercial registration procedures of changes in relation to the above capital increase have been completed on September 22, 2020. TravelSky Mobile Tech then has become a connected person of the Company by virtue of being a 30%-controlled company of China TravelSky Holding under the Listing Rules.

Before TravelSky Mobile Tech became a connected person of the Company, the Company and TravelSky Mobile Tech had entered into (A) the Service Agreement in relation to the provision of cloud services and computer system services by the Company to TravelSky Mobile Tech; and (B) the Loan Agreement in relation to the provision of loan by the Company to TravelSky Mobile Tech. As such, the Service Agreement, the Loan Agreement and the transactions thereunder constituted continuing connected transactions of the Company under the Listing Rules.



(1) the Service Agreement in relation the provision of cloud services and computer system services by the Company to TravelSky Mobile Tech;

Date: July 24, 2019 (as supplemented by the supplementary agreement dated May 26, 2020) and July 29, 2021

Term: As stated in the announcement of the Company dated June 29, 2020, the term of Service Agreement between the Company and TravelSky Mobile Tech was from August 1, 2016 to July 31, 2021. According to the supplementary agreement dated May 26, 2020, if the Company and TravelSky Mobile Tech have no objection, the Service Agreement may be renewed for two years upon expiration. As stated in the announcement of the Company dated July 29, 2021, the Board agreed that, upon the expiry of the existing term on July 31, 2021, the term of the transactions under the Service Agreement will be extended for two years, which is from August 1, 2021 to July 31, 2023.

Scope of services: The Company continuously provides cloud services and computer system services to TravelSky Mobile Tech, mainly including, the provision of cloud computing infrastructure services (including but not limited to the lease of related servers, provision of storage services and ancillary database, backup and disaster recovery, computer room and operation and maintenance services), and services relating to advanced interactive executive for engines in cloud industry, etc.

**Service fees:**

The pricing of the aforementioned provision of services is determined through arm's length negotiation between the Company and TravelSky Mobile Tech with reference to the costs relating to the specific services and the processing volume and complexity of such services, and after taking into account the market conditions from time to time. According to the market price and the actual cost accounting data, the Company will update the quotation for relevant services every six months. Among which: In respect of cloud computing infrastructure services, the pricing relating to the lease of related servers depends on the calculation performance (such as the kernels and memories) and operation and maintenance level of specific servers (the more advanced the calculation performance and operation and maintenance level involved, the higher the cost), and the unit price ranges from RMB1,721 per year (inclusive of tax) and RMB11,842.03 per year (inclusive of tax); the pricing of the storage services depends on the storage capacity and storage performance (the more advanced the storage capacity and storage performance involved, the higher the cost), and the unit price ranges from RMB2.41 per year (inclusive of tax) and RMB123.66 per year (inclusive of tax); the miscellaneous fees will be charged for other ancillary services in accordance with the pricing principles mentioned above; and the unit price of advanced interactive executive for engines in the cloud industry is not more than RMB2.15 (inclusive of tax), among which, relevant services shall be tiered pricing (i.e. the higher the transaction volume, the lower the unit price, if applicable). According to the Service Agreement, TravelSky Mobile Tech shall pay an annual minimum service fee of no less than RMB40 million in aggregate to the Company in respect of the aforementioned services. If less than a year, aforementioned minimum service fee shall be calculated based on the days of actual provision of services. If the actual service fee payable exceeds aforementioned minimum service fee, it shall pay in accordance with the actual service fee. The calculation method of minimum service fee is determined through arm's length negotiation between the Company and TravelSky Mobile Tech with reference to the unit price of the aforementioned services, the historical transaction volume and the future business demand.

Payment:

The service fees of the aforementioned services shall generally be calculated on an interim or monthly basis and settled to the Company's designated bank accounts. As TravelSky Mobile Tech is a wholly-owned subsidiary of the Company, the Company provides the above services free of charge before the TravelSky Mobile Tech has become a connected person of the Company. According to the supplementary agreement to the Service Agreement, the service fees shall be charged by the Company in accordance with the above pricing terms after TravelSky Mobile Tech has become a connected person of the Company.



The transaction amount of the continuing connected transactions from January 1, 2021 to December 31, 2021 was approximately RMB44,174 thousand, the annual cap being RMB66,000 thousand.

(2) the Loan Agreement in relation to the provision of loan by the Company to TravelSky Mobile Tech

Date:	July 24, 2019
Amount of the loan:	Not more than RMB180 million, which may be drawn down by TravelSky Mobile Tech in one or more tranches with prior written notice.
Term of the loan:	365 days commencing from the date of actual receipt of loan
Interest rate:	4.35% per annum
Repayment of the loan:	The principal amount of the loan together with respective accrued interest shall be paid by TravelSky Mobile Tech no later than the 365th day upon the date of actual receipt of such loan. In respect of early repayment, the interest shall be calculated based on the actual term of loan and the interest rate.
Default:	If TravelSky Mobile Tech fails to repay the loan and the interest incurred, the Company will charge a penalty at 0.03% of the overdue amount per day.

As at May 27, 2020, TravelSky Mobile Tech has drawn down all the above loan in an amount of RMB180 million in three tranches. As at May 14, 2021, TravelSky Mobile Tech has repaid the loan of RMB180 million in total and the Company has received the interest of approximately RMB6,786 thousand, and the Loan Agreement was terminated on the same day.



One-off Connected Transactions

Lease of Properties by the Company from China TravelSky Holding

As China TravelSky Holding is a substantial shareholder of the Company, it is a connected person of the Company under the Listing Rules. As stated in the announcement of the Company dated December 24, 2021, the Company leases two properties from China TravelSky Holding:

- (i) The Company leases the properties in Dongsì, Beijing from China TravelSky Holding as data centers for daily operation. The Company re-entered into the Beijing Dongsì Property Tenancy Agreement with China TravelSky Holding, for a term of three years starting from January 1, 2022. The usage fee per square metre per day for using the Beijing Dongsì properties by the Company is range from RMB7.45 to RMB17.99, which shall be paid quarterly, and depends on the floor and the usage of the area. According to Beijing Dongsì Property Tenancy Agreement, the rent for each of the year ending December 31, 2022 (365 days), 2023 (365 days) and 2024 (366 days) is RMB34,720,452.54, RMB34,720,452.54 and RMB34,815,577.07, respectively, which was determined by the parties through arm's length negotiation after having taken into account, among other things, the historical rent paid by the Company and the prevailing market rent rates for the Beijing Dongsì properties as inquired by an independent valuer.
- (ii) The Company re-entered into the Shanghai Property Tenancy Agreement with China TravelSky Holding, for a term of three years starting from January 1, 2022. The usage fee per square metre per day for using the Shanghai properties by the Company is range from RMB4.56 to RMB9.90, which shall be paid quarterly, and depends on the floor and the usage of the area. According to the Shanghai Property Tenancy Agreement, the rent for each of the year ending December 31, 2022 (365 days), 2023 (365 days) and 2024 (366 days) is RMB17,365,585.44, RMB17,365,585.44 and RMB17,413,162.38, respectively, which was determined by the parties through arm's length negotiation after having taken into account, among other things, the historical rent paid by the Company and the prevailing market rent rates for the Shanghai properties as inquired by an independent valuer.
- (iii) The Company shall bear the expenses of water, electricity, heating and communication incurred during its usage of the Beijing Dongsì properties and Shanghai properties.
- (iv) Pursuant to CASBE, Beijing Dongsì properties and Shanghai properties leased under the Tenancy Agreements will be recognised as right-of-use assets, in which the aggregate consideration of approximately RMB97,928,073.08 for recognising the Beijing Dongsì properties as right-of-use assets pursuant to the Beijing Tenancy Agreement and the aggregate consideration of approximately RMB48,979,151.93 for recognising the Shanghai properties as right-of-use assets pursuant to the Shanghai Tenancy Agreement.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company has reviewed the accounting policies and practices adopted by the Group and has also discussed certain other matters relating to audit and risk management, internal control and financial reporting, including the review of the audited financial statements for Year 2021.



AUDITOR

Pursuant to the resolution passed at the annual general meeting held on May 27, 2021, BDO China SHU LUN PAN Certified Public Accountants LLP (Certified Public Accountants in the PRC) was engaged as the Company's PRC auditor for Year 2021.

According to the Financial Reporting Council Ordinance (Cap 588) of Hong Kong effective on October 1, 2019, BDO China SHU LUN PAN Certified Public Accountants LLP engaged by the Company is a recognised PRC auditor.

The Company has not changed its international auditor for Year 2018 to Year 2020, and the Company has not changed its PRC auditor for Year 2018 to Year 2021.

In light of the adoption of the CASBE, on March 31, 2021, the Board proposed to cease the re-appointment of BDO Limited as the international auditor of the Company and proposed to re-appoint BDO China as the PRC auditor of the Company for Year 2021. BDO China is a firm of practicing accountants which has been approved by the Ministry of Finance of the PRC and the China Securities Regulatory Commission and eligible to provide auditing services by using the CASBE to the mainland incorporated issuers listed in Hong Kong. On May 27, 2021, upon approval by the shareholders of the Company at the annual general meeting, BDO China was appointed as the auditor auditing the Company's financial reports in accordance with the CASBE and discharge the duties as an international auditor under the Listing Rules, with a term of office until the conclusion of the 2021 annual general meeting of the Company.

The Audit Committee proposed to re-appoint BDO China as the PRC auditor of the Group for the year 2022.

By Order of the Board

Huang Rongshun

Chairman

March 24, 2022

REPORT OF SUPERVISORY COMMITTEE



Dear shareholders,

For the year ended December 31, 2021, members of the Supervisory Committee of the Company have diligently performed their duties during their tenures to ensure that the Company has observed and complied with the Listing Rules, the laws and regulations of the PRC, the Articles and other relevant rules and regulations to protect the interests of the Company and its shareholders.

According to the Articles, the Supervisory Committee of the Company comprises five supervisors with a term of three years. The number of staff representative supervisors is more than one-third of the number of members of the Supervisory Committee and there is one independent supervisor.

The seventh session of the Supervisory Committee of the Company convened two meetings in Year 2021. The Supervisory Committee reviewed the Company's annual consolidated financial statements for Year 2020, interim financial statements for Year 2021, attended the Board meetings and general meetings of the Company, and undertook the responsibility to monitor the policies and decisions made by the Board to determine whether they were in compliance with the Listing Rules, the laws and regulations of the PRC and the Articles, and whether they were in the interest of the Company and the shareholders, and offered proper suggestions to the Board and the management. For the work of the Supervisory Committee, please also refer to the section headed "Supervisory Committee" in the "Corporate Governance Report".

As stated in the announcement of the Company dated February 26, 2021, according to the poll results of the extraordinary general meeting of the Company on February 26, 2021, Ms. Tang Lichao was elected as the supervisor of the seventh session of the Supervisory Committee of the Company.

The seventh session of the Supervisory Committee of the Company is comprised of: (i) Mr. Ding Wanzhi and Ms. Liang Shuang acted as staff representative supervisors of the seventh session of the Supervisory Committee of the Company; (ii) Ms. Zeng Yiwei and Ms. Tang Lichao acted as the supervisors of the seventh session of the Supervisory Committee of the Company; (iii) Mr. Zhu Yan acted as an independent supervisor of the seventh session of the Supervisory Committee of the Company. Mr. Ding Wanzhi acted as the Chairman of the seventh session of the Supervisory Committee of the Company.

Report of Supervisory Committee



On March 24, 2022, the seventh session of the Supervisory Committee of the Company reviewed the Company's financial statements for Year 2021, and considered that the financial statements gave a true and fair view of the financial position and operation results of the Company and that they were in compliance with the regulations applicable to the Company. The seventh session of the Supervisory Committee confirmed that the Company had not been involved in any material litigation or arbitration, and there were no litigations or claims of material importance pending or threatened by or against the Company in Year 2021.

The Supervisory Committee considered that the Board and the senior management of the Company were committed to acting honestly and to performing their duties diligently during Year 2021, such that the best interests of the Company and the shareholders were protected. The Supervisory Committee considered that the Report of Directors for the year ended December 31, 2021 reflected the actual operational circumstances of the Company. The Supervisory Committee has great confidence in the future prospects and development of the Company.

The list of supervisors is set out in the section headed "Corporate Information" and the biographies of supervisors of the seventh session of the Supervisory Committee are set out in the section headed "Biographies of Directors, Supervisors, Senior Management and Company Secretary" in this annual report.

By Order of the Supervisory Committee

Ding Wanzhi

Chairman of the Supervisory Committee

March 24, 2022

AUDITORS' REPORT



PCPAR [2022] No. ZK10041

TO ALL SHAREHOLDERS OF TRAVELSKY TECHNOLOGY LIMITED:

I OPINION

We have audited the financial statements of TravelSky Technology Limited (hereinafter referred to as the "Company"), including the consolidated balance sheet and the balance sheet of the parent company as at December 31, 2021, the consolidated income statement and the income statement of the parent company, the consolidated statement of cash flows and statement of cash flows of the parent company, the consolidated statement of changes in shareholders' equity and the statement of changes in shareholders' equity of the parent company for the year then ended and the relevant notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and present fairly the consolidated financial positions and the parent company's financial positions as at December 31, 2021 and the consolidated operating results and cash flows and the parent company's operating results and cash flows for the year then ended.

II BASIS FOR OUR OPINION

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company, and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. The response to these matters is based on the overall audit of the financial statements and the formation of audit opinions. We do not express our opinions on these matters separately. We determine to communicate the following key audit matters in the auditors' report:



III KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters

How the audit addressed the matter

(II) Testing for impairment of receivables

As of December 31, 2021, the book balance of accounts receivable of the Company is RMB4,361.9311 million, and the management has made provision for bad debts of RMB626.5044 million. Management involves significant judgments in evaluating the recoverability of receivables. In making this assessment, management needs to make a judgment on the debtor's expected solvency based on past experience, including customer repayment history, customer financial position and age of receivables, and assessment of current and expected economic environment, all of which involve significant judgment by management. Therefore, we made the impairment test of receivables a key audit item.

We implemented the following procedures by sampling:

- (1) Analyzed the rationality of the accounting estimation of the impairment provision of accounts receivable of the Company including the basis of the combination of accounts receivable and the judgment of the separate provision of expected credit loss;
- (2) Evaluate whether the historical loss rate used in the expected credit loss model is based on current economic conditions and expected information;
- (3) Obtained the account receivable aging list and impairment reserve calculation table of the Company, and checked whether the calculation of expected credit loss model was accurate;
- (4) For significant accounts receivable, the accuracy of expected credit loss provision is evaluated by analyzing the age of accounts receivable, the financial status of customers, the expected status and reputation of the industry they are in, and checking the past payment records and payment collection records of debtors.



III KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters

How the audit addressed the matter

(II) Revenue recognition

For disclosure of accounting policies on revenue recognition, see Note 3.25.

The key audit procedures we perform for revenue recognition include:

In its 2021 annual financial statement, the Company reported its business income of RMB5,476.1774 million. According to the accounting policy of the Company, the income of civil aviation information technology services, settlement and clearing services and data network services shall be recognized on a monthly basis in the process of providing services. System integration service, the project operation time is generally short, usually after the customer acceptance, confirm the income.

The Company's business income is an important part of the income statement, so we consider revenue recognition as a key audit matter.

- (1) Test and evaluate the design and operation effectiveness of key internal controls related to revenue recognition of the Company.
- (2) Select contract samples, identify the main transaction terms of the contract, and evaluate whether TravelSky's revenue recognition time point conforms to the provisions of the Accounting Standards for Business Enterprises.
- (3) Implement the revenue detail test, select samples from the revenue details, check the consistency with the billing records generated by the business system; Check contract or order, sales delivery order, delivery receipt record or acceptance report.
- (4) Execute confirmation procedures for major customers in 2021.
- (5) Perform cut-off tests on revenue to confirm whether revenue is included in the correct accounting period.



IV OTHER INFORMATION

The management of the Company (hereinafter referred to as the Management) is responsible for other information. The other information comprises the information covered in the 2021 annual report of the Company, but excludes the financial statements and our auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's management (hereinafter referred to as "the Management") is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing matters related to going concern (if applicable) and using the going concern basis of accounting, unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company.



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going-concern assumption. Meanwhile, according to the audit evidence acquired, the management comes to conclusion on matters which may cause significant misgiving against the going-concern ability of the Company or whether the said situation exists material uncertainty or not. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) We have acquired sufficient and proper audit evidence in regard to financial information relating to entity or business activities of the Company to give the audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report, unless these matters are forbidden by laws and regulations to be disclosed or in extremely rare circumstances, when the negative impact arising from the reasonable and expected communication about a certain matter in a auditors' report exceeds the public interest benefits arising therefrom, we determine that such matter should not be communicated in the auditors' report.

BDO CHINA Shu Lun Pan
Certified Public Accountants LLP

Certified Public Accountant of China:
Gao Fei (Project Partner)

Certified Public Accountant of China:
Yang Yinhua

Shanghai, China

March 24, 2022

This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.

CONSOLIDATED BALANCE SHEET



As at December 31, 2021
(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	Balance as at December 31, 2021	Balance as at December 31, 2020
Current assets:			
Monetary funds	5.1	6,464,412,704.81	4,457,255,676.51
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	3,309,635,625.00	800,028,493.15
Derivative financial assets			
Notes receivable	5.3	70,586,838.19	108,668,919.80
Accounts receivable	5.4	3,735,426,719.48	4,445,315,617.15
Receivables financing			
Advances to suppliers	5.5	227,144,614.26	176,440,157.02
Premiums receivable			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	5.6	1,039,626,270.11	922,748,962.53
Financial assets purchased under resale agreements			
Inventories	5.7	61,415,489.94	77,597,543.53
Contract assets	5.8	67,833,071.43	133,515,605.31
Assets held for sale			
Non-current assets maturing within one year	5.9	456,773,333.33	922,750,037.84
Other current assets	5.10	205,778,056.39	1,646,770,233.88
Total current assets		15,638,632,722.94	13,691,091,246.72
Non-current assets:			
Disbursement of loans and advances			
Creditor's right investment			
Other creditors' right investment			
Long-term receivables			
Long-term equity investments	5.11	746,468,885.24	670,124,379.69
Investment in other equity instruments	5.12	850,622,600.00	893,202,600.00
Other non-current financial assets	5.13	347,897,198.47	82,315,300.00
Investment properties	5.14	107,878,505.08	110,002,932.41
Fixed assets	5.15	3,834,600,282.28	4,242,379,666.41
Construction in progress	5.16	31,268,001.61	23,733,542.62
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.17	54,785,926.94	100,661,080.67
Intangible assets	5.18	1,907,622,214.57	1,759,713,955.22
Development expenditures	5.19	149,583,962.60	310,092,511.88
Goodwill	5.20	260,400.76	260,400.76
Long-term deferred expenses	5.21	3,304,486.01	3,956,875.09
Deferred income tax assets	5.22	356,065,514.65	357,591,359.89
Other non-current assets	5.23	82,148,278.04	524,150,216.91
Total non-current assets		8,472,506,256.25	9,078,184,821.55
Total assets		24,111,138,979.19	22,769,276,068.27

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:
Huang Rongshun

Accounting Principal:
Li Jinsong

Head of the Accounting Department:
Zheng Wei



Consolidated Balance Sheet

As at December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Notes	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term borrowings	5.24	2,500,000.00	
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.25	2,145,109,104.82	1,799,529,173.62
Advances from customers	5.26		115,200.00
Contract liabilities	5.27	650,696,196.71	155,713,280.20
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposit			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employee compensation payable	5.28	264,047,821.24	327,616,032.55
Taxes and surcharges payable	5.29	92,064,440.99	141,966,524.65
Other payables	5.30	1,539,110,015.44	1,349,011,112.20
Handling charges and commission payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.31	27,625,558.09	76,146,476.84
Other current liabilities	5.32	51,318,544.24	8,675,292.95
Total current liabilities		4,772,471,681.53	3,858,773,093.01



Consolidated Balance Sheet

As at December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Notes	Balance as at December 31, 2021	Balance as at December 31, 2020
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings			
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities	5.33	32,127,485.36	27,347,493.33
Long-term payables	5.34	420,237.65	420,237.65
Long-term employee compensation payable			
Estimated liabilities	5.35	14,488.00	4,488.00
Deferred income	5.36	54,367,222.23	84,748,888.89
Deferred income tax liabilities	5.22	21,654,927.81	29,823,737.12
Other non-current liabilities			
Total non-current liabilities		108,584,361.05	142,344,844.99
Total liabilities		4,881,056,042.58	4,001,117,938.00
Owners' equity:			
Share capital	5.37	2,926,209,589.00	2,926,209,589.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves	5.38	1,192,037,425.52	1,159,410,625.06
Less: treasury stock			
Other comprehensive income	5.39	-53,807,439.52	18,845,593.64
Special reserves			
Surplus reserves	5.40	3,986,993,935.42	3,935,022,105.66
General risk reserves	5.41	7,685,038.30	6,984,649.60
Undistributed profits	5.42	10,701,137,663.18	10,249,328,657.65
Total equity attributable to owners of the parent company		18,760,256,211.90	18,295,801,220.61
Minority equity		469,826,724.71	472,356,909.66
Total owners' equity		19,230,082,936.61	18,768,158,130.27
Total liabilities and owners' equity		24,111,138,979.19	22,769,276,068.27

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:
Huang Rongshun

Accounting Principal:
Li Jinsong

Head of the Accounting Department:
Zheng Wei

BALANCE SHEET OF THE PARENT COMPANY



As at December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	Balance as at December 31, 2021	Balance as at December 31, 2020
Current assets:			
Monetary funds		4,623,178,948.38	2,219,301,794.60
Financial assets held for trading		3,309,635,625.00	800,028,493.15
Derivative financial assets			
Notes receivable	15.1	70,586,838.19	108,668,919.80
Accounts receivable	15.2	3,484,287,080.24	4,206,645,282.63
Receivables financing			
Advances to suppliers		233,609,448.40	147,077,154.49
Other receivables	15.3	291,839,371.26	275,497,265.06
Inventories		144,072.76	13,984.30
Contract assets		51,464,942.72	121,801,084.58
Assets held for sale			
Non-current assets maturing within one year			922,750,037.84
Other current assets		70,801,497.26	1,591,277,590.18
Total current assets		12,135,547,824.21	10,393,061,606.63
Non-current assets:			
Creditor's right investment			
Other creditors' right investment			
Long-term receivables			
Long-term equity investments	15.4	2,666,900,168.51	2,539,645,236.07
Investment in other equity instruments		850,622,600.00	893,202,600.00
Other non-current financial assets		347,897,198.47	82,315,300.00
Investment properties		101,306,918.43	109,550,576.77
Fixed assets		3,310,836,773.11	3,690,799,132.62
Construction in progress		29,320,827.92	20,412,051.23
Productive biological assets			
Oil and gas assets			
Right-of-use assets		12,887,330.35	70,616,599.86
Intangible assets		1,825,833,368.92	1,611,581,810.17
Development expenditures		161,286,887.87	329,357,725.35
Goodwill			
Long-term deferred expenses		348,874.06	2,013,976.08
Deferred income tax assets		349,712,270.77	351,102,918.74
Other non-current assets			
Total non-current assets		9,656,953,218.41	9,700,597,926.89
Total assets		21,792,501,042.62	20,093,659,533.52

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:
Huang Rongshun

Accounting Principal:
Li Jinsong

Head of the Accounting Department:
Zheng Wei



Balance Sheet of the Parent Company

As at December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note	Balance as at December 31, 2021	Balance as at December 31, 2020
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		2,419,811,791.81	1,936,905,182.98
Advances from customers			
Contract liabilities		617,172,156.98	109,381,480.59
Employee compensation payable		197,502,856.90	227,646,103.26
Taxes and surcharges payable		28,344,714.77	107,267,069.90
Other payables		2,922,188,150.38	2,404,522,033.86
Liabilities held for sale			
Non-current liabilities maturing within one year		10,406,759.97	61,938,660.93
Other current liabilities		39,740,391.30	6,606,473.78
Total current liabilities		6,235,166,822.11	4,854,267,005.30
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: preferred stock			
Perpetual bonds			
Lease liabilities		2,555,064.42	10,311,494.44
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		54,367,222.23	84,648,888.89
Deferred income tax liabilities		5,351,715.04	6,949,440.51
Other non-current liabilities			
Total non-current liabilities		62,274,001.69	101,909,823.84
Total liabilities		6,297,440,823.80	4,956,176,829.14



Balance Sheet of the Parent Company

As at December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note	Balance as at December 31, 2021	Balance as at December 31, 2020
Owners' equity:			
Share capital		2,926,209,589.00	2,926,209,589.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves		1,298,570,506.29	1,255,654,385.67
Less: treasury stock			
Other comprehensive income		-20,720,790.00	18,202,600.00
Special reserves			
Surplus reserves		3,981,487,743.22	3,929,515,913.46
Undistributed profits		7,309,513,170.31	7,007,900,216.25
Total owners' equity		15,495,060,218.82	15,137,482,704.38
Total liabilities and owners' equity		21,792,501,042.62	20,093,659,533.52

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:

Huang Rongshun

Accounting Principal:

Li Jinsong

Head of the Accounting Department:

Zheng Wei

CONSOLIDATED INCOME STATEMENT



For the Year Ended December 31, 2021
(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Year 2021	Year 2020
I. Total operating revenue		5,476,177,411.53	5,485,576,735.75
Including: Operating revenue	5.43	5,476,177,411.53	5,485,576,735.75
Interest income			
Earned premium			
Fees and commission income			
II. Total operating costs		5,309,339,740.52	4,817,394,008.03
Including: Operating cost	5.43	3,312,384,139.24	3,085,918,226.02
Interest expenses			
Fees and Commissions Expenses			
Surrender payment			
Net payout			
Net withdrawal of insurance liability reserves			
Dividend payment			
Reinsurance costs			
Taxes and surcharges	5.44	74,405,664.88	82,823,299.06
Selling and distribution expenses	5.45	122,944,239.67	117,350,403.38
General and administrative expenses	5.46	923,376,485.53	930,086,253.46
Research and development expenses	5.47	973,806,746.81	691,616,213.97
Financial expenses	5.48	-97,577,535.61	-90,400,387.86
Including: interest expenses		2,837,933.55	5,820,988.65
Interest income		108,083,262.96	117,450,311.49
Plus: other income	5.49	79,806,336.91	55,801,003.02
Investment income ("-" for losses)	5.50	48,370,446.52	538,933,267.73
Including: income from investment in associates and joint ventures		4,291,112.20	34,385,380.05
Income from derecognition of financial assets measured at amortized cost			
Gains from foreign exchange ("-" for losses)			
Income from net exposure hedging ("-" for losses)			
Gains from the changes in fair value ("-" for losses)	5.51	9,930,220.47	-7,005,845.66
Losses from credit impairment ("-" for losses)	5.52	374,234,999.21	-696,010,142.47
Losses from asset impairment ("-" for losses)	5.53	-6,824,537.67	-235,074,061.29
Gains from disposal of assets ("-" for losses)	5.54	-851,493.46	11,839.37



Consolidated Income Statement

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Year 2021	Year 2020
III. Operating profits ("-" for losses)		671,503,642.99	324,838,788.42
Plus: non-operating revenue	5.55	14,147,903.62	4,119,979.39
Less: non-operating expenses	5.56	21,768,247.91	14,797,391.63
IV. Total profits ("-" for total losses)		663,883,298.70	314,161,376.18
Less: income tax expenses	5.57	52,778,626.40	-97,775,354.51
V. Net profit ("-" for net loss)		611,104,672.30	411,936,730.69
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		611,104,672.30	411,936,730.69
2. Net profit from discontinued operation ("-" for net losses)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		551,300,577.41	362,799,787.58
2. Minority interest income ("-" for net loss)		59,804,094.89	49,136,943.11
VI. Other comprehensive income, net of tax		-72,653,033.16	284,661.53
Other comprehensive income, net of tax attributable to owners of the parent company		-72,653,033.16	284,661.53
(I) Other comprehensive income that cannot be reclassified into profit or loss		-38,923,390.00	9,452,600.00
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investment		-38,923,390.00	9,452,600.00
4. Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss		-33,729,643.16	-9,167,938.47
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other creditor's right investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements		-33,729,643.16	-9,167,938.47
7. Others			
Other comprehensive income, net of tax, attributable to minority shareholders			
VII. Total comprehensive income		538,451,639.14	412,221,392.22
Total comprehensive income attributable to owners of the parent company		478,647,544.25	363,084,449.11
Total comprehensive income attributable to minority shareholders		59,804,094.89	49,136,943.11
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.58	0.19	0.12
(II) Diluted earnings per share (RMB/share)	5.58	0.19	0.12

Legal Representative of Enterprise:

Huang Rongshun

Accounting Principal:

Li Jinsong

Head of the Accounting Department:

Zheng Wei

INCOME STATEMENT OF THE PARENT COMPANY



For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Year 2021	Year 2020
I. Operating revenue	15.5	4,060,808,682.11	4,045,025,717.52
Less: Operating cost	15.5	2,698,192,620.44	2,409,416,320.32
Taxes and surcharges		61,769,440.62	66,563,611.71
Selling and distribution expenses		24,191,929.99	44,313,343.40
General and administrative expenses		578,302,203.59	591,743,583.50
Research and development expenses		790,201,044.98	456,238,473.92
Financial expenses		-24,301,740.16	-16,520,993.19
Including: Interest expenses		1,560,313.48	4,122,215.17
Interest income		33,216,634.77	44,044,774.16
Plus: Other income		53,582,428.12	26,352,762.56
Investment income ("-" for losses)	15.6	68,339,331.39	159,675,175.05
Including: Income from investment in associates and joint ventures		7,942,645.09	68,399,092.90
Income from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)		9,930,220.47	-7,005,845.66
Losses from credit impairment ("-" for losses)		372,859,331.23	-666,408,016.35
Losses from asset impairment ("-" for losses)		8,998,801.63	-13,925,360.32
Income from disposal of assets ("-" for losses)		336.30	84,203.62
II. Operating profits ("-" for losses)		446,163,631.79	-7,955,703.24
Plus: Non-operating revenue		3,863,411.02	2,257,776.42
Less: Non-operating expenses		20,303,670.18	12,535,937.24
III. Total profits ("-" for total losses)		429,723,372.63	-18,233,864.06
Less: Income tax expenses		29,319,235.39	-137,548,024.42
IV. Net profit ("-" for net loss)		400,404,137.24	119,314,160.36
(II) Net profit from continued operation ("-" for net loss)		400,404,137.24	119,314,160.36
(III) Net profit from discontinued operation ("-" for net loss)			



Income Statement of the Parent Company

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Year 2021	Year 2020
V. Other comprehensive income, net of tax		-38,923,390.00	9,452,600.00
(I) Other comprehensive income that cannot be reclassified into profit or loss		-38,923,390.00	9,452,600.00
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investment		-38,923,390.00	9,452,600.00
4. Changes in the fair value of the company's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other creditor's right investment			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other creditor's rights investment			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income		361,480,747.24	128,766,760.36
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:
Huang Rongshun

Accounting Principal:
Li Jinsong

Head of the Accounting Department:
Zheng Wei

CONSOLIDATED STATEMENT OF CASH FLOW



For the Year Ended December 31, 2021
(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2021	Year 2020
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		7,468,901,690.58	5,266,255,140.18
Net increase in customer deposits and deposits from other banks and financial institutions			
Net increase in borrowings from central banks			
Net increase in loans from other financial institutions			
Cash received from the original insurance contract premium			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds			
Cash for interest, fees and commissions			
Net increase in borrowed funds			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges		15,018,340.16	177,641,190.92
Cash received from other operating activities	5.60	64,008,772,091.78	62,283,876,703.68
Sub-total of cash inflows from operating activities		71,492,692,122.52	67,727,773,034.78
Cash paid for goods purchased and services received		2,274,370,817.59	2,095,266,837.61
Net increase in customers' loans and advances			
Net increase in deposits with central bank and with banks and other financial institutions			
Cash to pay the original insurance contract compensation			
Net increase in borrowed funds			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,900,766,198.88	1,836,686,089.54
Cash paid for taxes and surcharges		465,665,614.81	493,946,655.34
Cash paid for other operating activities	5.60	63,909,064,012.94	63,137,658,847.10
Sub-total of cash outflows from operating activities		68,549,866,644.22	67,563,558,429.59
Net cash flows from operating activities		2,942,825,478.30	164,214,605.19
II. Cash flows from investing activities			
Cash received from disposal of investments		10,031,751,544.59	5,400,000,000.00
Cash received from returns on investments		110,246,708.31	119,181,753.43
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,504,662.54	263,268.85
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			



Consolidated Statement of Cash Flow

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2021	Year 2020
Sub-total of cash inflows from investing activities		10,143,502,915.44	5,519,445,022.28
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		481,352,674.80	533,597,450.74
Cash paid for investments		10,458,909,651.55	5,289,349,638.81
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	5.60		8,404,155.22
Sub-total of cash outflows from investing activities		10,940,262,326.35	5,831,351,244.77
Net cash flows from investing activities		-796,759,410.91	-311,906,222.49
III. Cash flows from financing activities			
Cash from absorption of investments			247,804,683.26
Including: cash received by subsidiaries from investment by minority shareholders			
Cash received from borrowings		3,550,000.00	
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		3,550,000.00	247,804,683.26
Cash paid for debts repayments		1,050,000.00	
Cash paid for distribution of dividends and profits or payment of interest		73,525,697.60	841,148,818.86
Including: dividends and profits paid to minority shareholders by subsidiaries		14,617,680.00	
Cash paid for other financing activities	5.60	94,541,156.34	97,777,768.88
Sub-total of cash outflows from financing activities		169,116,853.94	938,926,587.74
Net cash flows from financing activities		-165,566,853.94	-691,121,904.48
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-5,832,153.62	-23,180,493.08
V. Net increase in cash and cash equivalents		1,974,667,059.83	-861,994,014.86
Plus: beginning balance of cash and cash equivalents		4,364,935,481.69	5,226,929,496.55
VI. Ending balance of cash and cash equivalents		6,339,602,541.52	4,364,935,481.69

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:
Huang Rongshun

Accounting Principal:
Li Jinsong

Head of the Accounting Department:
Zheng Wei

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY



For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2021	Year 2020
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		5,822,565,383.32	3,581,406,183.85
Refund of taxes and surcharges		20,297.01	168,211,497.40
Cash received from other operating activities		756,631,137.12	697,673,595.20
Sub-total of cash inflows from operating activities		6,579,216,817.45	4,447,291,276.45
Cash paid for goods purchased and services received		1,830,162,975.64	1,753,341,121.80
Cash paid to and on behalf of employees		1,008,281,500.01	961,693,021.37
Cash paid for taxes and surcharges		349,596,697.27	350,758,511.83
Cash paid for other operating activities		116,204,919.75	357,191,004.50
Sub-total of cash outflows from operating activities		3,304,246,092.67	3,422,983,659.50
Net cash flows from operating activities		3,274,970,724.78	1,024,307,616.95
II. Cash flows from investing activities			
Cash received from disposal of investments		10,030,419,126.47	5,550,000,000.00
Cash received from returns on investments		124,521,744.31	129,408,890.29
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		962,617.61	234,395.55
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		10,155,903,488.39	5,679,643,285.84
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		428,340,786.43	457,707,512.37
Cash paid for investments		10,458,909,651.55	5,319,349,638.81
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		10,887,250,437.98	5,777,057,151.18
Net cash flows from investing activities		-731,346,949.59	-97,413,865.34


Statement of Cash Flows of the Parent Company

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2021	Year 2020
III. Cash flows from financing activities			
Cash from absorption of investments			
Cash received from borrowings			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities			
Cash paid for debts repayments			
Cash paid for distribution of dividends and profits or payment of interest		58,905,261.35	828,700,445.22
Cash paid for other financing activities		77,362,478.91	75,695,049.59
Sub-total of cash outflows from financing activities		136,267,740.26	904,395,494.81
Net cash flows from financing activities		-136,267,740.26	-904,395,494.81
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		723,170.90	-9,615,672.57
V. Net increase in cash and cash equivalents		2,408,079,205.83	12,882,584.23
Plus: beginning balance of cash and cash equivalents		2,215,099,742.55	2,202,217,158.32
VI. Ending balance of cash and cash equivalents		4,623,178,948.38	2,215,099,742.55

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:
Huang Rongshun

Accounting Principal:
Li Jinsong

Head of the Accounting Department:
Zheng Wei

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY



For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2021						
	Share capital	Preferred stock	Other equity instruments	Equity attributable to owners of the parent company			Minority equity
				Capital reserves	Less: treasury stock	Other comprehensive income	Total owners' equity
I. Balance as at December 31, 2020	2,926,209,589.00			1,159,410,625.06		18,845,593.44	472,354,909.46
Plus: changes in accounting policies							
Correction of accounting errors in prior period							
Business combination under common control							
Others							
II. Balance as at January 1, 2021	2,926,209,589.00			1,159,410,625.06		18,845,593.44	472,354,909.46
III. Increases/decreases in 2021 (+/- for decreases)							
Total comprehensive income				32,628,800.46		-72,653,033.16	-40,024,232.70
Capital contributed or reduced by owners							
Capital contributed by the holders of other equity instruments							
Common stock contributed by owners							
Capital contributed by the holders of other equity instruments							
Amounts of share-based payments recognized in owner's equity							
Others							
Profit distribution							
Withdrawal of surplus reserves							
Withdrawal of general risk reserves							
Profit distributed to owners (for shareholders)							
Others							
Internal carry-forward of owner's equity							
Conversion of capital reserves into paid-in capital (or share capital)							
Conversion of surplus reserves into paid-in capital (or share capital)							
Losses offset by surplus reserves							
Carry-forward of changes in the defined benefit plan for retained earnings							
Carry-forward of other comprehensive income for retained earnings							
Others							
Special reserves							
Amount withdrawn in 2021							
Amount used in 2021							
Others							
IV. Balance as at December 31, 2021	2,926,209,589.00			1,192,037,425.52		-53,807,439.72	449,824,724.71

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:

Huang Rongshun

Accounting Principal:

Li Jinsong

Head of the Accounting Department:

Zheng Wei

Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



Item	Year 2020														
	Equity attributable to owners of the parent company														
	Share capital	Preferred stock	Other equity instruments	Others	Capital reserves	Less treasury stock	comprehensive income	Other	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total	Minority equity	Total owners' equity
I. Balance as at December 31, 2019	2,926,209,589.00				1,159,410,625.06		18,560,932.11			3,711,752,429.87	5,224,825.65	10,957,232,941.03	18,778,391,342.72	457,313,214.19	19,235,704,556.91
Plus: changes in accounting policies															
Correction of accounting errors in prior period															
Business combination under common control															
Others															
II. Balance as at January 1, 2020	2,926,209,589.00				1,159,410,625.06		18,560,932.11			3,711,752,429.87	5,224,825.65	10,957,232,941.03	18,778,391,342.72	457,313,214.19	19,235,704,556.91
III. Increases/decreases in 2020 ("+" for increases)							284,461.53			223,269,655.79	1,759,823.95	-707,904,283.38	-482,590,122.11	15,043,695.47	-467,544,626.64
(I) Total comprehensive income							284,461.53			223,269,655.79	1,759,823.95	362,799,767.58	363,084,449.11	49,136,043.11	412,221,392.22
(II) Capital contributed or reduced by owners															
1. Common stock contributed by owners															
2. Capital contributed by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owner's equity															
4. Others															
(III) Profit distribution															
1. Withdrawal of surplus reserves										223,269,655.79	1,759,823.95	-1,070,704,070.96	-845,614,571.22	-34,093,247.64	-879,767,818.86
2. Withdrawal of general risk reserves										223,269,655.79	1,759,823.95	-223,269,655.79			
3. Profit distributed to owners (or shareholders)											1,759,823.95	-1,759,823.95			
4. Others												-845,614,571.22	-845,614,571.22	-34,093,247.64	-879,767,818.86
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Losses offset by surplus reserves															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves															
1. Amount withdrawn in 2020															
2. Amount used in 2020															
Others															
IV. Balance as at December 31, 2020	2,926,209,589.00				1,159,410,625.06		18,845,393.64			3,935,022,085.66	6,984,649.60	10,249,238,657.45	18,295,801,220.61	477,354,909.66	18,768,158,130.27

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:

Huang Rongshun

Accounting Principal:

Li Jinsong

Head of the Accounting Department:

Zheng Wei

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY



For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2021							Total owner's equity		
	Share capital	Preferred stock	Other equity instruments	Others	Capital reserves	Less treasury stock	Other comprehensive income			
			Perpetual bonds					Surplus reserves	Undistributed profits	
I. Balance as at December 31, 2020	2,924,209,588.00				1255,654,385.67		18,202,600.00	39,293,515,913.46	7,007,900,216.25	15,137,482,704.38
Plus: changes in accounting policies										
Correction of accounting errors in prior period										
Others										
II. Balance as at January 1, 2021	2,924,209,588.00				1255,654,385.67		18,202,600.00	39,293,515,913.46	7,007,900,216.25	15,137,482,704.38
III. Increases/decreases in 2021 ("+" for increases)					42,916,120.62		-38,923,390.00	51,971,829.76	301,612,954.06	357,577,514.44
(I) Total comprehensive income							-38,923,390.00			
(II) Capital contributed or reduced by owners					42,916,120.62				400,004,137.24	361,480,747.24
1. Common stock contributed by owners										
2. Capital contributed by the holders of other equity instruments										
3. Amounts of share-based payments recognized in owner's equity										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserves										
2. Profit distributed to owners (or shareholders)										
3. Others										
(IV) Internal carry-forward of owner's equity					42,916,120.62			51,971,829.76	-98,791,183.18	42,916,120.62
1. Conversion of capital reserves into paid-in capital (or share capital)										
2. Conversion of surplus reserves into paid-in capital (or share capital)								51,971,829.76	-51,971,829.76	-46,819,353.42
3. Losses offset by surplus reserves										
4. Carry-forward of changes in the defined benefit plan for retained earnings										
5. Carry-forward of other comprehensive income for retained earnings										
6. Others										
(V) Special reserves										
1. Amount withdrawn in 2021										
2. Amount used in 2021										
Others										
IV. Balance as at December 31, 2021	2,924,209,588.00				1,298,570,506.29		-20,720,790.00	3,981,487,432.22	7,309,513,170.31	15,495,060,218.82

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative of Enterprise:

Huang Rongshun

Accounting Principal:

Li Jinsong

Head of the Accounting Department:

Zheng Wei

(Amounts are expressed in RMB unless otherwise stated)

The accompanying notes to the financial statements form an integral part of the financial statements.

Huang Rongshun

Li Jinsong

Zheng Wei

NOTES TO FINANCIAL STATEMENTS



For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

1 COMPANY PROFILE

1.1 Company overview

TravelSky Technology Limited (hereinafter referred to as “the Company”) was incorporated in Beijing, the People’s Republic of China on October 18, 2000, with offering of 577,303,500 shares totaled share capital of RMB577,303,500.00 and par value of RMB1.00 per share at the time of establishment.

On February 7, 2001, the Company completed its initial offering of 310,854,000 H shares (par value of RMB1.00 per share) to overseas investors and listed them on the Stock Exchange of Hong Kong Ltd. (the “SEHK”), increasing its total share capital to RMB888,157,500.00 after the offering.

On June 5, 2007, at the annual and special shareholders’ meeting of the Company, the Company approved to distribute bonus at RMB1.00 par value per share to shareholders with the capital reserves-equity premiums of RMB888,157,500.00, totaling 888,157,500 shares for each existing share for one share, and meanwhile increased the share capital of the Company. After the conversion, the number of ordinary shares of the Company increased from 888,157,500 shares to 1,776,315,000 shares and the total share capital increased to RMB1,776,315,000.00.

According to the resolution of the Company’s July 2008 Extraordinary General Meeting of Shareholders, the Company issued 174,491,393 ordinary shares to China TravelSky Holding Company Limited (formerly China TravelSky Holding Company, hereinafter referred to as “CTH”) as all equities of China Aviation Accounting Co., Ltd. (hereinafter referred to as “China Aviation Accounting”) acquired by the Company from CTH and the consideration for property located at Dongxing Lane, Chaoyang District, Beijing, China. Upon completion of the acquisition during March 2009, the number of ordinary shares of the Company increased from 1,776,315,000 shares to 1,950,806,393 shares and the total share capital increased to RMB1,950,806,393.00.

In accordance with the resolution of the annual general meeting on June 28, 2011, the Company was approved to, by RMB975,403,196.00 by way of allocation of its reserves and retained earnings to capital, increase its share capital with discretionary surplus (RMB487,701,598.00) and undistributed profits (RMB487,701,598.00), and distribute the bones to the shareholders of the Company whose names appeared on its register of shareholders on June 28, 2011, with one bonus share for every two shares of the Company held at that time, and the total share capital of the Company after the capital increase increased to RMB2,926,209,589.00.

As of December 31, 2021, the Company has issued a total of 2,926,209,589 shares, with a registered capital of RMB2,926,209,589.00.

The unified social credit code for the Company’s business license registration: 9111000071092729XP. Address of registration: No. 7 Yumin Street, Houshayu Town, Shunyi District, Beijing. Legal representative: Huang Rongshun.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



1 COMPANY PROFILE (CONTINUED)

1.1 Company overview (Continued)

The Company's business scope includes: Internet information service business (specific service items are subject to the operation license of telecommunication and information service business); contracting of computer software and hardware engineering projects; research, development, production, sales or leasing of computer software, hardware, peripherals and network products, and technical consulting and technical services related to the above business; import and export business; business information and tourism information consulting; professional contracting of items such as system integration, electronic engineering and airport air traffic control engineering and terminal building weak electrical system engineering projects. (The market subject may independently choose business items and conduct business activities according to law; any item that need to be approved according to law shall be carried out after acquiring the approval of related administration; any operating activity of the item banned and restricted by China and Beijing industrial policy may not be conducted).

The business nature of the Company is: Aviation information technology services.

The industry in which the Company operates is: Other air transportation auxiliary activities.

The Company's main business activities are: the Company provides a full range of services such as air passenger business processing, air travel electronic distribution, airport passenger processing, air cargo data processing, Internet travel platform, international and domestic passenger and cargo revenue management system and application, and agency settlement and clearing for airlines, airports, air ticket sales agents, tourism enterprises and civil aviation-related institutions and international organizations.

The parent company of the Company is China TravelSky Holding Company Limited, and the effective controller of the Company is the State-owned Assets Supervision and Administration Commission of the State Council of China.

The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The financial statements have been approved by the Company's board of directors on March 24, 2022.

1.2 Scope of consolidated financial statements

See "Note 7. Equity in other entities" for details of subsidiaries of the Company.

See "Note 6. Changes in consolidation scope" for details of the changes in consolidation scope during the report period.



2 BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

2.1 Preparation basis

The Company prepares financial statements in accordance with the *Accounting Standards for Business Enterprises – Basic Standards* and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the “Accounting Standards for Business Enterprises”), as well as the disclosure provisions of the *Rules for the Compilation and Submission of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Requirements for Financial Reports* issued by the China Securities Regulatory Commission.

2.2 Going concern

The financial statements are prepared on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following contents disclosed have covered the specific accounting policies and accounting estimates formulated according to the characteristics of actual production and business operation by the Company.

3.1 Statement on compliance with Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated financial position and the parent company’s financial position as at December 31, 2021, and the consolidated operating results and the parent company’s operating results, the consolidated cash flows and the parent company’s cash flows for the year then ended.

3.2 Accounting Period

The accounting year is from January 1 to December 31 in calendar year.

3.3 Operating cycle

The Company’s operating cycle is 12 months.

3.4 Functional currency

The Company adopts RMB as its functional currency. Subsidiaries of the Company determine their financial statements according to the main economic environment in which they operate. This financial statement is presented in RMB.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combination under common control: for the assets and liabilities acquired from business combination by the combining party (including the goodwill formed by the acquisition by the final controller of the combinee), they are measured at book value of assets and liabilities in the consolidated financial statements of the final controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

Business combination not under common control: the combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for the right of control over the acquiree. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. The identifiable assets, liabilities and contingent liabilities of the acquiree that are obtained by the acquirer from combination and conform to the recognition criteria shall be measured at the fair value on the acquisition date.

Direct relevant expenses arising from the business combination are included in the current profit or loss upon occurrence. Trading expenses on issuing equity securities or debt securities for the business combination are included in the initially recognized amount of the equity securities or the debt securities.

3.6 Preparation method of consolidated financial statements

3.6.1 Scope of consolidation

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)

3.6.2 Procedures for consolidation

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the purchase date based on their fair value determined on purchase date.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(1) Increase of subsidiaries or business (Continued)

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in owners' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

(2) Disposal of subsidiaries

① General treatment methods

When the Company losses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other owners' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(2) Disposal of subsidiaries (Continued)

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of other transaction or more; and/or
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(3) *Purchase of minority interest of subsidiaries*

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(4) *Partial disposal of equity investments in subsidiaries without losing control*

The equity premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the equity premium of capital reserves is insufficient, the retained earnings will be adjusted.

3.7 Recognition criteria of cash and cash equivalents

Cash refers the Company's cash on hand and the unrestricted deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of the cash and which are subject to an insignificant risk of change in value.

3.8 Foreign currency transactions and translation of foreign currency statements

3.8.1 Foreign currency transactions

As for foreign currency transactions of the Company, the amounts of these transactions are translated into RMB at the spot exchange rate on the day when these transactions occur.

At the end of the period, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from different exchange rates (the spot exchange rate on the balance sheet date and that upon the initial recognition or the preceding balance sheet date) shall be included in the current profit or loss; foreign currency non-monetary items measured at historical costs should still be converted at the spot exchange rates on the date transactions occur; for the foreign currency non-monetary items measured at fair value, they are converted at the spot exchange rate on the date when the fair value is determined, and the exchange difference arising therefrom is calculated as the difference of equity instrument investment measured at fair value through other comprehensive income and included in other comprehensive income, and other differences are included in the current profit or loss.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.8 Foreign currency transactions and translation of foreign currency statements (Continued)

3.8.2 Translation of foreign currency financial statements

When the Company measures the foreign currency statements of its overseas business, the assets and liabilities in the balance sheet are translated at the spot exchange rates on the balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the date when the business occurs.

The income and expenses items in income statements are translated at the average rate of the beginning and ending exchange rate.

Items in the statement of cash flows are translated at the average exchange rate at the beginning of the period or at the end of the period. The cash amount affected due to the fluctuation in exchange rate shall, as an adjustment item, be separately presented as "effect of fluctuation in exchange rate on cash and cash equivalents" in the statement of cash flows.

At the disposal of overseas business, the translation differences of foreign currency statements relating to the overseas business shall be transferred from the owner's equity item to the current profit or loss at disposal.

3.9 Financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset, financial liability, or equity Instrument.

3.9.1 Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss.

Financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions will be reclassified into the financial assets measured at amortized cost:

- The business model aims to collect contractual cash flows;
- The contract cash flow is only the payment for the principal and the interest based on the outstanding principal amount.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.1 Classification of financial instruments (Continued)

Financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions will be reclassified into the financial assets (debt instruments) measured at fair value through other comprehensive income:

- Where the purpose of the business model is to collect contractual cash flows and sell such financial assets;
- Contractual cash flow is only the payment for the principal and the interest based on the outstanding principal amount.

At the initial recognition, the Company irrevocably designates the non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through the other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income mentioned above, all the remaining financial assets are classified as financial assets measured at fair value through the current profit or loss.

At the initial recognition, in order to eliminate or obviously reduce accounting mismatch, the Company may irrevocably designate the financial assets that shall be classified to be measured at amortized cost or measured at fair value through other comprehensive income as financial assets measured at fair value through the current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.2 Recognition basis and measurement method of financial instruments

(1) *Financial assets measured at amortized cost*

Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

(2) *Financial assets (debt instruments) measured at fair value through the other comprehensive income*

Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current profit or loss.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.2 Recognition basis and measurement method of financial instruments (Continued)

(3) *Financial assets (equity instruments) measured at fair value through the other comprehensive income*

Financial assets (equity instruments) measured at fair value through the other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the retained earnings.

(4) *Financial assets measured at fair value through the current profit or loss*

Financial assets measured at fair value through the current profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

(5) *Financial liabilities measured at fair value through the current profit or loss*

Financial liabilities measured at fair value through the current profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.2 Recognition basis and measurement method of financial instruments (Continued)

(6) *Financial liabilities measured at amortized cost*

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

3.9.3 Derecognition and transfer of financial assets

Where one of the following conditions is met, the Company shall derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets shall not be derecognized.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts is included in the current profit or loss:

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.3 Derecognition and transfer of financial assets (Continued)

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in owners' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through the other comprehensive income).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

- (1) The book value of derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the de-recognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through the other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

3.9.4 Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liabilities shall be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognized in whole or in part, and the financial liabilities of which terms have been modified shall be recognized as the new financial liabilities.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.4 Derecognition of financial liabilities (Continued)

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in current profit or loss.

Where the Company redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

3.9.5 Recognition methods of the fair value of financial assets and financial liabilities

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the valuation techniques shall be adopted to determine its fair value. At the time of valuation, the Company shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or impractical to be obtained.

3.9.6 Test method and accounting treatment of depreciation of financial assets

The Company estimates the expected credit loss of financial assets measured at the amortized cost and financial assets (debt instruments) measured at fair value through the other comprehensive income individually or in portfolio.

The Company considers all reasonable and evidence-based information, including forward-looking information, and estimates the expected credit loss of financial assets measured at the amortized cost and financial assets (debt instruments) measured at fair value through the other comprehensive income individually or in portfolio. The measurement of expected credit loss depends on whether there is obvious increase in credit risk following the initial recognition.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.6 Test method and accounting treatment of depreciation of financial assets (Continued)

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For accounts receivable, whether or not they contain significant financing components, the Company always measures the loss provision according to the amount equivalent to the expected credit loss over the whole duration.

For lease receivables and long-term receivables formed by the Company through the sale of goods or the rendering of services, the Company chooses to always measure its loss allowance at an amount equivalent to the expected credit loss throughout the duration.

The Company combines the accounts receivable and contract assets according to similar credit risk characteristics and based on forward-looking information and all other reasonable and reliable information, estimates the proportion of provision for bad debts of accounts receivable as follows:



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.6 Test method and accounting treatment of depreciation of financial assets (Continued)

Determination basis of portfolio	Portfolio analysis method
Portfolio of receivables from related parties	For the accounts receivable of related parties (including the open accounts with the shareholder company, the open accounts between the parent company and the subsidiaries or between subsidiaries), in principle, no provision for bad debts shall be made. However, if there is conclusive evidence that the debt unit of the related party has been revoked, bankrupt, insolvent, and the cash flow is seriously insufficient, and the receivables will not be recovered by debt restructuring or other means, the corresponding provision for bad debts shall be accrued according to the estimated possible losses from bad debts, and the provision for bad debts may also be accrued for all the receivables from related parties that are estimated to be unrecoverable.
Portfolio of advances from third parties	Based on the experience of historical credit losses, the Group adopts a simplified method to calculate the expected credit losses by using the reserve matrix for the expected credit losses of the whole duration.
Individual identification	The Group recognizes the provision for the losses of its accounts receivable based on the expected credit losses of individual customers with significant risks or customers with long aging but not individual risks.
Portfolio of margin, deposit and reserve fund loans	For portfolio of margin, deposit and reserve fund loans, no provision for bad debts shall be made in principle. However, if there is conclusive evidence that bad debts have been formed, the corresponding provision for bad debts shall be accrued according to the estimated possible bad debt losses.

The measurement of provision for impairment loss on other receivables is conducted in accordance with the measurement method of impairment loss on the aforesaid financial assets (excluding receivables).

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 Financial instruments (Continued)

3.9.6 Test method and accounting treatment of depreciation of financial assets (Continued)

The balance of other receivables mainly includes: The payment by the Company's wholly-owned subsidiary, China Aviation Accounting Co., Ltd. paid on behalf of airlines for the settlement and liquidation services provided to them, and the principal of the factoring of accounts receivable collected by Antu Jinxin Commercial Factoring Co., Ltd., a subsidiary of China Aviation Accounting Co., Ltd. As these accounts are within the normal collection period, and from past experience observations, no credit risk has occurred or the borrower has strong financial support to repay the funds in the short term. Hence, they are treated low credit risk and no expected credit loss is accrued.

3.10 Inventories

3.10.1 Classification and cost of inventories

Inventories are classified as raw materials, low-cost consumables, stock commodities, goods dispatched, contract performance cost, contract acquisition cost, etc.

Inventories are initially measured at cost, and the inventory cost includes the procurement cost, processing cost and other expenses arising from making the inventory at their present location and condition.

3.10.2 Measurement method of dispatched inventories

The Company's inventories are measured at the actual cost when acquired. The specific identification method is adopted to determine the actual costs when raw materials, goods in progress, stock commodities and goods dispatched are dispatched. The low-cost consumables are amortized at one-off write-off amortization method when fetched; the circulating packaging materials are included in the costs and expenses based on the estimated number of use. The perpetual inventory system is adopted for accounting.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 Inventories (Continued)

3.10.3 Recognition basis of net realizable value of different types of inventories

On the balance sheet date, inventories shall be measured at the cost or the net realizable value, whichever is lower. Where the inventory cost is higher than its realizable value, the provision for inventory depreciation shall be made. During routine activities, net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

Net realizable values of merchandise inventories held directly for sale, such as finished goods, stock commodities, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part are calculated on the basis of normal selling prices.

When the provision for inventory depreciation is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realizable value of the inventory is higher than the book value of the same, the provision for inventory depreciation shall be reversed from the amount of provision for inventory depreciation originally made, and the reversed amount shall be included in the current profit or loss.

3.10.4 Inventory system

Perpetual inventory system is adopted.

3.11 Contract assets

3.11.1 Recognition method and criteria for contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as contract asset. Contractual assets and contractual liabilities under the same contract shall be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

Notes to Financial Statements

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.11 Contract assets (Continued)

3.11.2 Determination method and accounting treatment for the expected credit loss of contract assets

See “3.9 Test method and accounting treatment for the impairment of financial assets”, for the determination method and accounting treatment for the expected credit loss of contract assets.

3.12 Assets held for sale

Where the Company recovers the book value of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and has acquired the decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

For any non-current asset (excluding financial assets, deferred tax assets) or disposed asset portfolio classified assets as held for sale, where its book value is higher than the net amount of its fair value less the selling expense, the book value shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognized as the losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 Long-term equity investments

3.13.1 Judgment criteria for joint control and significant influence

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence over the investee, the investee is its associate.

3.13.2 Determination of initial investment costs

(1) *Long-term equity investment acquired from business combination*

For the long-term equity investments in subsidiaries formed by the business combination under common control, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controller shall be recognized, on the combination date, as the initial cost of the long-term equity investment. If there is a difference between the initial investment cost of the long-term equity investment and the book values of the paid consideration, the difference shall be used to adjust the share premium in the capital reserve; and if the share premium in the capital reserve is insufficient to be offset, retained earnings shall be adjusted.

For the long-term equity investments in subsidiaries formed by the business combination not under common control, the Company recognizes the combination cost determined on the combination date as the initial investment cost of long-term equity investments.

(2) *Long-term equity investment acquired by means other than business combination*

For long-term equity investments acquired through making payments in cash, its initial investment cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, its initial investment cost is the fair value of the issued equity securities.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 Long-term equity investments (Continued)

3.13.3 Subsequent measurements and recognition of profit or loss

(1) Long-term equity investments accounted for under the cost method

Long-term equity investments of the Company in its subsidiaries are accounted for under the cost method unless such investments meet the conditions of holding for sale. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

(2) Long-term equity investments accounted for under equity method

Long-term equity investments in associates and joint ventures are accounted for under the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

The Company shall, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company shall, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Company shall adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Company shall, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Company.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 Long-term equity investments (Continued)

3.13.3 Subsequent measurements and recognition of profit or loss (Continued)

(2) Long-term equity investments accounted for under equity method (Continued)

The Company calculates its attributable but not realized profit or loss from internal transactions between the Company and its associates or joint ventures based on its attributable percentage and offset such profit or loss, and recognizes the investment income on that basis; however, businesses formed by assets invested or sold are excluded. Unrealized losses from internal transactions between the Company and any investee shall be recognized in full if they belong to the losses from asset impairment.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Company shall write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses shall be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realize net profit in the future, the Company shall recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method shall be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity shall be carried forward to the current profit or loss in proportion.

Where the Company loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment shall be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity shall be transferred to the current profit or loss in full.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 Long-term equity investments (Continued)

3.13.3 Subsequent measurements and recognition of profit or loss (Continued)

(3) Disposal of long-term equity investments (Continued)

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method shall be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets shall be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained shall be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment shall be made respectively for each transaction.

3.14 Investment properties

Investment property is the property to earn rentals or for capital appreciation or both. Examples include leased land use right, land use right held for transfer upon appreciation, and leased building, (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.14 Investment properties (Continued)

Subsequent expenditures related to investment properties are included in the costs of investment properties when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; otherwise, such subsequent expenditures shall be included in the current profit or loss when occur.

The Company measures its existing investment property by using the cost model. For investment properties measured using the cost method – a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortization policy for intangible assets.

3.15 Fixed assets

3.15.1 Recognition criteria of fixed assets

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a life span of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

The initial measurement of fixed assets is made at cost (and by taking the impact of expected disposal costs).

The subsequent expenditures relating to fixed assets are included in the costs of fixed assets when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; as for the part replaced, the book value thereof is derecognized; all other subsequent expenditures are included in the current profit or loss when they occur.

3.15.2 Depreciation method

Depreciation of the fixed assets is made on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately provide for depreciation.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.15 Fixed assets (Continued)

3.15.2 Depreciation method (Continued)

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	10-35	3.00	2.77-9.70
Transportation facilities	5-10	3.00	9.70-19.40
Machinery equipment	3-10	3.00	9.70-32.33
Electronic equipment	3-11	3.00	8.82-32.33
Office equipment	3-9	3.00	10.78-32.33
Others	2-9	3.00	10.78-48.50

3.15.3 Disposal of fixed assets

When the fixed assets are disposed, or they are expected not to bring any economic interest via use or disposal, such fixed assets will be derecognized. When the fixed asset is sold, transferred, scrapped or damaged, the Company will include such disposal revenue, deducting the book value and related taxes and surcharges thereof, in the current profit or loss.

3.16 Construction in progress

Construction in progress is measured at the actual cost incurred. The actual costs include building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures to make the construction in progress achieve the working condition for its intended use. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use, and the provision of depreciation will be provided since the next month.

3.17 Intangible assets

3.17.1 Measurement of intangible assets

(1) *The Company initially measures intangible assets at cost on acquisition;*

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other expenditures incurred to make the assets reach the working condition for their intended use.

(2) *Subsequent measurement*

The useful lives of the intangible assets are analyzed and determined on acquisition.

For intangible assets with definite useful lives, the Company makes the amortization thereof within the period during which they can bring economic benefits to the Company; if such period cannot be forecast, those intangible assets will be taken as intangible assets with indefinite useful lives and not be amortized.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.17 Intangible assets (Continued)

3.17.2 Estimate of useful lives for intangible assets with definite useful lives

Item	Estimated useful life	Basis
Land use right	40-50 years	Useful of life
Software	3-5 years	Period of benefit
Non-patented technology	5 years	Period of benefit

3.17.3 Determination basis of intangible assets with indefinite useful lives and procedures for reviewing the useful life thereof

As at the balance sheet date, the Company has no intangible assets with indefinite useful lives.

3.17.4 Specific criteria for classifying research and development phases

The Company's internal research and development expenses include those incurred in the research phase and those in the development phase.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the phase when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

3.17.5 Criteria for capitalization of development expenditures

The research expenditure is included in the current profit or loss when it occurs. The development expenditure is recognized as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- (1) It is feasible technically to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the products made by using the intangible assets exist a market or that the intangible assets themselves have the market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.17 Intangible assets (Continued)

3.17.5 Criteria for capitalization of development expenditures (Continued)

- (4) It is able to finish the development of the intangible assets and to use or sell the same with the support of sufficient technologies, financial resources and other resources; and
- (5) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

If the research expenditure and development expenditure are indistinguishable, all research and development expenditures incurred will be included in the current profit or loss.

3.18 Goodwill

The initial cost of goodwill arising from business combination not under the same control is the difference between the combination cost and the fair value share of the acquiree's identifiable net assets obtained in the combination.

Goodwill is transferred out when its related asset group or combination of asset groups is disposed of and included in the current profit and loss.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company has conducted an impairment test of goodwill. The book value of goodwill arising from business combination is amortized to related asset groups by the reasonable method as of the purchase date; if it is difficult do so, such value will be amortized to the relevant portfolio of asset groups. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is able to benefit from the synergistic effect of business combination.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 Goodwill (Continued)

At the time of making an impairment test on the relevant asset groups or portfolios of asset groups containing goodwill, if any indication shows that the goodwill-related asset group or portfolio of asset groups may have been impaired, the Company will firstly conduct an impairment test on the asset groups or portfolios of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value, to recognize the corresponding impairment loss. Thereafter, the Company pay make the impairment test on the asset group or portfolio of asset groups where the goodwill is included, and compare the book value of such group or portfolio with the recoverable amount of the same. If the recoverable amount is less than the book value, the amount of impairment loss should firstly be used to reduce the book value of the goodwill allotted to such group or portfolio, and then reduce book values of other assets than the goodwill in such group or portfolio based on proportions of these book values. The losses from impairment of goodwill cannot be reversed in subsequent accounting periods once recognized.

3.19 Impairment of long-term assets

Where there are signs of impairment on long-term assets, such as long-term equity investments, investment properties measured with cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with definite useful lives, on the balance sheet date, the impairment test should be made. Where the result of the impairment test shows that the recoverable amount of the asset is lower than book value, the provision for impairment should be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for asset impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company will estimate the recoverable amount of the asset portfolio where the individual asset belongs. Asset portfolio is the smallest one that can independently generate cash inflows.

The losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognized.

3.20 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in current and future reporting periods with an amortization period of over one year.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.21 Contract liabilities

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contractual assets and contractual liabilities under the same contract should be presented at net amount.

3.22 Employee compensation

3.22.1 Accounting treatment of short-term compensation

During the accounting period where employees serve the Company, the short-term compensation actually incurred is recognized as a liability and included in the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education fund drew as required are used to calculate and determine the relevant employee compensation amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The employee welfare expenses incurred in the Company are included in the current profit or loss or assets-related cost based on the actually incurred amount, in which the non-monetary benefits are measured at fair value.

3.22.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost.

In addition to the basic endowment insurance, the Company has also established an enterprise annuity contribution system (supplementary endowment insurance)/ enterprise annuity plan in accordance with the policies regarding the national enterprise annuity contribution system. The Company pays to the local social insurance agencies at a certain proportion of the total amount of wages of employees, with the corresponding expenditures included in the current profit or loss or assets-related cost.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.22 Employee compensation (Continued)

3.22.2 Accounting treatment of post-employment benefits (Continued)

(2) Defined benefit plan

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in current profit or loss or assets-related cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and asset upper limit thereof.

Obligations under the defined benefit plan, including the payment obligation that is expected to be done within 12 months following the annual reporting period when the employees serve for the Company, are discounted at the market yield of the national debt matching with the obligatory term of the defined benefit plan and the currency on the balance sheet date or the bonds of the high-quality companies in the active market.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or assets-related costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price in regard to the defined benefit plan confirmed on the settlement date is recognized and settled as gains or losses.

3.22.3 Accounting treatment of dismissal benefits

Where the Company provides the dismissal benefit to its employees, the employee compensation liability arising from the dismissal benefit shall be recognized on the following date, whichever is earlier, and included in the current profit or loss: when the Company fails to unilaterally withdraw the dismissal benefit offered due to the termination of the labor relation plan or layoff proposal; when the Company confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 Estimated liabilities

When an obligation relating to a contingency meets all the following conditions at the same time, it will be recognized as an estimated liability by the Company:

- (1) Such obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money and other factors relating to contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate will be determined at the intermediate value; in other cases, the best estimate is subject to the treatment for the following circumstances:

- If contingencies are involved with single project, the estimate will be determined based on the amount which is most likely to occur.
- If contingencies are involved with several projects, the estimate will be determined based on various possible results and relevant probabilities.

If all or part of the expenses necessary for liquidating estimated liabilities are expected to be compensated by a third party, the compensation will be separately recognized as assets when it is virtually certain that the compensation will be received. The compensation recognized should not exceed the book value of estimated liabilities.

The Company reviews the book value of estimated liabilities on the balance sheet date. If there is unambiguous evidence indicating that such book value cannot reflect the current best estimate, such book value will be adjusted based on the current best estimate.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.24 Share-based payment

The Company's share-based payment refers to the transaction where it grants the equity instrument or assumes the liability determined based on the equity instrument for the purpose of acquiring services rendered by employees or other parties. The Company's share-based payment is divided into the equity-settled share-based payment and the cash-settled share-based payment.

3.24.1 Equity-settled share-based payment and equity instrument

Where the Company acquires services rendered by employees via the equity-settled share-based payment, such payment should be calculated at the fair value of equity instruments granted to employees. The Company includes the share-based payment for which relevant right can be exercised subsequent to the grant of equity instruments in relevant costs or expenses on the grant date at the fair value of equity instruments, and increases capital reserves accordingly. For the share-based payment for which relevant right can be exercised after the grant of equity instruments only when the services during the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, the Company, based on the best estimate of the quantity of equity instruments where relevant rights can be exercised, includes the services acquired during that period in relevant costs or expenses at the fair value on the grant date, and increases capital reserves accordingly.

In case any clause on the equity-settled share-based payment has been modified, services acquired should be recognized as if such clause has not been modified. In addition, the increase in services acquired should be recognized in case of any increase to the fair value of equity instruments granted or any change favorable to employees on the date of increasing such fair value.

During the waiting period, if any equity instrument granted is canceled, the Company will accelerate the right exercise relevant to the equity instrument canceled, immediately include the amount which should be recognized during the remaining waiting period in the current profit or loss, and recognize capital reserves at the same time. However, if any new equity instrument is granted and on the date of granting such new equity instrument, it is affirmed that such new equity instrument can replace the canceled one, the treatment for such new equity instrument will be made in the way for modifying terms and conditions of the original equity instrument.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.24 Share-based payment (Continued)

3.24.2 Cash-settled share-based payment and equity instrument

Cash-settled share-based payment is measured at the fair value of the liability which is assumed by the Company and calculated based on share or other equity instrument. The Company includes the share-based payment for which relevant right can be exercised subsequent to the grant of equity instruments in relevant costs or expenses on the grant date at the fair value of the liability it assumes, and increase liabilities accordingly. For the share-based payment for which relevant right can be exercised after the grant of equity instruments only when the services during the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, the Company, based on the best estimate on the situation of exercising relevant right, includes the services acquired during that period in relevant costs or expenses and in liabilities according, at the fair value of the liability the Company assumes. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of liability should be remeasured through the current profit or loss.

3.25 Revenue

3.25.1 Accounting policies adopted for revenue recognition and measurement

If the Company fulfills its performance obligations in a contract, it will recognize revenue when relevant customer obtains right of control over relevant goods. If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be amortized to individual performance obligation based on the relative proportion of the individual selling price of goods involved in the individual performance obligation, and the revenue will be measured at the amortized transaction price.

The transaction price refers to the amount of consideration the Company is expected to have the right to take on account of the transfer of goods the customer. At the determination of transaction price, if the consideration is variable, the Company will determine the best estimate of the variable consideration based on the expected value or the amount which is most likely to occur, and include such estimate in the transaction price at the amount not exceeding the amount of accumulatively recognized revenue that is highly unlikely to have a major reversal when relevant uncertainty is eliminated. In case the significant financing component is contained in the contract, the Company will adjust the transaction price according to the financial component in the contract; if the interval between the time when the control is transferred and the time when the customer pays the contract price is less than one year, the Company will not consider the financing component in such contract.

If the Company meets one of the following conditions, its obligation performance will belong to a certain period; otherwise, it will belong to a certain time-point:



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Revenue (Continued)

3.25.1 Accounting policies adopted for revenue recognition and measurement (Continued)

- (1) The customer obtains and consumes the economic benefits brought by the performance of the Company while the Company is performing the obligation.
- (2) Customers are able to control the goods under construction in the course of performing obligations by the Company.
- (3) The goods produced in the course of performing obligations by the Company have irreplaceable uses, and over the entire contract period, the Company has the right to receive payments for the portion of the performance that has been completed to date.

If the obligation performance belongs to a certain period, the Company will recognize revenue based on the performance progress. Otherwise, the revenue will be recognized at the certain time-point when the customer obtains the right of control over relevant goods.

The revenue from obligation performance belonging to certain time-point is recognized by the Company when the customer has acquired the right of control over relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired the right of control over relevant goods or services:

- The customer has the current payment obligation for such goods or service, i.e., the Company enjoys the current right to collect the payment for such goods or service.
- The Company has transferred the legal ownership of such goods to the customer, i.e., the customer possesses the legal ownership of such goods.
- The Company has transferred goods to the customer in kind, i.e., the customer has possessed such goods in kind.
- The substantial risks and rewards of the ownership of such goods have been transferred by the Company to the customer, i.e., the customer has acquired the substantial risks and rewards of the ownership of such goods.
- The customer has accepted such goods or services.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 Revenue (Continued)

3.25.1 Accounting policies adopted for revenue recognition and measurement (Continued)

Business revenues of the Company mainly come from information technology services for civil aviation, settlement and clearing service, data network service and system integration service. In which, revenues from rendering information technology services for civil aviation, settlement and clearing service and data network service are recognized monthly in the course of rendering these services; the revenue from system integration service is recognized upon the acceptance inspection by the customer as the project work time is generally short. In the system integration project, if the commitment that the installation service will be rendered after the equipment delivery is given to the customer, and the installation service does not have significant impact on the equipment, the revenue recognition will be made by stages based on two obligation performance, i.e., sales of equipment and rendering of installation service. The revenue recognition for sales of equipment is made after the equipment delivery and acceptance inspection, and that for installation service is made after the customer fully completes the acceptance inspection.

3.26 Contract costs

Contract costs include the contract performance cost and the contract acquisition cost.

The Company's cost on contract performance does not belong to scope of standards for inventories, fixed assets or intangible assets, and is recognized as an asset when it meets the following conditions:

- Such cost is directly relevant to the contract which has been or is expected to be acquired.
- Such cost increases the resource which will be used by the Company for obligation performance.
- Such cost is expected to be recoverable.

If the incremental cost incurred in the Company on account of contract acquisition is expected to be recoverable, it, as the contract acquisition cost, will be recognized as an asset.

Assets related to contract cost are amortized on the basis for the recognition of revenue from goods or services relevant to such assets; however, if the amortization period of contract acquisition cost is less than one year, the Company will include such cost in the current profit or loss when it occurs.

If the book value of the assets related to contract cost is higher than the difference between the following two items, the Company will make the provision for impairment of the exceeding part, and recognize it as the loss from impairment of assets:



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 Contract costs (Continued)

1. The remaining consideration expected to be obtained on account of the transfer of goods or services related to the assets;
2. The cost that is expected to be incurred for the purpose of transferring relevant goods or services.

If the factors causing the impairment in the previous period change, resulting that the above-mentioned difference is higher than the book value of such assets, the Company will reverse the provision for impairment which has been made originally, and include it in the current profit or loss. However, the book value of assets reversed should not exceed the book value of such assets on the reversal date as if no provision for impairment has been made.

3.27 Government grants

3.27.1 Type

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government, and are divided into asset-related government grants and income-related government grants.

Asset-related government grants are government grants that the enterprise acquires for acquisition, construction or otherwise form long-term assets. Income-related government grants refer to government grants other than asset-related government grants.

3.27.2 Timing of recognition

Government grants are recognized when the Company can meet all conditions attached thereto and is able to obtain such grants.

3.27.3 Accounting treatment

Asset-related government grants are used to offset the book value of relevant assets or recognized as deferred income. If such grants are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (if such grants are relevant to routine activities of the Company, they will be included in other income; if such grants are irrelevant to routine activities of the Company, they will be included in non-operating revenue):

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 Government grants (Continued)

3.27.3 Accounting treatment (Continued)

Income-related government grants used to compensate for relevant costs or losses which will occur in the following period in the Company are recognized as the deferred income, and, during the period when relevant costs or losses are recognized, are included in the current profit or loss (if income-related government grants are relevant to routine activities of the Company, they will be included in other income; if income-related government grants are irrelevant to routine activities of the Company, they will be included in the non-operating revenue) or used to offset relevant costs or losses; income-related government grants used to compensate for relevant costs or losses incurred in the Company are included in the current profit or loss (if income-related government grants are relevant to routine activities of the Company, they will be included in the other income; if income-related government grants are irrelevant to routine activities of the Company, they will be included in the non-operating revenue) or used to offset relevant costs or losses.

The interest subsidies for policy-based preferential loans obtained by the Company shall be subject to the following accounting treatments based on two kinds of situations:

- (1) Where the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

3.28 Deferred income tax assets and deferred income tax liabilities

Income tax includes the current income tax and deferred income tax. Except for the income tax in the transactions or matters of business combination and directly including relevant items in the owners' equity (including other comprehensive income), the Company includes the current income tax and deferred income tax in the current profit or loss.

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 Deferred income tax assets and deferred income tax liabilities (Continued)

Deferred income tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period and used to deduct the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special situations where the deferred income tax assets or deferred income tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transactions or matters that neither belong to the business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur.

Taxable temporary differences related to investments in subsidiaries, associates and joint ventures are recognized as deferred income tax liabilities; unless the Company is able to control the time for reversing such temporary differences and such temporary differences are unlikely to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable to the period where relevant assets are expected to be recovered or relevant liabilities are expected to be discharged, according to the tax law.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income in the future to offset against the benefit of deferred income tax assets, the book value of deferred income tax assets will be written down. If it is likely to obtain sufficient taxable income, the book value of deferred tax assets written down will be recovered.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities simultaneously meeting the following conditions are presented by net amount after offset:

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 Deferred income tax assets and deferred income tax liabilities (Continued)

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities by net amount;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or to different taxpayers, but, in each important future period in connection with the reversal of deferred income tax assets and liabilities, the involved taxpayers intend to settle the current income tax assets and current income tax liabilities with net amount or to obtain assets and discharge liabilities simultaneously.

3.29 Leases

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration.

On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

If the contract contains multiple individual leases, the Company will split the contract and make accounting treatment over each individual lease. If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts.

3.29.1 The Company as the lessee

(1) *Right-of-use assets*

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as the right-of-use assets. Right-of-use assets are initially measured at cost. Such costs include:

- the initial measurement amount of lease liabilities;
- in case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;
- the initial direct costs incurred of the Company;
- the costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, but excluding the cost incurred for inventory production.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Leases (Continued)

3.29.1 The Company as the lessee (Continued)

(1) *Right-of-use assets (Continued)*

The Company subsequently adopts the straight-line-method to make the provision for the depreciation of the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the Company shall accrue depreciation within the remaining useful life of the leased asset; otherwise, the leased assets should be depreciated over the shorter of the lease term or the remaining useful life of the leased assets.

The Company determines whether the right-to-use assets have been impaired or not according to the principle described in "III. (XIX) Impairment of long-term assets" in this note, and make the accounting treatment for the identified impairment losses.

(2) *Lease liabilities*

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

- for fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- variable lease payments depending on the index or ratio;
- the payments expected to be payable based on the residual value of the guarantee provided by the Company;
- exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;
- the amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period.

The Company adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the incremental borrowing rate will be adopted as the discount rate.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the cost of related assets.

Notes to Financial Statements

For the Year Ended December 31, 2021

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Leases (Continued)

3.29.1 The Company as the lessee (Continued)

(2) Lease liabilities (Continued)

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the costs of related assets when they actually occur.

After the commencement date of the lease term, under any of the following circumstances, the Company will re-measure the lease liabilities and adjust the corresponding right-of-use assets; if the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the difference will be included in the current profit or loss:

- In case of any change in the evaluation results of the purchase option, lease renewal option or termination option, or any inconsistency between the actual exercise of the aforesaid options and the original evaluation results, the Company will re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.
- In case of any change in the substantial fixed payments, the estimated payable amount based on the residual value of the guarantee, or in the index or ratio used to determine lease payments, the Company will re-measure lease liabilities according to the present value calculated by the changed lease payments and the original discount rate. However, if the change of lease payment is caused by the change of floating interest rate, the revised discount rate is used to calculate the present value.

(3) Short-term lease and lease of low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to leases that do not exceed 12 months on the commencement date of the lease period and do not include any purchase option. Low-value asset lease refers to the lease of a single lease asset with lower value when it is brand new. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Leases (Continued)

3.29.1 The Company as the lessee (Continued)

(4) Lease changes

If the lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

- where the lease change expands the scope of the lease by adding the right to use one or more leased assets;
- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease period, and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

If the lease change causes the lease scope to be reduced or the lease term to be shortened, the Company shall correspondingly reduce the book value of the right-to-use assets, and include the related gains or losses of partial or complete termination of the lease in the current profit or loss. Where other lease changes lead to re-measurement of lease liabilities, the Company will adjust the book value of the right-of-use assets accordingly.

(5) Rent concessions related to the COVID-19 epidemic

For rent concessions such as rent reduction and exemption and deferred payment for the existing lease contracts directly caused by the COVID-19 epidemic, and if the following conditions are met at the same time, the Company will not evaluate whether there is any lease change or reassess the lease classification for all lease options by adopting simplified methods:

- Where the lease consideration after concession is reduced or basically unchanged compared with that before concession, among them, the lease consideration is not discounted or discounted at the discount rate before concession;
- Where the concession is only for the payable lease payment before June 30, 2022, the increase of the payable lease payment after June 30, 2022 will not affect the meeting of this condition, and the decrease of the payable lease payment after June 30, 2022 will not meet this condition; and
- Considering both qualitative and quantitative factors, it is determined that other terms and conditions of the lease have not changed significantly.

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Leases (Continued)

3.29.1 The Company as the lessee (Continued)

(5) *Rent concessions related to the COVID-19 epidemic (Continued)*

For the adoption of simplified methods of rent concession related to the COVID-19 epidemic, the Company will not evaluate whether the lease change has occurred, it will continue to calculate the interest expense of the lease liabilities according to the same discount rate as before the concession and include it in the current profit or loss, and continue to accrue the depreciation for the right-to-use assets according to the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as variable lease payments. When the original rent payment obligation is relieved by reaching a concession agreement, the undiscounted amount or the discounted amount at the discount rate before the concession is used to offset the cost or expenses of related assets, and the lease liabilities will be adjusted accordingly; if the rent payment is delayed, the Company will offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term lease and low-value asset lease, the Company continues to include the rent in the original contract in the costs or expenses of related assets according to the method consistent with that before concession. In case of any rent reduction or exemption, the Company will treat the reduced rent as variable lease payments to offset the costs or expenses of related assets during the reduction or exemption period; In case of any deferred payment of rent, the Company will recognize the payable rent as payables during the original payment period, and offset the payables recognized in the previous period at the time of actual payment.

3.29.2 The Company as the lessor

Leases of the Company are classified as finance lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred is recognized as finance lease, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than finance lease. When the Company is a sub-lessor, it classifies the sub-leases based on the right-of-use assets generated by the original lease.

(1) *Accounting treatment of operating leases*

Rental from the operating lease in each stage during the rental period should be recognized as the lease income by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence. In case of any change in the operating lease, the Company will make the accounting treatment for it as a new lease from the effective date of the change, and the amount received in advance or lease receivables before the change will be regarded as the receivables from the new lease.



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 Leases (Continued)

3.29.2 The Company as the lessor (Continued)

(2) *Accounting treatment of finance lease*

On the lease commencement date, the Company recognizes finance lease receivables for financing leases and derecognizes finance lease assets. When the Company conducts the initial measurement of finance lease receivables, the net lease investment is adopted as the entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payments that have not been received at the beginning of the lease term and discounted at the interest rate included in the lease.

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "3. 9. Financial instruments" herein.

The variable lease payable that is not included in the net lease investment for measurement shall be included in the current profit or loss at the time of actual occurrence.

If the finance lease changes and the following conditions are met at the same time, the Company will carry out accounting treatments over the change as a separate lease:

- where the change expands the scope of the lease by adding the right to use one or more leased assets;
- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the change of finance lease is not accounted for as a separate lease, the Company will treat the changed lease according to the following circumstances:

- If the change comes into effect on the lease commencement date, the lease will be classified as an operating lease. The Company will start making accounting treatment for it as a new lease from the effective date of the lease change, and regard the net lease investment before the effective date of the lease change as the book value of the leased assets.
- If the change comes into effect on the lease commencement date, the lease will be classified as a finance lease, and the Company will conduct accounting treatment according to the policy on modifying or renegotiating the contract in "3.9 Financial instruments" of this note.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Fair value measurement

The Company measures the relevant assets and liabilities at fair value based on the following assumptions:

- The sales of assets or transfer of liabilities by the market participant on the measurement date belongs to the orderly transaction under the current market conditions;
- Such orderly transaction is carried out in the major market of relevant assets or liabilities. If the major market does not exist, it is assumed that such transaction is carried out in the market most beneficial to relevant assets or liabilities.
- The assumption used by the market participant in order to maximize the benefits at the time of pricing such assets or liabilities.

According to the property of the said transaction and the characteristic of the said assets or liabilities, the Company recognizes the transaction value as the fair value of initial recognition.

If other relevant accounting standards require or permit the Company to conduct initial measurement on the relevant assets or liabilities at the said fair value, and the transaction value is different from the fair value, the Company will include relevant gains or losses in the current profit or loss, unless otherwise specified in other relevant accounting standards.

For the measurement of non-financial assets at fair value, the capability of the market participant in bringing about economic interest via the best use of such assets, or the capability in selling such assets to the other market participant for bringing about economic interest with the best use of such assets should be taken into account.

The valuation techniques which are applicable to the current situation and have sufficient usable data and other information support are taken into account by the Company for the adoption of valuation technique. Relevant observable input values are preferentially adopted for valuation techniques, and the unobservable input values can be used only when the observable input values are unable or impractical to be obtained.

Input values used in the fair value measurement are divided into three levels:



3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 Fair value measurement (Continued)

- Level 1 input values are unadjusted quoted prices in the active market of identical assets or liabilities accessible on the measurement date.
- Level 2 input values refer to input values that are directly or indirectly observable for relevant assets or liabilities, other than Level 1 input values.
- Level 3 input values are unobservable input values for relevant assets or liabilities.

The fair value measurement is categorized in its entirety based on the lowest level where the input values that are significant to the entire measurement stand.

Assets and liabilities measured by the Company at fair value mainly include: Financial assets held for trading and investment in other equity instruments.

3.31 General risk reserves

Antu Jinxin Commercial Factoring Co., Ltd., a subsidiary of the Company, withholds the general risk reserves from the net profit, the amount determined at 1% of the balance of risk assets at the end of the period is deducted from the amount that has been accrued in the book, in accordance with the *Circular of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Supervision and Administration of Commercial Factoring Enterprises* (YBJBF [2019] No. 205).

3.32 Key accounting estimates and judgments

Accounting estimates are used in preparing the consolidated financial statements and do not always correspond to actual results. Estimates are also required when management applies the Group's accounting policies.

Estimates and judgments are continually evaluated and are evaluated based on past experience and other factors, including predictions of future events that are believed to be reasonable under the circumstances.

3.32.1 Useful life and residual value of property, plant and equipment

The Group depreciates property, plant and equipment on a straight-line basis over their estimated useful lives using a depreciation rate sufficient to write off their cost less accumulated impairment losses and revaluation of estimated residual values. The Group regularly reviews the useful lives of fixed assets to ensure that the depreciation method and depreciation rate are consistent with the economic model of the relevant fixed assets.

The Group's estimate of the useful life of fixed assets, please refer to Note "3.15 Fixed Assets", which is based on the Group's historical experience in using similar assets and taking into account expected technical changes. Adjustments to future depreciation expense are made if there are material changes from previous estimates.

Notes to Financial Statements

For the Year Ended December 31, 2021

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3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.32 Key accounting estimates and judgments (Continued)

3.32.2 Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimate of the value in use of the cash-generating unit to which goodwill has been allocated. In calculating the value in use, management is required to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate to calculate the present value.

3.32.3 Income tax and deferred tax

The Group pays income tax in Mainland China and other jurisdictions. Significant judgement is required in determining income tax. In the ordinary course of business, the ultimate tax determination involved in some transactions and calculations is uncertain. The Group recognizes liabilities for anticipated tax audit items based on estimates of whether additional taxes will be payable. The ultimate tax consequences of such events will differ from the amounts initially recorded and such differences will affect income tax and deferred tax provisions for the period in which these determinations are made.

3.32.4 Accounts receivable and contract assets

The Group makes provision for impairment of accounts receivable and contract assets based on the assumptions of default risk and expected loss rate. For details, please refer to Note "3.9 Financial Instruments 6". At the balance sheet date, the Group judges these assumptions and selects the inputs to calculate the impairment based on the Group's historical record and current market conditions and forward-looking estimates.

3.33 Changes in significant accounting policies and accounting estimates

3.33.1 Changes in significant accounting policies

The Group had no change in significant accounting policies in 2021.

3.33.2 Changes in significant accounting estimates

The Group had no change in significant accounting estimates in 2021.



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION

4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Applicable tax rate (%)
Value added tax ["VAT"]	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	See Table 2 below
Urban maintenance and construction tax	Levied based on the VAT and consumption tax actually paid	7.00, 5.00
Enterprise income tax	Levied based on taxable income	See Table 1 below

4.1.1 During the reporting period, enterprise income tax rates adopted by the Company and its subsidiaries are as below:

Taxpayer	Income tax rate
TravelSky Technology Limited (Remark 1)	15%
Chongqing Civil Aviation Cares Information Technology Co., Ltd. (Remark 2)	15%
Xi'an Civil Aviation Cares Technology Co., Ltd. (Remark 2)	15%
Hubei Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Civil Aviation Cares Technology of Xinjiang Co., Ltd. (Remark 1)	15%
Shenzhen Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Shanghai TravelSky Technology Limited (Remark 3)	20%
Xiamen Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Qingdao Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Yunnan Civil Aviation Cares Information Co., Ltd. (Remark 1)	15%
Hainan Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Guangzhou TravelSky Technology Limited (Remark 1)	15%
China Aviation Accounting Co., Ltd. (Remark 1)	15%
Beijing Yake Technology Development Co., Ltd. (Remark 1)	15%
Infosky Information Technology Co., Ltd. (Remark 1)	15%
TravelSky Cares (Beijing) Real Estate Co., Ltd. (Remark 3)	20%
Beijing TravelSky Technology Limited (Remark 1)	15%
Guangzhou Skyecho Information Technology Co., Ltd. (Remark 3)	20%
Beijing Hangju Credit Management Co., Ltd. (Remark 3)	20%
TravelSky Technology (Hong Kong) Limited	16.5%
TravelSky Technology (Singapore) Limited	17%
TravelSky Technology (South Korea) Limited (Remark 4)	10%, 20% and 22%
TravelSky Technology (Japan) Limited (Remark 5)	27.9% and 36.3%
TravelSky Technology (Europe) Limited	15%
TravelSky Technology (U.S.) Limited (Remark 6)	8.84% and 21%
TravelSky Technology (Taiwan) Limited (Remark 7)	20%
OpenJaw Technologies Limited	12.50%

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



4 TAXATION (CONTINUED)

4.1 Major tax types and tax rates (Continued)

4.1.1 During the reporting period, enterprise income tax rates adopted by the Company and its subsidiaries are as below: (Continued)

Remark 1: TravelSky Technology Limited, Hubei Civil Aviation Cares Co., Ltd., Shenzhen Civil Aviation Cares Co., Ltd., Xiamen Civil Aviation Cares Co., Ltd., Qingdao Civil Aviation Cares Co., Ltd., Hainan Civil Aviation Cares Co., Ltd., Guangzhou TravelSky Technology Limited, China Aviation Accounting Co., Ltd., Beijing Yake Technology Development Co., Ltd., Infosky Information Technology Co., Ltd., Civil Aviation Cares Technology of Xinjiang Co., Ltd., Yunnan Civil Aviation Cares Information Co., Ltd. and Beijing TravelSky Technology Limited have been assessed as high-tech enterprises, enjoying the preferential income tax rate of 15%.

Remark 2: The main business of Chongqing Civil Aviation Cares Information Technology Co., Ltd. and Xi'an Civil Aviation Cares Technology Co., Ltd. conforms to Paragraph 5, Article 26 of the Encouraged Section in the *Guiding Catalog for Industrial Restructuring* (2011 Edition), stating that "aviation computer management and its network system development and construction"; thus, such company enjoys the preferential policy for income tax under the Great Western Development Strategy, paying tax at 15%.

Remark 3: Basis: According to the *Circular on Implementing the Policy on Inclusive Tax Reliefs for Small and Micro Enterprises* (CS [2021] No.8), stating that, from January 1, 2019 to December 31, 2021, the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million will be included in the taxable income at a reduced rate of 12.5%, and the tax rate will be 20% income tax. In this issue, since the taxable income of Shanghai TravelSky Technology Limited, TravelSky Cares (Beijing) Real Estate Co., Ltd., Guangzhou Skyecho Information Technology Co., Ltd. and Beijing Hangju Credit Management Co., Ltd. does not exceed 1 million, 12.5% of such taxable income was reduced, and enterprise income tax was paid at 20%, by which the actual tax burden was 2.5%.

Remark 4: For TravelSky Technology (South Korea) Limited, if its net profit is less than KRW 200 million, the income tax will be levied based on 10% of the net profit; if the net profit is not less than KRW 200 million and not more than KRW 20 billion, the income tax will be levied based on 20% of such net profit; if the net profit is more than KRW 20 billion, the income tax will be levied based on 22% of such net profit.

Remark 5: TravelSky Technology (Japan) Limited pays the corporate income tax based on 27.9% of the taxable income if such taxable income is less than JPY 8 million, and based on 36.3% of such taxable income if it is more than JPY 8 million.

Remark 6: TravelSky Technology (U.S.) Limited pays the federal tax based on 21% of the total profits and the state tax based on 8.84% of the total profits.

Remark 7: The business income tax rate of TravelSky Technology (Taiwan) Limited is 20%.



4 TAXATION (CONTINUED)

4.1 Major tax types and tax rates (Continued)

4.1.2 During the reporting period, VAT rates adopted by the Company and its subsidiaries are as below:

Company	Tax rate
TravelSky Technology Limited	13%, 9%, and 6%
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	13%, 6%
Hunan TravelSky Technology Limited	13%, 6%
Xi'an Civil Aviation Cares Technology Co., Ltd.	13%, 6%, and 3%
Hubei Civil Aviation Cares Co., Ltd.	13%, 6%
Civil Aviation Cares Technology of Xinjiang Co., Ltd.	13%, 6%, and 3%
Shenzhen Civil Aviation Cares Co., Ltd.	13%, 6%
Shanghai TravelSky Technology Limited	6%
Shanghai Jiexing Electronic Commerce Co., Ltd.	6%
Xiamen Civil Aviation Cares Co., Ltd.	13%, 6%
Qingdao Civil Aviation Cares Co., Ltd.	13%, 9%, and 6%
Yunnan Civil Aviation Cares Information Co., Ltd.	13%, 6%
Hainan Civil Aviation Cares Co., Ltd.	13%, 6%
Guangzhou TravelSky Technology Limited	13%, 6%, and 5%
China Aviation Accounting Co., Ltd.	6%
Beijing Yake Technology Development Co., Ltd.	6%
Infosky Information Technology Co., Ltd.	13%, 6%
TravelSky Cares (Beijing) Real Estate Co., Ltd.	13%, 6%
Beijing TravelSky Travel Agency Co., Ltd.	13%, 6%
TravelSky Southeast Data Center Co., Ltd.	13%, 6%
Inner Mongolia TravelSky Technology Limited	13%, 6%
Zhejiang TravelSky Technology Limited	13%, 6%
Henan TravelSky Technology Limited	13%, 6%
Beijing TravelSky Technology Limited	13%, 6%
Guangzhou Skyecho Information Technology Co., Ltd.	13%, 6%
TravelSky Mobile Technology Co., Ltd.	13%, 6%
Beijing Hangju Credit Management Co., Ltd.	6%
TravelSky Technology (Hong Kong) Limited	Not Applicable
TravelSky Technology (Singapore) Limited	Not Applicable
TravelSky Technology (South Korea) Limited	Not Applicable
TravelSky Technology (Japan) Limited	8%
TravelSky Technology (Europe) Limited	19%
TravelSky Technology (U.S.) Limited	Not Applicable
TravelSky Technology (Taiwan) Limited	Not Applicable
TravelSky Technology (Australia) Limited	Not Applicable
OpenJaw Technologies Limited	23%

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4 TAXATION (CONTINUED)

4.2 Tax preference

According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform* [2019] No. 39, from April 1, 2019 to December 31, 2021, taxpayers of manufacturing and living service industries shall be allowed to add an extra 10% based on the deductible input tax for the current period for deduction of the tax payable. The policy of additional deduction of input tax applies to the Company.

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

5.1 Monetary funds

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Cash on hand	38,599.41	99,362.26
Bank deposits	6,340,173,403.89	4,391,683,483.75
Including: Deposit with finance company		
Other monetary funds	124,200,701.51	65,472,830.50
Total	6,464,412,704.81	4,457,255,676.51
Including: Total amount deposited overseas	239,662,743.56	294,449,055.25

Among those, there are restrictions on use due to mortgage, pledge or freezing, restrictions on centralized management and withdrawal of funds, and monetary funds that are placed overseas and restricted from repatriation of funds. The details are as follows:



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.1 Monetary funds (Continued)

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
L/C deposits	216,591.00	240,750.00
Performance bond	117,466,466.41	92,079,444.82
Time deposit or call deposit used for guarantee	7,127,105.88	
Total	124,810,163.29	92,320,194.82

5.2 Financial assets held for trading

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Financial assets measured at fair value through the current profit or loss	3,309,635,625.00	800,028,493.15
Including: debt instrument investments	3,309,635,625.00	800,028,493.15
Total	3,309,635,625.00	800,028,493.15



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.3 Notes receivable

5.3.1 Presentation of classification of notes receivable

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Bank acceptance bills		
Commercial acceptance bills	77,694,719.89	121,322,898.07
Less: allowance for bad debts	7,107,881.70	12,653,978.27
Total	70,586,838.19	108,668,919.80

5.3.2 Disclosure of notes receivable by category

Category	Balance as at December 31, 2021				Book value
	Book balance Amount	Proportion of provision(%)	Provision for bad debts Amount	Proportion of provision(%)	
Provision for bad debts on portfolio basis	77,694,719.89	100.00	7,107,881.70	9.15	70,586,838.19
Total	77,694,719.89	100.00	7,107,881.70		70,586,838.19

5.3.3 Pledged notes receivable of the Company as at December 31, 2021

The Group has no the above-mentioned situation.

5.3.4 Notes receivable endorsed or discounted by the Company as at December 31, 2021 and not matured on the balance sheet date

The Group has no the above-mentioned situation.

5.3.5 Notes transferred to accounts receivable due to the failure of the drawer to perform the contract as at December 31, 2021

The Group has no the above-mentioned situation.



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable

5.4.1 Disclosure of accounts receivable by aging (Calculated by invoice date)

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	2,934,513,933.37	2,857,477,688.99
Including: subitem within 1 year		
Within 6 months	1,875,577,672.68	2,031,666,632.52
7 – 12 months	1,058,936,260.69	825,811,056.47
1 – 2 years	667,391,213.09	1,872,244,616.22
2 – 3 years	427,121,795.50	511,268,280.13
3 – 4 years	171,291,930.02	90,609,453.92
4 – 5 years	63,472,107.31	35,015,728.27
Over 5 years	98,140,128.30	75,184,966.48
Sub-total	4,361,931,107.59	5,441,800,734.01
Less: provision for bad debts	626,504,388.11	996,485,116.86
Total	3,735,426,719.48	4,445,315,617.15

5.4.2 Disclosure under the methods of provision for bad debts by category

Type	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	343,096,956.58	7.87	208,908,723.92	60.89	134,188,232.66	816,250,713.30	15.00	624,918,022.47	76.56	191,332,690.83
Provision for bad debts accrued on a portfolio basis	4,018,834,151.01	92.13	417,595,664.19	10.39	3,601,238,486.82	4,625,550,020.71	85.00	371,567,094.39	8.03	4,253,982,926.32
Total	4,361,931,107.59	100.00	626,504,388.11		3,735,426,719.48	5,441,800,734.01	100.00	996,485,116.86		4,445,315,617.15

Notes to Financial Statements

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(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

5.4.2 Disclosure under the methods of provision for bad debts by category (Continued)

Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2021			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Customer 1	127,122,684.82	126,064,565.54	99.17	Business difficulties
Customer 2	99,341,888.62	1,798,752.30	1.81	Financial difficulty
Customer 3	29,674,847.88	23,200,440.45	78.18	Deteriorating financial situation
Customer 4	18,087,692.79	18,087,692.79	100.00	Company closed
Customer 5	11,423,934.52	3,989,584.21	34.92	Deteriorating financial situation
Customer 6	10,599,916.31	1,516,072.67	14.30	Financial difficulty
Customer 7	10,180,883.90	10,180,883.90	100.00	Company closed
Customer 8	8,148,369.46	3,475,264.81	42.65	Deteriorating financial situation
Other customers	28,516,738.28	20,595,467.25	72.22	
Total	343,096,956.58	208,908,723.92		

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at December 31, 2021		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Arrearages from third parties	1,537,997,500.69	417,595,664.19	27.15
Arrearages from related entities	2,480,836,650.32		
Total	4,018,834,151.01	417,595,664.19	

5.4.3 Provision, reversal or recovery of provision for bad debts in 2021

Category	As at December 31, 2020	Provision	Movement		Foreign currency translation impact	As at December 31, 2021
			Recovery or Reversal	Writeoffs		
Provision for bad debts on individual basis	624,918,022.47	436,564,700.70	851,104,407.83	342,091.42	-1,127,500.00	208,908,723.92
Provision for bad debts on portfolio basis	371,567,094.39	50,165,222.89	3,535,000.00	584,471.01	-17,182.08	417,595,664.19
Total	996,485,116.86	486,729,923.55	854,639,407.83	926,562.43	-1,144,682.04	626,504,388.11



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.4 Accounts receivable (Continued)

5.4.3 Provision, reversal or recovery of provision for bad debts in 2021 (Continued)

Including significant amount of provision for bad debts recovered or reversed in the current period:

Debtor	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Customer 1	606,880,919.28	Deteriorating financial situation	The Company actively pursues	Currency
Customer 2	70,083,699.79	Deteriorating financial situation	The Company actively pursues	Currency
Customer 3	62,268,718.85	Deteriorating financial situation	The Company actively pursues	Currency
Customer 4	61,897,898.77	Deteriorating financial situation	The Company actively pursues	Currency
Customer 5	20,179,964.08	Deteriorating financial situation	The Company actively pursues	Currency
Other customers	28,335,599.03	Deteriorating financial situation	The Company actively pursues	Currency
Total	849,646,799.79			

5.4.4 Accounts receivable actually write off in 2021

Items	Amount write off
Accounts receivable actually write off	926,562.43

5.4.5 The accounts receivable of the top five ending balances collected by debtor

The total amount of the top five accounts receivable at the end of the period collected by the debtor is RMB1,555,910,610.94, accounting for 35.67% of the total amount of the ending balance of accounts receivable, and the corresponding amount of bad debt provision is RMB83,718,903.02.

5.4.6 Accounts receivable derecognized due to the transfer of financial assets

None.

5.4.7 Amount of assets or liabilities arising from transfer of accounts receivable and continued involvement

None.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.5 Advances to suppliers

5.5.1 Presentation of advances to suppliers by aging

Aging	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	180,340,868.59	79.39	93,672,934.21	53.09
1 – 2 years	29,314,765.90	12.91	58,945,687.10	33.41
2 – 3 years	3,967,711.14	1.75	9,459,920.00	5.36
Over 3 year	13,521,268.63	5.95	14,361,615.71	8.14
Total	227,144,614.26	100.00	176,440,157.02	100.00

5.5.2 Top five of advances to suppliers as at December 31, 2021, presented by prepaid objects

According to the concentration of prepayment objects, the total amount of the top five prepayments at the end of the period is RMB138,619,944.87, accounting for 61.02% of the total amount of the prepayments at the end of the period.

5.6 Other receivables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest receivable		
Dividends receivable	8,168,181.82	4,368,000.00
Other receivables	1,031,458,088.29	918,380,962.53
Total	1,039,626,270.11	922,748,962.53



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

5.6.1 Dividends receivable

(1) Breakdowns of dividends receivable

Item (or Investee)	Balance as at December 31, 2021	Balance as at December 31, 2020
Beijing TravelSky Birun Technology Co., Ltd.	7,418,181.82	4,080,000.00
Heilongjiang Hangxin Airport Network Co., Ltd.	750,000.00	
Yantai TravelSky Airport Network Co., Ltd.		288,000.00
Sub-total	8,168,181.82	4,368,000.00
Less: provision for bad debts		
Total	8,168,181.82	4,368,000.00

(2) Significant dividends receivable with aging over one year

None.

5.6.2 Other receivables

(1) Disclosure by aging

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	928,824,644.32	841,068,135.86
Including: subitem within 1 year		
Within 6 months	882,447,571.52	778,660,481.13
7 – 12 months	46,377,072.80	62,407,654.73
1 – 2 years	46,100,175.93	29,508,985.57
2 – 3 years	18,019,918.50	20,560,824.23
3 – 4 years	11,181,022.91	14,712,971.37
4 – 5 years	14,605,185.06	8,438,187.40
Over 5 years	13,091,066.92	5,235,402.63
Sub-total	1,031,822,013.64	919,524,507.06
Less: provision for bad debts	363,925.35	1,143,544.53
Total	1,031,458,088.29	918,380,962.53



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(2) Classified disclosure by provision of bad debts

Type	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis						775,837.80	0.08	775,837.80	100.00	
Provision for bad debts accrued on a portfolio basis	1,031,822,013.64	100.00	363,925.35	0.04	1,031,458,088.29	918,748,669.26	99.92	367,706.73	0.04	918,380,962.53
Total	1,031,822,013.64	100.00	363,925.35		1,031,458,088.29	919,524,507.06	100.00	1,143,544.53		918,380,962.53

Provision for bad debts accrued on an individual basis:

None.

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at December 31, 2021		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Payments from third parties	657,732,035.50	363,925.35	0.06
Payments from related entities	374,089,978.14		
Total	1,031,822,013.64	363,925.35	



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(3) Provision for bad debts

	Phase 1	Phase 2	Phase 3	
		Expected credit	Expected	
		losses for the	credit losses	
		entire duration	for the entire	
		(no credit	duration (credit	
Provision for bad	Expected credit	impairment]	impairment]	Total
debts	losses in the			
	next 12 months			
Balance as at				
December 31,				
2020		367,706.73	775,837.80	1,143,544.53
In 2021, balance as				
at December 31,				
2020				
- Transfer to				
Phase 2				
- Transfer to				
Phase 3				
- Reversal from				
Phase 2				
- Reversal from				
Phase 1				
Provision in 2021		-3,580.56		-3,580.56
Reversal in 2021			-775,837.80	-775,837.80
Other changes		-200.82		-200.82
Balance as at				
December 31,				
2021		363,925.35		363,925.35



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(3) Provision for bad debts (Continued)

Changes in the book balance of other receivables are as follows:

	Phase 1 Expected credit losses in the next 12 months	Phase 2 Expected credit loss for the entire duration (no credit impairment)	Phase 3 Expected credit losses for the entire duration (credit impairment)	Total
Book balance				
Balance as at				
December 31, 2020	918,380,962.53	367,706.73	775,837.80	919,524,507.06
In 2021, balance as at				
December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from				
Phase 2				
- Reversal from				
Phase 1				
Increase in 2021	113,077,125.76			113,077,125.76
Derecognition in 2021		-3,781.38	-775,837.80	-779,619.18
Other changes				
Balance as at				
December 31, 2021	1,031,458,088.29	363,925.35		1,031,822,013.64

(4) Provisions for bad debts drawn, reversed or recovered during the current period

Category	As at December 31, 2020	Provision	Movement Recovery or Reversal	Write off	Exchange rate impact	As at December 31, 2021
Item accrued on an individual basis	775,837.80		775,837.80			
Item accrued on a portfolio basis	367,706.73	-3,580.56			-200.82	363,925.35
Total	1,143,544.53	-3,580.56	775,837.80		-200.82	363,925.35



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(4) Provisions for bad debts drawn, reversed or recovered during the current period (Continued)

Reversal or recovery of significant amount of provision for bad debts in 2021:

Debtor	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Company 1	775,837.80	Enterprise liquidation	Recovered money	Bank transfer
Total	775,837.80			

(5) Other receivables actually written off in the current period

None.

(6) Classification by nature of payment

Nature	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Various margin, deposit and loan of reserve fund	41,720,880.78	89,564,717.16
Current loan	82,110,143.17	30,822,328.77
Settlement and liquidation payments	616,983,881.10	578,169,221.99
Factoring receivables	291,007,108.59	220,968,239.14
Total	1,031,822,013.64	919,524,507.06

(7) Top five of other receivables as at December 31, 2021, presented by debtors

According to the concentration of other receivables, the total amount of the top five other receivables in the closing balance is RMB385,435,081.58, accounting for 37.36% of the total closing balance of other receivables.

(8) Other receivables involving government grants

None.

(9) Other receivables whose recognition is terminated due to transfer of financial assets

None.

(10) Transfer of other receivables and continue to be involved in the amount of assets and liabilities formed

None.

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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.7 Inventories

5.7.1 Classification of inventories

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for inventory depreciation and provision for impairment of contract performance costs		Book balance	Provision for inventory depreciation and provision for impairment of contract performance costs	
			Book value			Book value
Merchandise inventories	58,527,536.21		58,527,536.21	57,753,411.02	105,889.34	57,647,521.68
Contract performance cost	2,887,953.73		2,887,953.73	19,950,021.85		19,950,021.85
Total	61,415,489.94		61,415,489.94	77,703,432.87	105,889.34	77,597,543.53

5.7.2 Provision for inventory depreciation and provision for impairment of contract performance costs

Item	Balance as at December 31, 2020	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Provision	Others	Reversal or resale	Others	
Merchandise inventories	105,889.34			105,889.34		–
Total	105,889.34			105,889.34		–



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Contract assets

5.8.1 Contract assets

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
System integration service contracts	73,808,995.81	5,975,924.38	67,833,071.43	147,736,720.33	14,221,115.02	133,515,605.31
Total	73,808,995.81	5,975,924.38	67,833,071.43	147,736,720.33	14,221,115.02	133,515,605.31

5.8.2 Amount from significant change in book value and reason therefor during the reporting period

Item	Changed amount	Reason for change
System integration contracts	-73,927,724.52	The contract assets confirmed at the beginning of the year are transferred to accounts receivable
Total	-73,927,724.52	

5.8.3 Classification disclosure of contract assets under method of provision for impairment

Type	Balance as at December 31, 2021					Balance as at December 31, 2020				
	Book balance Amount	Proportion (%)	Provision for impairment Amount	Proportion of provision (%)	Book value	Book balance Amount	Proportion (%)	Provision for impairment Amount	Proportion of provision (%)	Book value
Provision for impairment accrued on an individual basis										
Provision for impairment accrued on a portfolio basis	73,808,995.81	100.00	5,975,924.38	8.10	67,833,071.43	147,736,720.33	100.00	14,221,115.02	9.63	133,515,605.31
Total	73,808,995.81	100.00	5,975,924.38		67,833,071.43	147,736,720.33	100.00	14,221,115.02		133,515,605.31



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.8 Contract assets (Continued)

5.8.3 Classification disclosure of contract assets under method of provision for impairment (Continued)

Provision for impairment accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at December 31, 2021		
	Contract assets	Provision for impairment	Proportion of provision (%)
System integration contracts	73,808,995.81	5,975,924.38	8.10
Total	73,808,995.81	5,975,924.38	

5.8.4 Provision for impairment of contract assets in 2021

Item	Balance as at December 31, 2020	Provision in 2021	Reversal in 2021	Write-off/ charge-off in 2021	Balance as at December 31, 2021
System integration service contracts	14,221,115.02	-8,245,190.64			5,975,924.38
Total	14,221,115.02	-8,245,190.64			5,975,924.38

5.9 Non-current assets maturing within one year

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Debt investments due within one year	456,773,333.33	
Other debt investments due within one year		922,750,037.84
Total	456,773,333.33	922,750,037.84



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.9 Non-current assets maturing within one year (Continued)

Significant creditor's right investments and other creditor's right investments as at December 31, 2021:

Item	Balance as at December 31, 2021				Balance as at December 31, 2020			
	Face value	Coupon rate	Real interest rate	Maturity date	Face value	Coupon rate	Real interest rate	Maturity date
Certificate of deposit of CCB	400,000,000.00	3.85%	3.85%	2022/12/30				
Minsheng Bank wealth management products					900,000,000.00	3.55%		2021/1/27
Certificate of deposit of Minsheng Bank	25,000,000.00	3.84%	3.84%	2022/9/13				
Total	425,000,000.00				900,000,000.00			

5.10 Other current assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Prepaid enterprise income tax	9,211,246.94	19,512,172.06
Creditor's right investment	115,053,111.11	1,528,927,182.95
Retained for VAT	81,481,304.10	97,624,766.76
Other taxes and surcharges	32,394.24	706,112.11
Total	205,778,056.39	1,646,770,233.88

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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.11 Long-term equity investment

Investee	Balance as at December 31, 2020	Additional investment	Reduced investment	Increase or decrease in 2021				Provision for impairment	Others	Balance of provision for impairment as at December 31, 2021
				Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed			
1. Joint venture										
Heilongjiang TravelSky Airport Network Co., Ltd.	18,473,996.80			2,007,879.68			750,000.00			19,731,876.48
Dalian TravelSky Airport Network Co., Ltd.	22,765,138.99			3,396,175.48						26,161,314.47
Shanghai Dongmei Online Travel Agency Co., Ltd.	4,792,882.65			-3,248,935.37						1,543,947.28
Hebei TravelSky Airport Network Co., Ltd.	6,529,868.64	8,500,000.00		978,216.16			1,500,000.00			14,508,084.80
Xinjiang Hangxin Tianyi Technology Innovation Co., Ltd.		5,000,000.00		33,237.60						5,033,237.60
Sub-total	52,561,887.08	13,500,000.00		3,166,573.55			2,250,000.00			66,978,460.63
2. Associate										
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	130,463,890.32			1,744,484.06						132,208,374.38
Shenyang Civil Aviation Northeast Cares Co., Ltd.	106,024,920.98			11,905,985.97						117,930,906.95
Guangzhou Airport Hangyi Information Technology Co., Ltd.	6,646,455.42			1,589,752.14			1,400,000.00			6,836,207.56
Yunnan TravelSky Airport Network Co., Ltd.	36,458,354.36			4,882,543.47						41,340,897.83
Yantai TravelSky Airport Network Co., Ltd.	6,833,013.42			434,622.57						7,267,635.99
Chengdu Civil Aviation Southwest Cares Co., Ltd.	67,720,247.30			9,700,233.57						77,420,480.87
Beijing TravelSky Birun Technology Co., Ltd.	19,145,515.93	26,705,454.55		4,924,152.78			7,418,181.82			43,356,941.44
TravelSky Mobile Technology Co., Ltd.	244,270,094.88			-34,057,235.91		42,916,120.62				253,128,979.59
Sub-total	617,562,492.61	26,705,454.55		1,124,538.65		42,916,120.62	8,818,181.82			679,490,424.61
Total	670,124,379.69	40,205,454.55		4,291,112.20		42,916,120.62	11,068,181.82			746,468,885.24



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.12 Investments in other equity instruments

5.12.1 Details of other equity instrument investments

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
China Merchants Life Insurance Company Limited	850,622,600.00	893,202,600.00
Total	850,622,600.00	893,202,600.00

5.12.2 Details of non-trading equity instrument investments

Item	Dividend income recognized in 2021	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
China Merchants Life Insurance Company Limited			24,377,400.00		Investment held by the Company for non-trading purposes	

5.13 Other non-current financial assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Financial assets measured at fair value through the current profit or loss	347,897,198.47	82,315,300.00
Including: Equity instrument investments	347,897,198.47	82,315,300.00
Total	347,897,198.47	82,315,300.00

Notes to Financial Statements

For the Year Ended December 31, 2021

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.14 Investment properties

5.14.1 Investment properties measured at cost

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2020	128,892,622.00	92,427,128.90	221,319,750.90
(2) Increase in 2021	9,467,748.50		9,467,748.50
– Transfer of inventory, fixed assets and construction in progress	9,467,748.50		9,467,748.50
(3) Decrease in 2021			
(4) Balance as at December 31, 2021	138,360,370.50	92,427,128.90	230,787,499.40
2. Accumulated depreciation and accumulated amortization			
(1) Balance as at December 31, 2020	84,050,962.91	27,265,855.58	111,316,818.49
(2) Increase in 2021	9,305,319.03	2,286,856.80	11,592,175.83
– Provision or amortization	6,328,009.49	2,286,856.80	8,614,866.29
– Inventories\Fixed assets\transfer from construction in progress	2,977,309.54		2,977,309.54
(3) Decrease in 2021			
(4) Balance as at December 31, 2021	93,356,281.94	29,552,712.38	122,908,994.32
3. Provision for impairment			
(1) Balance as at December 31, 2020			
(2) Increase in 2021			
(3) Decrease in 2021			
(4) Balance as at December 31, 2021			
4. Book value			
(1) Book value as at December 31, 2021	45,004,088.56	62,874,416.52	107,878,505.08
(2) Book value as at December 31, 2020	44,841,659.09	65,161,273.32	110,002,932.41

5.14.2 Investment properties with pending certificate of title

None.

5.15 Fixed assets

5.15.1 Fixed assets and disposal of fixed assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Fixed assets	3,834,562,814.07	4,242,354,671.35
Disposal of fixed assets	37,468.21	24,995.06
Total	3,834,600,282.28	4,242,379,666.41



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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.15 Fixed assets (Continued)

5.15.2 Details of fixed assets

Item	Buildings and constructions	Machinery equipment	Vehicles	Electronic equipment	Office equipment	Others	Total
1. Original book value							
(1) Balance as at December 31, 2020	3,136,296,702.28	1,670,996,402.48	71,143,235.54	2,456,560,167.11	281,900,376.52	32,081,329.99	7,648,978,213.92
(2) Increase in 2021	2,011,215.75	67,748,460.52	639,249.71	96,183,481.64	12,458,737.65	856,182.72	179,897,327.99
-Purchase	1,054,609.84	67,748,460.52	639,249.71	96,231,127.80	11,912,329.84	856,182.72	178,441,960.43
-Transfer of construction in progress	1,461,747.91						1,461,747.91
-Other transfer-in	-505,142.00			-47,646.16	546,407.81		-6,380.35
(3) Decrease in 2021	11,510,586.39		1,180,485.24	380,771,028.97	17,871,221.88	3,698,109.61	415,031,432.09
-Disposal or scrapping	868,737.57		1,123,452.97	380,262,915.60	16,977,610.30	3,669,478.81	402,902,195.25
-Others	10,641,848.82		57,032.27	508,113.37	893,611.58	28,630.80	12,129,236.84
(4) Balance as at December 31, 2021	3,126,797,331.64	1,738,744,863.00	70,602,000.01	2,171,972,619.78	276,487,892.29	29,239,403.10	7,413,844,109.82
2. Accumulated depreciation							
(1) Balance as at December 31, 2020	571,086,584.12	846,074,032.82	61,115,323.31	1,710,765,156.98	175,771,419.54	25,576,952.87	3,390,389,469.64
(2) Increase in 2021	159,999,288.92	101,677,706.65	2,077,267.43	269,161,494.17	33,925,944.32	2,316,259.55	569,157,961.04
-Provision	160,442,862.16	101,677,706.65	2,077,267.43	269,160,255.77	33,482,371.08	2,316,259.55	569,156,722.64
-Others	-443,573.24			1,238.40	443,573.24		1,238.40
(3) Decrease in 2021	3,378,134.84		1,016,132.85	368,726,806.47	16,833,939.30	3,588,214.45	393,543,227.91
-Disposal or scrapping	876,793.35		987,617.03	368,391,365.55	15,628,491.88	3,559,400.29	389,443,668.10
- Others	2,501,341.49		28,515.82	335,440.92	1,205,447.42	28,814.16	4,099,559.81
(4) Balance as at December 31, 2021	727,707,738.20	947,751,739.47	62,176,457.89	1,611,199,844.68	192,863,424.56	24,304,997.97	3,566,004,202.77
3. Provision for impairment							
(1) Balance as at December 31, 2020		6,322,675.59		9,911,397.34			16,234,072.93
(2) Increase in 2021							
(3) Decrease in 2021				2,956,979.95			2,956,979.95
-Disposal or scrapping				2,956,979.95			2,956,979.95
(4) Balance as at December 31, 2021		6,322,675.59		6,954,417.39			13,277,092.98
4. Book value							
(1) Book value as at December 31, 2021	2,399,089,593.44	784,670,447.94	8,425,542.12	553,818,357.71	83,624,467.73	4,934,405.13	3,834,562,814.07
(2) Book value as at December 31, 2020	2,565,210,118.16	818,599,694.07	10,027,912.23	735,883,612.79	106,128,956.98	6,504,377.12	4,242,354,671.35

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(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.15 Fixed assets (Continued)

5.15.3 Temporarily idle fixed assets

None.

5.15.4 Details of fixed assets leased under operating lease

Item	Buildings and constructions	Office equipment	Total
1. Original book value			
(1) Balance as at December 31, 2020	179,379,269.21	5,319,202.87	184,698,472.08
(2) Increase in 2021			
(3) Decrease in 2021			
(4) Balance as at December 31, 2021	179,379,269.21	5,319,202.87	184,698,472.08
2. Accumulated depreciation			
(1) Balance as at December 31, 2020	3,815,461.58	1,255,306.11	5,070,767.69
(2) Increase in 2021	4,324,213.44	1,031,925.24	5,356,138.68
-Provision	4,324,213.44	1,031,925.24	5,356,138.68
(3) Decrease in 2021			
(4) Balance as at December 31, 2021	8,139,675.02	2,287,231.35	10,426,906.37
3. Provision for impairment			
(1) Balance as at December 31, 2020			
(2) Increase in 2021			
(3) Decrease in 2021			
(4) Balance as at December 31, 2021			
4. Book value			
(1) Book value as at December 31, 2021	171,239,594.19	3,031,971.52	174,271,565.71
(2) Book value as at December 31, 2020	175,563,807.63	4,063,896.76	179,627,704.39

5.15.5 Fixed assets without certificate of title

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Houses and constructions in TravelSky Industrial Park	1,959,586,745.76	Procedure not completed

5.15.6 Disposal of fixed assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Scrapping of transportation facilities to be approved	37,468.21	24,995.06
Total	37,468.21	24,995.06



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.16 Construction in progress

5.16.1 Construction in progress and project materials

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Construction in progress	31,268,001.61	23,733,542.62
Project materials		
Total	31,268,001.61	23,733,542.62

5.16.2 Construction in progress

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Information product item 1	37,895,335.75	37,895,335.75		37,895,335.75	37,895,335.75	
Information product item 2	11,046,078.98	11,046,078.98		11,046,078.98	11,046,078.98	
Construction projects in TravelSky Industrial Park	28,426,061.40		28,426,061.40	20,412,051.23		20,412,051.23
Decoration project of Xiamen Civil Aviation Cares	2,841,940.21		2,841,940.21	3,321,491.39		3,321,491.39
Total	80,209,416.34	48,941,414.73	31,268,001.61	72,674,957.35	48,941,414.73	23,733,542.62

5.16 Construction in progress

5.16.3 Changes of significant construction in progress in 2021

Name of item	Budget	Balance as at December 31, 2020	Increase in 2021	Amount transferred into fixed assets in the current period	Other decreases in 2021	Balance as at December 31, 2021	Proportion of accumulated project investment in budget (%)	Progress of construction	Accumulated capitalization amount of interest	Including: capitalization amount of interest in the current period	Capitalization rate of the interest in 2021 (%)	Capital source
Xiamen Kaiya decoration project	4,280,000.00	3,321,491.39	982,196.73	1,461,747.91		2,841,940.21	99.10	Under construction				Proprietary funds
TravelSky Park Construction Project	2,593,024,800.00	20,412,051.23	8,014,010.17			28,426,061.40	1.13	Under construction				Proprietary funds
Total		23,733,542.62	8,996,206.90	1,461,747.91		31,268,001.61						

5.16.4 Provision for impairment of construction in progress in 2021

None.

5.16.5 Engineering materials

None.



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.17 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Others	Total
1. Original book value				
(1) Balance as at December 31, 2020	233,886,546.79	2,997,009.36	15,809.53	236,899,365.68
(2) Increase in 2021	48,450,606.94	-1,307,668.80	39,044.58	47,181,982.72
-New lease	47,142,938.14		39,044.58	47,181,982.72
-Others	1,307,668.80	-1,307,668.80		
(3) Decrease in 2021	180,897,435.87	1,689,340.56	15,809.53	182,602,585.96
-Expiration of lease	178,466,310.22	1,689,340.56	15,809.53	180,171,460.31
-Disposal lease	61,968.42			61,968.42
-Foreign currency translation impact	2,369,157.23			2,369,157.23
(4) Balance as at December 31, 2021	101,439,717.86		39,044.58	101,478,762.44
2. Accumulated depreciation				
(1) Balance as at December 31, 2020	133,974,161.38	2,257,195.12	6,928.51	136,238,285.01
(2) Increase in 2021	82,852,081.99	-568,054.56	15,618.73	82,299,646.16
-Provision	81,898,573.54	385,453.89	15,618.73	82,299,646.16
-Others	953,508.45	-953,508.45		
(3) Decrease in 2021	172,234,711.15	1,689,140.56	15,809.53	173,939,661.24
-Expiration of lease	171,131,632.38	1,689,140.56	15,809.53	172,836,582.47
-Disposal	30,984.18			30,984.18
-Foreign currency translation impact	1,072,094.59			1,072,094.59
(4) Balance as at December 31, 2021	44,591,532.22		6,737.71	44,598,269.93
3. Provision for impairment				
(1) Balance as at December 31, 2020				
(2) Increase in 2021	2,094,565.57			2,094,565.57
-Provision	2,211,381.62			2,211,381.62
-Foreign currency translation impact	-116,816.05			-116,816.05
(3) Decrease in 2021				
(4) Balance as at December 31, 2021	2,094,565.57			2,094,565.57
4. Book value				
(1) Book value as at December 31, 2021	54,753,620.07		32,306.87	54,785,926.94
(2) Book value as at December 31, 2020	99,912,385.41	739,814.24	8,881.02	100,661,080.67



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.18 Intangible assets

5.18.1 Details of intangible assets

Item	Land use right	Patent right	Non-patented technology	Software	Total
1. Original book value					
(1) Balance as at					
December 31, 2020	2,029,427,700.10	9,565.97	50,280,522.27	2,067,986,081.79	4,147,703,870.13
(2) Increase in 2021		954,492.45	7,615,696.92	544,332,608.40	552,902,797.77
-Purchase		954,492.45	7,615,696.92	315,485,085.06	324,055,274.43
-Internal research and development				228,847,523.34	228,847,523.34
(3) Decrease in 2021	2,858,571.10	9,565.97	647,256.30	597,439,065.41	600,954,458.78
-Disposal		9,565.97	647,256.30	14,723,373.10	15,380,195.37
-The part that fails and terminates validation				577,286,882.36	577,286,882.36
-Others	2,858,571.10			5,428,809.95	8,287,381.05
(4) Balance as at					
December 31, 2021	2,026,569,129.00	954,492.45	57,248,962.89	2,014,879,624.78	4,099,652,209.12
2. Accumulated amortization					
(1) Balance as at					
December 31, 2020	549,757,015.16	6,654.57	41,883,545.59	1,775,519,670.46	2,367,166,885.78
(2) Increase in 2021	50,445,600.60	8,169.07	3,537,150.61	299,238,156.94	353,229,077.22
-Provision	50,445,600.60	8,169.07	3,537,150.61	299,238,156.94	353,229,077.22
(3) Decrease in 2021	2,858,571.10	6,869.52	647,250.30	537,817,513.56	541,330,204.48
-Disposal		6,869.52	647,250.30	14,453,207.72	15,107,327.54
-The part that fails and terminates validation				522,991,342.39	522,991,342.39
-Others	2,858,571.10			372,963.45	3,231,534.55
(4) Balance as at					
December 31, 2021	597,344,044.66	7,954.12	44,773,445.90	1,536,940,313.84	2,179,065,758.52
3. Provision for impairment					
(1) Balance as at					
December 31, 2020				20,823,029.13	20,823,029.13
(2) Increase in 2021				12,964,236.03	12,964,236.03
-Provision				12,964,236.03	12,964,236.03
(3) Decrease in 2021				20,823,029.13	20,823,029.13
-Disposal					
-The part that fails and terminates validation				20,823,029.13	20,823,029.13
-Others					
(4) Balance as at					
December 31, 2021				12,964,236.03	12,964,236.03
4. Book value					
(1) Book value as at					
December 31, 2021	1,429,225,084.34	946,538.33	12,475,516.99	464,975,074.91	1,907,622,214.57
(2) Book value as at					
December 31, 2020	1,479,670,684.94	2,911.40	8,396,976.68	271,643,382.20	1,759,713,955.22

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.18 Intangible assets (Continued)

5.18.1 Details of intangible assets (Continued)

Among the intangible assets as at December 31, 2021, the intangible assets arising from the internal research and development of the Company were RMB298,940,229.61, accounting for 7.29% of the balance of intangible assets.

5.18.2 Intellectual properties with indefinite useful life

As at December 31, 2021, the Group has no the above-mentioned situation.

5.18.3 Individual intellectual properties with significant impact

As at December 31, 2021, the Group has no the above-mentioned situation.

5.18.4 Assets with restrictions on the ownership or right of use

As at December 31, 2021, the Group has no the above-mentioned situation.

5.18.5 Land use right with pending certificates of title

As at December 31, 2021, the Group has no right to land use with pending certificate of title.



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.19 Development expenses

Item	Increase in 2021		Decrease in 2021			Balance as at December 31, 2021	Capitalization start point	Detailed basis for capitalization	R&D progress as at December 31, 2021
	Balance as at December 31, 2020	Internal R&D expenses	Others	Recognized as intangible assets	Included in current profit or loss	Others			
Item 1		22,252,191.24					2021.7	The Company's internal project approval procedures have been completed.	Project construction has been completed.
Item 2		3,977,169.81					2021.7	The Company's internal project approval procedures have been completed.	60% of the research and development progress has been completed.
Item 3		630,152.83					2021.8	The Company's internal project approval procedures have been completed.	3% of the research and development progress has been completed.
Item 4	6,302,012.68			6,302,012.68			2020.4	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 5	7,053,554.19			7,053,511.40	42.79		2020.4	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 6	3,365,023.57			3,365,023.57			2020.4	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 7	47,304,137.84			47,304,137.84			2018.12	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 8	55,990,644.53	18,857,603.70					2018.12	The Company's internal project approval procedures have been completed.	Project acceptance is in progress.
Item 9	11,234,145.35			11,234,145.35			2019.9	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 10	14,114,909.84			14,114,909.84			2019.11	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 11	23,769,518.24						2019.3	The Company's internal project approval procedures have been completed.	In the Company closing process.
Item 12	6,452,734.36	5,222,896.66					2019.8	The Company's internal project approval procedures have been completed.	Project construction has been completed.
Item 13	21,236,268.25			21,236,268.25			2019.12	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Item 14	12,514,515.00	-83,463.77					2019.9	The Company's internal project approval procedures have been completed.	Project acceptance is in progress.
Item 15	100,755,048.03	-149,334.22		100,605,713.81			2020.3	The Company's internal project approval procedures have been completed.	Intangible assets carried forward.
Total	310,092,511.88	50,707,216.25		211,215,722.74	42.79				

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For the Year Ended December 31, 2021

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.20 Goodwill

5.20.1 Changes in goodwill

Name of the investee or matters forming goodwill	Balance as at December 31, 2020	Increase in 2021		Decrease in 2021		Balance as at December 31, 2021
		Formed from the business combination	Others	Disposal	Others	
Original book value						
Guangzhou Hanglv Sky Information Technology Co., Ltd.	260,400.76					260,400.76
OpenJaw Technologies Limited	152,334,357.62					152,334,357.62
Sub-total	152,594,758.38					152,594,758.38
Provision for impairment						
OpenJaw Technologies Limited	152,334,357.62					152,334,357.62
Sub-total	152,334,357.62					152,334,357.62
Book value	260,400.76					260,400.76

5.21 Long-term deferred expenses

Item	Balance as at December 31, 2020				Balance as at December 31, 2021
		Increase in 2021	Amortization in 2021	Other decreases	
Various types of renovation and transformation works	3,956,875.09	4,568,764.50	5,216,127.39	5,026.19	3,304,486.01
Total	3,956,875.09	4,568,764.50	5,216,127.39	5,026.19	3,304,486.01



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.22 Deferred income tax assets and deferred income tax liabilities

5.22.1 Deferred income tax assets before offsetting

Item	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provisions for impairment of assets	621,033,112.03	94,096,110.09	1,004,101,960.15	151,981,113.26
Part of employee compensation payable accrued more than actually paid	180,929,402.33	27,139,410.35	147,193,501.51	22,079,025.23
Amortization of intangible assets	694,938,509.01	104,241,302.18	753,009,812.94	112,951,471.94
Withholding expenses	530,943,249.83	79,641,118.63	463,525,817.39	69,528,872.61
Depreciation of fixed assets	13,806,837.33	2,460,177.78		
Changes in fair value of financial assets held for trading			7,005,845.66	1,050,876.85
Contract liability	298,871,904.13	44,830,785.62		
Changes in fair value of other equity instruments	24,377,400.00	3,656,610.00		
Total	2,364,900,414.66	356,065,514.65	2,374,836,937.65	357,591,359.89

5.22.2 Deferred income tax liabilities without the offset

Item	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Valuation of trading financial instruments and derivative financial instruments	2,895,881.66	434,382.25		
Taxable difference arising from asset evaluation increment	48,079,289.77	9,096,963.07	76,154,785.15	14,864,247.19
Temporary difference arising from accelerated depreciation of fixed assets	32,782,218.63	4,917,332.79	46,329,603.39	6,949,440.51
Others	57,649,997.58	7,206,249.70	64,080,395.39	8,010,049.42
Total	141,407,387.64	21,654,927.81	186,564,783.93	29,823,737.12



Notes to Financial Statements

For the Year Ended December 31, 2021

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.22 Deferred income tax assets and deferred income tax liabilities (Continued)

5.22.3 Deferred income tax assets or liabilities presented by net amount after offset

Item	As at December 31, 2021		As at December 31, 2020	
	Amount offset in deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after the offset	Amount offset in deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after the offset
Deferred income tax assets				1,213,994.71

5.22.4 Unrecognized deferred income tax assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Deductible temporary difference	255,795.70	253,968.08
Deductible losses	48,556,105.46	60,493,024.86
Total	48,811,901.16	60,746,992.94

5.22.5 Deductible losses from unrecognized deferred income tax assets will be expired in the following years

Year	Balance as at December 31, 2021	Balance as at December 31, 2020	Remark
Year 2021		6,009,986.10	
Year 2022	3,515,064.70	3,588,791.73	
Year 2023	9,970,758.30	17,338,324.51	
Year 2024	13,560,021.46	13,560,021.46	
Year 2025	945,771.08	945,771.08	
Year 2026	8,903,899.56	8,901,294.12	
Year 2027	2,073,366.07	2,073,366.07	
Year 2028	4,931,070.14	4,931,070.14	
Year 2029	3,144,399.65	3,144,399.65	
Year 2030	1,511,754.50		
Total	48,556,105.46	60,493,024.86	



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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.23 Other non-current assets

Item	Balance as at December 31, 2021		Balance as at December 31, 2020	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Time bank deposits beyond one year	82,148,278.04	82,148,278.04	524,150,216.91	524,150,216.91
Total	82,148,278.04	82,148,278.04	524,150,216.91	524,150,216.91

5.24 Short-term borrowings

5.24.1 Classification of short-term borrowings

Item	As at December 31, 2021	As at December 31, 2020
Credit borrowings	2,500,000.00	
Total	2,500,000.00	

Note: The new loan in this period is a credit loan borrowed from Bank of China Dalian High-tech Park Sub-branch. The loan period is from December 22, 2021 (23) to December 16, 2022, and the loan interest rate is 4.05%.

5.24.2 Short-term borrowings that have been due but not paid

None.

5.25 Accounts payable

5.25.1 Presentation of accounts payable

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year (including 1 year)	1,297,105,442.95	958,437,722.36
1 - 2 years (including 2 years)	530,481,952.98	598,298,458.98
2 - 3 years (including 3 years)	187,678,560.93	132,521,703.86
Over 3 years	129,843,147.96	110,271,288.42
Total	2,145,109,104.82	1,799,529,173.62



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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.25 Accounts payable (Continued)

5.25.2 Significant account payables with aging over one year

Item	Balance as at December 31, 2021	Reason for no payment or carry-forward
Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	18,101,302.53	Business is conducted on a continuous rolling basis
China Construction Eighth Engineering Bureau Co., Ltd.	39,789,197.44	Business is conducted on a continuous rolling basis
Oracle (China) Software Systems Co., Ltd.	27,958,109.14	Business is conducted on a continuous rolling basis
Yunnan Hangxin Airport Network Co., Ltd.	16,732,322.08	Business is conducted on a continuous rolling basis
Yunnan Nantian Electronics Information Co., Ltd.	12,559,634.28	Business is conducted on a continuous rolling basis
Total	115,140,565.47	

5.26 Advances from customers

5.26.1 Presentation of advances from customers

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Rent		115,200.00
Total		115,200.00



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For the Year Ended December 31, 2021

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.27 Contract liabilities

5.27.1 Details of contract liabilities

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
System integration service contract	650,696,196.71	155,713,280.20
Total	650,696,196.71	155,713,280.20

5.27.2 Amount from significant change in book value and reason therefor during the reporting period

Item	Changed amount	Reason for change
System integration service contract	494,982,916.51	Increase of unfinished business during the year
Total	494,982,916.51	

Other description:

5.28 Employee compensation payable

5.28.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Short-term compensation	249,172,741.88	1,694,502,728.52	1,721,686,670.81	221,988,799.59
Post-employment benefits - defined contribution plans	18,554,906.67	245,569,235.80	248,891,028.89	15,233,113.58
Dismissal benefits	59,728.68	18,113,534.92	18,173,263.60	
Other benefits due within one year				
Others	59,828,655.32	-22,279,517.74	10,723,229.51	26,825,908.07
Total	327,616,032.55	1,935,905,981.50	1,999,474,192.81	264,047,821.24



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.28 Employee compensation payable (Continued)

5.28.2 Presentation of short-term compensation

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
(1) Salaries, bonuses, allowances and subsidies	185,128,164.72	1,309,659,727.88	1,340,244,439.64	154,543,452.96
(2) Employee welfare	648,040.18	105,272,937.22	103,205,538.35	2,715,439.05
(3) Social insurance premiums	2,311,457.48	114,890,514.15	115,477,532.66	1,724,438.97
Including: Medical insurance premiums	1,190,111.52	111,931,334.75	112,477,212.75	644,233.52
Work-related injury insurance premium	152,817.85	2,327,579.18	2,368,719.69	111,677.34
Maternity insurance premium	968,528.11	556,682.88	556,682.88	968,528.11
Others		74,917.34	74,917.34	
(4) Housing provident funds	2,952,748.57	124,842,233.65	124,895,065.85	2,899,916.37
(5) Labor union funds and employee education funds	58,132,330.93	39,182,491.95	37,209,270.64	60,105,552.24
(6) Short-term compensated absences				
(7) Short-term profit sharing plan				
(8) Other short-term remuneration		654,823.67	654,823.67	
Total	249,172,741.88	1,694,502,728.52	1,721,686,670.81	221,988,799.59

5.28.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Basic endowment insurance premium	5,263,340.39	173,434,378.03	177,334,007.77	1,363,710.65
Unemployment insurance premium	38,170.40	5,807,372.60	5,944,109.40	-98,566.40
Enterprise annuity payment	13,253,395.88	66,327,485.17	65,612,911.72	13,967,969.33
Total	18,554,906.67	245,569,235.80	248,891,028.89	15,233,113.58



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.29 Taxes and surcharges payable

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Value-added tax	19,292,889.20	14,394,088.26
Enterprise income tax	21,778,137.42	107,590,474.40
Individual income tax	44,132,146.63	13,640,833.28
Urban maintenance and construction tax	2,942,006.56	2,688,469.99
House property tax	1,275,731.02	1,259,963.82
Educational surcharges	1,917,020.46	1,751,916.67
Land use tax	140,137.84	140,072.08
Other taxes and surcharges	586,371.86	500,706.15
Total	92,064,440.99	141,966,524.65

5.30 Other payables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest payable		
Dividends payable	59,402,368.84	67,324,585.34
Other payables	1,479,707,646.60	1,281,686,526.86
Total	1,539,110,015.44	1,349,011,112.20

5.30.1 Dividends payable

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Common stock dividends	59,402,368.84	67,324,585.34
Total	59,402,368.84	67,324,585.34

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.30 Other payables (Continued)

5.30.2 Other payables

(1) Presentation in terms of nature

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
E-commerce payment business	715,965,249.61	785,774,278.92
Liquidation and settlement business payment	400,902,071.81	307,282,719.31
Current amounts	163,848,818.56	146,158,628.34
Social insurance and provident funds	27,037,464.29	18,698,613.08
Guaranteed deposits and deposits, etc.	171,954,042.33	23,772,287.21
Total	1,479,707,646.60	1,281,686,526.86

5.31 Non-current liabilities maturing within one year

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Lease liabilities maturing within one year	27,625,558.09	76,146,476.84
Total	27,625,558.09	76,146,476.84

5.32 Other current liabilities

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Output tax to be carried forward	51,318,544.24	8,675,292.95
Total	51,318,544.24	8,675,292.95



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.33 Lease liabilities

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Minimum lease payments	36,729,720.26	28,204,005.03
Less: financing charges unrecognized	4,602,234.90	856,511.70
Total	32,127,485.36	27,347,493.33

5.34 Long-term payables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Long-term payables		
Special payables	420,237.65	420,237.65
Total	420,237.65	420,237.65

5.34.1 Special payables

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Item 1	395,709.35			395,709.35
Item 2	24,528.30			24,528.30
Total	420,237.65			420,237.65

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.35 Estimated liabilities

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Forming reason
Pay business risk reserves	4,488.00	10,000.00		14,488.00	
Total	4,488.00	10,000.00		14,488.00	

Note: Beijing Yake Technology Development Co., Ltd., a subsidiary of the Group, accrues payment business risk reserves in accordance with Yakefa [2020] No. 21 "Management Measures for Payment Business Risk Reserves" issued internally. In accordance with the Measures, the company accrues a risk reserve of CNY 5,000.00 every six months. The management measures were promulgated in July 2020 and will be implemented from the date of promulgation.

5.36 Deferred income

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Government grants	84,748,888.89	1,023,327.95	31,404,994.61	54,367,222.23
Total	84,748,888.89	1,023,327.95	31,404,994.61	54,367,222.23

Items involving government grants:

Item	Balance as at December 31, 2020	New grants in 2021	Amount included in the current profit or loss in 2021	Other changes	Balance as at December 31, 2021	Related to assets/income
Item 1	83,488,888.89		29,466,666.66		54,022,222.23	Related to assets
Item 2	860,000.00	510,000.00	1,370,000.00			Related to income
Item 3	100,000.00		100,000.00			Related to income
Item 4	300,000.00		300,000.00			Related to income
Item 5		345,000.00			345,000.00	Related to income
Item 6		130,000.00	130,000.00			Related to income
Item 7		31,152.08	31,152.08			Related to income
Item 8		7,175.87	7,175.87			Related to income
Total	84,748,888.89	1,023,327.95	31,404,994.61		54,367,222.23	



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.37 Share capital

Item	Balance as at December 31, 2020	Changes in 2021 ("+" for increase and "-" for decrease)				Sub-total	Balance as at December 31, 2021
		New shares issued	Share donation	Conversion of reserves into share	Others		
Total shares	2,926,209,589.00						2,926,209,589.00

5.38 Capital reserves

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Capital (share capital) premium	843,445,719.28	-10,289,320.16		833,156,399.12
Other capital reserves	315,964,905.78	42,916,120.62		358,881,026.40
Total	1,159,410,625.06	32,626,800.46		1,192,037,425.52

Note: The capital premium increased by -10,289,320.16 yuan in the current period, which is the difference between the consideration paid and the net assets obtained for the acquisition of minority shareholders' equity;

Other capital reserves increased by RMB42,916,120.62 in the current period, which was due to the increase in equity attributable to the Company caused by the new investment by other shareholders of Mobile Technology, an associate company.

5.39 Other comprehensive income

Item	Balance as at December 31, 2020	Amount before income tax in the current period	Year 2021				Amount after tax attributable to minority shareholders	Balance as at December 31, 2021
			Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the parent company		
1. Other comprehensive income that cannot be reclassified into profit or loss	18,202,600.00	-42,580,000.00			-3,656,610.00	-38,923,390.00		-20,720,790.00
Including: Changes in fair value of other equity instrument investments	18,202,600.00	-42,580,000.00			-3,656,610.00	-38,923,390.00		-20,720,790.00
2. Other comprehensive income that will be reclassified into profit or loss	642,993.64	-34,605,142.52	-875,499.36			-33,729,643.16		-33,086,649.52
Including: Translation differences of foreign currency financial statements	642,993.64	-34,605,142.52	-875,499.36			-33,729,643.16		-33,086,649.52
Total of other comprehensive income	18,845,593.64	-77,185,142.52	-875,499.36		-3,656,610.00	-72,653,033.16		-53,807,439.52

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.40 Surplus reserves

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Statutory surplus reserves	2,131,637,276.27	40,040,413.72		2,171,677,689.99
Discretionary surplus reserves	1,803,384,829.39	11,931,416.04		1,815,316,245.43
Total	3,935,022,105.66	51,971,829.76		3,986,993,935.42

Note: In accordance with the resolution of the ninth AGM of the seventh session of the Board of Directors on March 31, 2021 and the AGM held on May 27, 2021, the increase in the current year is due to the discretionary surplus reserve accrued at 10% of the parent company's net profit and the statutory surplus reserve based on 10% of the parent company's net profit.

5.41 General risk reserves

Item	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021
Risk reserves	6,984,649.60	700,388.70		7,685,038.30
Total	6,984,649.60	700,388.70		7,685,038.30

Note: The general risk reserves are accrued by the subsidiary of the Company Antu Jinxin Commercial Factoring Co., Ltd. from net profit, the amount determined at 1% of the balance of risk assets at the end of the period is deducted from the amount that has been accrued in the book, in accordance with the Circular of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (YBJBF [2019] No.205).

5.42 Undistributed profits

Item	Year 2021	Year 2020
Undistributed profits at the end of the previous year before adjustment	10,249,328,657.65	10,957,232,941.03
Total adjustment to undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)		
Undistributed profits at the beginning of the period after adjustment	10,249,328,657.65	10,957,232,941.03
Plus: net profit attributable to owners of parent company for the current period	551,300,577.41	362,799,787.58
Less: withdrawal of statutory surplus reserves	40,040,413.72	11,931,416.04
Withdrawal of discretionary surplus reserves	11,931,416.04	211,338,259.75
Withdrawal of general risk reserves	700,388.70	1,759,823.95
Common stock dividends payable	46,819,353.42	845,674,571.22
Undistributed profits at the end of the year	10,701,137,663.18	10,249,328,657.65



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.43 Operating revenue and operating costs

5.43.1 Operating revenue and operating costs

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Main business	5,431,573,768.64	3,297,214,951.23	5,439,483,629.68	3,072,277,630.79
Other business	44,603,642.89	15,169,188.01	46,093,106.07	13,640,595.23
Total	5,476,177,411.53	3,312,384,139.24	5,485,576,735.75	3,085,918,226.02

Details of main operating revenue:

Item	Year 2021	Year 2020
Aviation information technology service	2,127,471,187.08	2,495,512,772.09
Settlement and liquidation service	317,487,966.73	359,597,735.87
System integration service	1,373,121,801.16	1,178,003,077.04
Data network service	519,421,701.14	489,353,221.57
Other income	1,138,674,755.42	963,109,929.18
Including: Technical service revenue	478,554,163.28	355,175,170.28
Payment business income	197,065,648.94	152,642,762.05
Revenue from leasing and operation and maintenance services	184,639,878.52	175,579,731.84
Logistics business income	74,085,847.21	56,905,001.51
Data service revenue	68,275,084.55	88,208,257.38
Total	5,476,177,411.53	5,485,576,735.75

5.44 Taxes and surcharges

Item	Year 2021	Year 2020
Urban construction tax	12,213,020.26	11,708,647.60
Resource tax	241,243.00	470,960.60
Educational surcharges	6,808,343.87	6,115,203.30
Local educational surcharges	4,519,790.19	4,117,801.86
House property tax	45,903,533.72	44,940,149.14
Land use tax	577,132.77	606,777.65
Vehicle and vessel tax	177,400.00	186,603.33
Disabled employment security fund		11,147,608.73
Stamp tax	3,633,182.87	3,422,921.56
Others	332,018.20	106,625.29
Total	74,405,664.88	82,823,299.06

Note: From January 1, 2021, the employment security fund for the disabled will be calculated and listed in the management expenses.

Notes to Financial Statements

For the Year Ended December 31, 2021

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.45 Selling and distribution expenses

Item	Year 2021	Year 2020
Labor costs	68,724,513.91	83,241,280.14
Technical support and maintenance fee	34,718,611.45	7,783,156.84
Payment of business cost	3,563,093.74	3,316,142.79
Expenses for business trips	3,343,321.66	3,985,253.11
Integration project	2,626,420.83	11,645.04
Business entertainment fees	2,438,341.40	2,248,568.87
Depreciation expenses of fixed assets	1,151,112.97	2,121,729.80
Depreciation of right-of-use assets	810,739.62	2,901,171.39
Vehicle fees	776,524.73	845,240.61
Line rental fee	739,401.62	2,172,684.46
Telephone fees	673,066.54	1,072,461.70
Advertising production fees	611,334.63	698,479.57
Conference fees	470,169.72	556,766.97
Office fees	237,602.17	216,840.62
Property management fee of office building	164,625.50	429,408.75
Amortization of intangible assets	113,489.40	94,806.87
Low-cost consumables	88,751.80	966,301.35
Maintenance cost	49,248.92	72,929.25
Utility bills	32,673.92	133,358.42
Amortization of renovation costs		186,545.57
Aviation membership fees		1,552,500.00
Other cost	1,611,195.14	2,743,131.26
Total	122,944,239.67	117,350,403.38



Notes to Financial Statements

For the Year Ended December 31, 2021

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.46 General and administrative expenses

Item	Year 2021	Year 2020
Labor costs	452,617,057.11	473,891,479.15
Depreciation expenses of fixed assets	128,523,237.21	102,355,329.97
Amortization of intangible assets	90,155,794.74	104,813,415.09
Depreciation of right-of-use assets	62,846,772.94	66,634,943.53
Technical support and maintenance fee	30,091,379.13	31,478,631.88
Consulting fees	16,984,295.99	15,276,448.15
Utility bills	15,396,549.16	13,799,035.67
Telephone fees	10,705,702.14	12,992,676.43
Maintenance costs	10,099,534.54	11,465,592.93
Property management fee of office building	8,904,279.78	15,531,782.02
Expenses for business trips	7,837,447.01	8,177,041.23
Office fees	6,214,550.83	3,299,271.09
Audit fees	6,025,806.70	4,389,036.15
Advertising production cost	5,819,400.09	3,272,297.82
Vehicle expenses	4,928,498.97	5,152,296.67
Business entertainment expenses	3,674,378.87	3,603,684.68
Amortization of renovation costs	2,951,914.04	2,961,392.93
Low-cost consumables	2,756,223.47	4,383,171.46
Line rental fee	2,336,893.66	2,533,693.20
Aviation membership fees	2,259,280.66	3,017,174.29
Business travel abroad		299,212.91
Integration project expenses		148,245.28
Other fees	52,247,488.49	40,610,400.93
Total	923,376,485.53	930,086,253.46

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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.47 Research and development expenses

Item	Year 2021	Year 2020
Labor costs	648,007,969.24	563,445,578.73
Technology support fees	286,370,853.37	91,593,167.73
Depreciation expenses of fixed assets	23,567,641.46	24,561,986.61
Amortization of intangible assets	8,342,696.83	6,607,250.13
Depreciation of right-of-use assets	2,735,152.88	1,343,225.50
Amortization of renovation costs	966,852.58	239,937.12
Line rental fees	42,000.36	64,169.84
Other costs	3,773,580.09	3,760,898.31
Total	973,806,746.81	691,616,213.97

5.48 Financial expenses

Item	Year 2021	Year 2020
Interest expenses	2,837,933.55	5,820,988.65
Including: lease liability interest expenses	2,708,143.82	5,706,062.16
Less: interest income	108,083,262.96	117,450,311.49
Gains or losses on exchange	5,956,795.76	19,430,532.22
Others	1,710,998.04	1,798,402.76
Total	-97,577,535.61	-90,400,387.86



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.49 Other income

Item	Year 2021	Year 2020
Government grants	54,317,588.06	36,474,468.05
Additional deduction of input tax	25,201,249.00	16,035,502.58
Withholding of personal income tax fees	278,515.42	3,154,380.59
Others	8,984.43	136,651.80
Total	79,806,336.91	55,801,003.02

Government grants included in other income

Subsidy item	Year 2021	Year 2020	Related to assets/income
Enterprise support and subsidies	18,058,305.58	24,858,027.75	Related to income
Tax refunds	3,102,615.82	3,615,329.19	Related to income
Patent grants and awards	20,000.00		Related to income
Deferred income transfer-in	30,626,666.66	8,001,111.11	Related to income/
Awards	2,510,000.00		Related to assets
Total	54,317,588.06	36,474,468.05	Related to income

5.50 Investment income

Item	Year 2021	Year 2020
Long-term equity investment income calculated under the equity method	4,291,112.20	34,385,380.05
Investment income from disposal of long-term equity investment	-890,431.51	
Investment income from financial assets held for trading during the holding period	37,921,892.26	695,045.49
Interest income from other creditors' investment during the holding period	7,047,873.57	53,209,323.80
After the loss of control, gains from the remaining equities re-measured at the fair value after the loss of control		450,643,518.39
Total	48,370,446.52	538,933,267.73



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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.51 Gains from changes in fair value

Sources of income from changes in fair value	Year 2021	Year 2020
Financial assets held for trading	9,635,625.00	28,493.15
Other non-current financial assets	294,595.47	-7,034,338.81
Total	9,930,220.47	-7,005,845.66

5.52 Losses from credit impairment

Item	Year 2021	Year 2020
Losses from bad debts of notes receivable	-5,546,096.57	12,653,978.27
Losses from bad debts of accounts receivable	-367,909,484.28	682,896,168.22
Losses from bad debts of other receivables	-779,418.36	459,995.98
Total	-374,234,999.21	696,010,142.47

5.53 Losses from impairment of assets

Item	Year 2021	Year 2020
Loss from inventory depreciation and losses from impairment of contract performance cost	-105,889.34	
Losses from impairment of contract assets	-8,245,190.64	12,975,259.81
Losses from impairment of construction in progress		48,941,414.73
Losses from impairment of intangible assets	12,964,236.03	20,823,029.13
Losses from impairment of goodwill		152,334,357.62
Losses from impairment of right-of-use assets	2,211,381.62	
Total	6,824,537.67	235,074,061.29



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5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.54 Income from asset disposal

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Disposal of fixed assets	-890,066.70	11,839.37	-890,066.70
Disposal of use-right assets	38,573.24		38,573.24
Total	-851,493.46	11,839.37	-851,493.46

5.55 Non-operating revenue

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Gains from disposal of non-current assets	4,912.37	7,415.97	4,912.37
Government grants irrelevant to the routine activities of the enterprise	55,476.00	118,712.26	55,476.00
Unable to pay	8,767,732.96		8,767,732.96
Others	5,319,782.29	3,993,851.16	5,319,782.29
Total	14,147,903.62	4,119,979.39	14,147,903.62

Government grants included in the non-operating revenue:

Grant item	Year 2021	Year 2020	Related to assets/income
Epidemic subsidies for overseas companies	55,476.00	118,712.26	Related to income
Total	55,476.00	118,712.26	

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(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.56 Non-operating expenses

Item	Year 2021	Year 2020	Amount included in non-recurring profit or loss in the current period
Donations made	12,075,206.03	12,107,339.94	12,075,206.03
Inventory losses	105,889.34	54,778.67	105,889.34
Losses from the damage and scrapping of non-current assets	8,001,181.76	471,972.04	8,001,181.76
Others	1,585,970.78	2,163,300.98	1,585,970.78
Total	21,768,247.91	14,797,391.63	21,768,247.91

5.57 Income tax expenses

5.57.1 Table of income tax expenses

Item	Year 2021	Year 2020
Current income tax expenses	51,062,258.87	159,482,057.71
Deferred income tax expenses	1,716,367.53	-159,216,478.26
Others		-98,040,933.96
Total	52,778,626.40	-97,775,354.51



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.57 Income tax expenses (Continued)

5.57.2 Adjustment process of accounting profit and income tax expenses

Item	Year 2021
Total profits	663,883,298.70
Income tax expenses calculated at statutory/applicable tax rate	99,582,494.81
Effect of different tax rates applicable to subsidiaries	7,928,954.57
Influence of adjustments to the income tax for the prior years	-9,039,650.67
Effect of non-taxable income	-10,866,058.84
Effect of non-deductible costs, expenses and losses	20,783,862.71
Effect of using the deductible losses related to deferred income tax assets unrecognized in prior periods	-2,395,819.43
Influence of unrecognized deferred income tax assets and deductible temporary differences or losses in current period	9,322,375.15
Additional deduction for R&D expenses	-60,718,277.47
Other	-1,819,254.43
Income tax expenses	52,778,626.40

5.58 Earning per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares issued by the company:

Item	Year 2021	Year 2020
Consolidated net profit attributable to the common stockholder of the parent company	551,300,577.41	362,799,787.58
Weighted average of the Company's outstanding common stock	2,926,209,589.00	2,926,209,589.00
Basic earnings per share	0.19	0.12
Including: basic earnings per share from continued operation	0.19	0.12
Basic earnings per share from discontinued operation		

As of December 31, 2021 and December 31, 2020, the Company has no diluted potential common stocks.

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.59 Supplementary information to the income statement with expenses classified by nature

The operating costs, selling expenses and administrative expenses in income statement are presented by nature as follows:

Item	Year 2021	Year 2020
Labor costs	1,912,223,745.46	1,775,239,365.64
Depreciation and amortization expenses	1,017,612,317.94	925,882,735.97
Cost of sales of software and hardware	659,699,379.92	601,171,385.04
Technical support and maintenance fees	877,919,657.65	604,471,101.79
Commission and promotion expenses	488,880,205.59	478,080,836.06
Internet use fees	85,799,805.59	72,835,512.57
Finance charges	-97,577,535.61	-90,400,387.86
Other operating costs	290,376,499.10	367,290,159.76
Total	5,234,934,075.64	4,734,570,708.97

5.60 Cash flow statement items

5.60.1 Cash received from other operating activities

Item	Year 2021	Year 2020
Government grants received	23,690,921.40	25,792,265.67
Interest income received from bank deposits	80,057,827.37	77,162,844.34
Guarantee fund and quality guarantee deposit received	7,922,378.69	11,473,669.72
Current accounts received	847,037,508.89	908,190,567.90
Other non-operating revenue received	3,397,266.60	2,532,299.39
Collection and payment received	33,571,143.25	24,594,330.57
Others	63,013,095,045.58	61,234,130,726.09
Total	64,008,772,091.78	62,283,876,703.68



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.60 Cash flow statement items (Continued)

5.60.2 Cash paid for other operating activities

Item	Year 2021	Year 2020
General and administrative expenses paid	82,272,623.31	184,260,256.84
Selling and distribution expenses paid	52,043,382.70	28,612,454.08
Research and development expenses paid	121,794,081.35	126,458,937.03
Bank charges paid	1,618,806.11	1,733,772.57
Non-operating expenses paid	1,019,519.25	1,165,939.04
Security deposit paid	11,006,653.32	21,095,422.23
Current accounts between entities paid	893,365,907.52	510,842,547.15
Others	62,745,943,039.37	62,263,489,518.16
Total	63,909,064,012.94	63,137,658,847.10

5.60.3 Cash received from other investing activities

The Group had no cash received from other investing activities in 2020 and 2021.

5.60.4 Cash paid for other investing activities

Item	Year 2021	Year 2020
End-of-period monetary funds of subsidiaries reduced by disposal of subsidiaries		8,404,155.22
Total		8,404,155.22

5.60.5 Cash received from other financing activities

The Group had no cash received from other financing activities in 2020 and 2021.

5.60.6 Cash paid for other financing activities

Item	Year 2021	Year 2020
Lease liabilities paid	82,541,156.34	85,777,768.88
Others	12,000,000.00	12,000,000.00
Total	94,541,156.34	97,777,768.88

Note: Others are expenditures of poverty alleviation funds.



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.61 Supplementary information to the statement of cash flows

5.61.1 Supplementary information to the statement of cash flows

Supplementary information	Year 2021	Year 2020
1. Net profit adjusted to cash flows from operating activities		
Net profit	611,104,672.30	411,936,730.69
Plus: losses from credit impairment	-374,234,999.21	696,010,142.47
Provisions for impairment of assets	6,824,537.67	235,074,061.29
Depreciation of fixed assets	577,771,588.93	514,944,941.96
Depletion of oil and gas properties		
Amortization of right-of-use assets	82,299,646.16	83,774,305.00
Amortization of intangible assets	353,229,077.22	343,035,090.89
Amortization of long-term deferred expenses	5,216,127.39	5,031,245.28
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	851,493.46	-180,246.61
Losses from scrapping of fixed assets ("-" for gains)	7,996,269.39	2,523,737.12
Losses from changes in fair value ("-" for gains)	-9,930,220.47	7,005,845.66
Financial expenses ("-" for gains)	-14,009,597.54	-7,689,471.85
Investment losses ("-" for gains)	-48,370,446.52	-538,933,267.73
Decreases in deferred income tax assets ("-" for increases)	1,525,845.24	-147,869,799.65
Increases in deferred income tax liabilities ("-" for decreases)	-8,168,809.31	-10,136,064.42
Decreases in inventories ("-" for increases)	16,287,942.93	-32,271,881.05
Decreases in operating receivables ("-" for increases)	916,867,662.60	2,595,318,075.52
Increases in operating payables ("-" for decreases)	817,564,688.06	-3,993,358,839.38
Others		
Net cash flow from operating activities	2,942,825,478.30	164,214,605.19
2. Significant investing and financing activities not involving cash inflow and outflow		
Debt transferred into capital		
Convertible corporate bonds maturing within 1 year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Ending balance of cash	6,339,602,541.52	4,364,935,481.69
Less: beginning balance of cash	4,364,935,481.69	5,226,929,496.55
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	1,974,667,059.83	-861,994,014.86



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.61 Supplementary information to the statement of cash flows (Continued)

5.61.2 Net cash paid to acquire subsidiaries in 2021

None.

5.61.3 Net cash received for disposal of subsidiaries in 2021

None.

5.61.4 Breakdown of cash and cash equivalents

Item	As at December 31, 2021	As at December 31, 2020
I. Cash	6,339,602,541.52	4,364,935,481.69
Including: cash on hand	38,599.41	99,362.26
Unrestricted bank deposit	6,338,556,812.89	4,363,035,159.01
Other unrestricted cash and cash equivalents	1,007,129.22	1,800,960.42
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Closing balance of cash and cash equivalents	6,339,602,541.52	4,364,935,481.69
Including: restricted use of cash and cash equivalents by the parent company or subsidiaries within the group		

5.62 Assets with restricted ownership or right of use

Item	Book value as at December 31, 2021	Reason for restriction
Monetary funds	124,810,163.29	Performance bonds and time deposits or notice deposits used as security
Non-current assets maturing within one year	430,800,000.00	Loaded funds and interest
Other current assets	100,000,000.00	Loaded funds and interest
Total	655,610,163.29	

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Government grants

5.63.1 Asset-related government grants

Category	Amount	Items listed on the balance sheet	The amount that is included in the current profit or loss or used to offset the cost of related costs	The item that is included in the current profit or loss or used to offset the losses of related costs
			Year 2021	Year 2020
Engineering project grant	54,022,222.23	Deferred income	29,466,666.66	4,911,111.11
				Other income

5.63.2 Income-related government grants

Category	Amount	Year 2021	Year 2020	The item that is included in the current profit or loss or used to offset the losses of related costs
Enterprise support and subsidies	18,058,305.58	18,058,305.58	24,858,027.75	Other income
Tax refunds	3,102,615.82	3,102,615.82	3,615,329.19	Other income
Patent grants and awards	20,000.00	20,000.00		Other income
Deferred income transfer-in	1,160,000.00	1,160,000.00	3,090,000.00	Other income
Awards	2,510,000.00	2,510,000.00		Other income
Others	55,476.00	55,476.00	118,712.26	Non-operating revenue
Total	24,906,397.40	24,906,397.40	31,682,069.20	



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.63 Government grants (Continued)

5.63.3 Return of government grants

Item	Year 2021	Reason
Return of government grants of HK	11,488.30	The government overpaid the subsidy in the previous period, and it will be refunded in this period

5.64 Lease

5.64.1 The company as the lessee

Item	2021	2020
Interest expense raising from lease liabilities	2,708,143.82	5,706,062.16
Short-term lease expenses that are simplified treated to the cost of related assets or current profits and losses	1,071,574.75	2,167,670.86
Lease expenses for low value assets that are simplified treated to the cost of related assets or current profits and losses (exclude short-term lease for low value assets)	94,883.83	28,135.68
Cash outflows in relation to lease	83,707,614.92	86,533,101.04

The company's anticipated cash outflows from leases in future years, committed but not commenced, are as follows:

Remaining lease term	Undiscounted lease payments
Within 1 year	54,740,284.00
1 – 2 year	54,740,284.00
2 – 3 year	54,740,288.17
Over 3 years	
Total	164,220,856.17

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



5 NOTES TO THE ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5.64 Lease (Continued)

5.64.2 The company as the lessor

(1) Operating lease

	2021	2020
Revenue from operating lease	43,392,472.63	45,866,984.45
Including: revenue related to variable lease payments not included in lease receipts		

Undiscounted lease receipts to be received after the balance sheet date are as follows:

Remaining lease term	Undiscounted lease receipts
Within 1 year	47,807,195.29
1 – 2 year	45,086,294.50
2 – 3 year	44,748,737.33
3 – 4 year	43,703,591.87
4 – 5 year	41,274,146.93
Over 5 years	94,431,811.11
Total	317,051,777.03

6 CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business combination not under common control

None.

6.2 Business combination under same common control

None.

6.3 Reverse purchase

None.

6.4 Disposal of subsidiaries

None.

6.5 Other reasons for the change of the consolidation scope

Travelsky Technology Australia Pty. Ltd., the Company's subsidiary, has been deregistered during this period.



Notes to Financial Statements

For the Year Ended December 31, 2021

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7 EQUITY IN OTHER ENTITIES

7.1 Equity in the subsidiaries

7.1.1 Structure of the enterprise group

Name of subsidiary	Principal place of business	Business type	Registered capital	Business nature	Shareholding ratio (%)		Way of acquisition
					Direct	Indirect	
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	Chongqing, China	Limited liability company	1,480.00	Provision of electronic travel distribution, airport passenger processing and cargo management services; and sales and installation of related information systems	51.00		Investment
Hunan TravelSky Technology Limited	Changsha, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	3,000.00	Planning and construction, operation management, technical support, product development and e-commerce of computer reservation, departure and freight transportation and other application systems	100.00		Investment
Xi'an Civil Aviation Cares Technology Co., Ltd.	Xi'an, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	1,500.00	Xi'an, China Computer software and hardware development and data network services	51.00		Investment
Hubei Civil Aviation Cares Co., Ltd.	Wuhan, China	other limited liability companies	1,500.00	Provision of electronic travel distribution, airport passenger processing and cargo management services; and sales and installation of related information systems	62.50	7.68	Investment
Civil Aviation Cares Technology of Xinjiang Co., Ltd.	Urumqi, China	Limited liability company (state-owned holding)	1,000.00	Computer software and hardware development and data network services	51.00		Investment
Shenzhen Civil Aviation Cares Co., Ltd.	Shenzhen, China	Limited liability company	6,100.00	Provision of e-tourism distribution and freight management services; and the sale and installation of relevant information systems	61.47		Investment
Shanghai TravelSky Technology Limited	Shanghai, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	400.00	Computer software and hardware development and data network services	100.00		Investment

Notes to Financial Statements

For the Year Ended December 31, 2021

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7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in the subsidiaries (Continued)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Business nature	Shareholding ratio (%)		Way of acquisition
					Direct	Indirect	
Shanghai Jiexing Electronic Commerce Co., Ltd.	Shanghai, China	Limited liability company (invested or controlled by natural persons)	880.00	E-commerce, online service and ticketing agency	60.00		Investment
Xiamen Civil Aviation Cares Co., Ltd.	Xiamen, China	other limited liability companies	2,000.00	Computer software and hardware development and data network services	51.00		Investment
Qingdao Civil Aviation Cares Co., Ltd.	Qingdao, China	other limited liability companies	5,000.00	Computer software and hardware development and data network services	51.00		Investment
Yunnan Civil Aviation Cares Information Co., Ltd.	Kunming, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	2,000.00	Computer software and hardware development and data network services	100.00		Investment
Hainan Civil Aviation Cares Co., Ltd.	Haikou, China	other limited liability companies	1,000.00	Provision of e-tourism distribution and freight management services; and the sale and installation of relevant information systems	68.94		Investment
Guangzhou TravelSky Technology Limited	Guangzhou, China	Limited liability company (sole proprietorship)	40,000.00	Computer software and hardware development and data network services	100.00		Investment
China Aviation Accounting Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	75,978.52	Settlement, liquidation services and related information system development and support services	100.00		Investment
Beijing Yake Technology Development Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	15,612.16	Technology promotion service, computer software technology development, computer system engineering design and installation	100.00		Investment



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in the subsidiaries (Continued)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Business nature	Shareholding ratio (%)		Way of acquisition
					Direct	Indirect	
Antu Jinxin Commercial Factoring Co., Ltd.	Tianjin, China	Limited liability company (sole proprietorship)	13,000.00	Provision of trade financing in the form of transferring accounts receivable; receipt, payment, settlement, management and collection of accounts receivable; management of sales sub-account (ledger); customer credit investigation and evaluation; related consulting services; other businesses permitted by laws and regulations.	100.00		Investment
Infosky Information Technology Co., Ltd.	Beijing, China	Limited liability company (Sino-foreign joint venture)	\$2,548.00	Provision of freight management services and related software and technology development; provision of technical support, training and information services	94.62	5.38	Investment
TravelSky Cares (Beijing) Real Estate Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	1,000.00	Real estate development and sales, self-developed commercial housing contracting, labor service subcontracting and investment management	100.00		Investment
Beijing TravelSky Travel Agency Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	7,200.00	Domestic travel business and inbound travel business	100.00		Investment
TravelSky Southeast Data Center Co., Ltd.	Jiaxing, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	5,000.00	Computer system services, data processing, computer and communication equipment leasing, technical services and technical consulting	100.00		Investment
Inner Mongolia TravelSky Technology Limited	Hohhot, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	500.00	Computer and auxiliary equipment, sales, leasing, maintenance and technical consulting; computer system services and tourist information consulting	100.00		Investment

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7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in the subsidiaries (Continued)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Business nature	Shareholding ratio (%)		Way of acquisition
					Direct	Indirect	
Zhejiang TravelSky Technology Limited	Hangzhou, China	Limited liability company (foreign-invested enterprise and domestic-funded joint venture)	3,734.73	Contracting of computer software and hardware engineering, airport air traffic control engineering and building weak current system engineering, and computer software and hardware, sales, maintenance, leasing and technical consulting services	51.00		Business combination under common control
Henan TravelSky Technology Limited	Zhengzhou, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	1,000.00	Contracting of computer software and hardware engineering projects; technical consultation and service; system integration	100.00		Investment
Beijing TravelSky Technology Limited	Beijing, China	Limited liability company (sole proprietorship)	5,001.00	Technology development, technology services, and technology transfer; sales of computers, software and auxiliary equipment	100.00		Investment
Guangzhou Skyecho Information Technology Co., Ltd.	Guangzhou, China	other limited liability companies	200.00	Software and information technology services	51.00		Business combination not under common control
Beijing Hangju Credit Management Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	5,000.00	Technology development, technology consulting, technology services, technology transfer, technology promotion and software development	100.00		Investment
China TravelSky International Co., Ltd.	Hong Kong, China	Sole proprietorship	HK\$1,236.00	Commercial services	100.00		Investment
TravelSky Technology (Singapore) Limited	Singapore	Sole proprietorship	S\$7,158.08	Hardware consulting and system consulting	100.00		Investment
TravelSky Technology (South Korea) Limited	Seoul, Korea	Sole proprietorship	₩99,999.00	Software and information technology services	100.00		Investment



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(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in the subsidiaries (Continued)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Business nature	Shareholding ratio (%)		Way of acquisition
					Direct	Indirect	
TravelSky Technology (Japan) Limited	Tokyo, Japan	Sole proprietorship	J¥7,200.00	Information hardware, software and network design, development and research related businesses; related businesses of airline information network support	100.00		Investment
TravelSky Technology (Europe) Limited	Frankfurt, Germany	Sole proprietorship	€50.00	Technology service and technology support	100.00		Investment
TravelSky Technology (U.S.) Limited	California, United States	Sole proprietorship	\$150.00	Technology service and technology support	100.00		Investment
Taiwan TravelSky Limited Company	Taiwan, China	Sole proprietorship	NT\$5,931.00	Technology service and technology support	100.00		Investment
OpenJaw Technologies Limited	Dublin, Ireland	limited liability company	€25.21	Technology service and technology support	100.00		Business combination not under common control

Description of the differences between the shareholding ratios in subsidiaries and the corresponding voting ratios:

Not existed.

Basis for holding half or less than half of the voting right but controlling the investee or holding more than half of the voting right but not controlling the investee:

Not existed.

For the structured entities included in the scope of consolidation, the basis for control is:

Not existed.

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7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in the subsidiaries (Continued)

7.1.2 Major non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in 2021	Dividends declared to be distributed to minority shareholders in 2021	Balance of minority equity as at December 31, 2021
Shenzhen Civil Aviation Cares Co., Ltd.	38.53	8,099,715.78	2,119,106.00	141,679,991.25
Xiamen Civil Aviation Cares Co., Ltd.	49.00	10,202,049.73	1,470,000.00	82,993,728.02
Qingdao Civil Aviation Cares Co., Ltd.	49.00	8,994,676.49	980,000.00	48,104,351.86

Explanation on the proportion of shares held by minority shareholders of subsidiaries is different from the proportion of voting rights:

Not existed.

7.1.3 Key financial information of major non-wholly-owned subsidiaries

Name of subsidiaries	Balance as at December 31, 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Civil Aviation Cares Co., Ltd.	390,735,192.60	52,379,730.05	443,114,922.65	75,308,845.76	84,994.57	75,393,840.33
Xiamen Civil Aviation Cares Co., Ltd.	183,649,760.14	68,812,015.14	252,461,775.28	82,987,404.53	99,415.60	83,086,820.13
Qingdao Civil Aviation Cares Co., Ltd.	345,876,737.97	27,992,815.83	373,869,553.80	258,811,531.69	16,885,875.45	275,697,407.14

Name of subsidiaries	Balance as at December 31, 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Civil Aviation Cares Co., Ltd.	360,843,772.56	58,641,151.32	419,484,923.88	66,776,884.93	509,235.27	67,286,120.20
Xiamen Civil Aviation Cares Co., Ltd.	141,556,000.66	70,644,063.35	212,200,064.01	60,589,077.02	56,541.51	60,645,618.53
Qingdao Civil Aviation Cares Co., Ltd.	250,774,252.60	8,367,830.26	259,142,082.86	174,507,809.21	2,818,609.64	177,326,418.85



7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 Equity in the subsidiaries (Continued)

7.1.3 Key financial information of major non-wholly-owned subsidiaries (Continued)

Name of subsidiaries	Year 2021				Year 2020			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Civil Aviation Kaiya Co., Ltd.	160,963,940.20	21,022,278.64	21,022,278.64	14,802,989.28	177,641,026.79	17,568,478.28	17,568,478.28	12,335,276.17
Xiamen Civil Aviation Kaiya Co., Ltd.	119,956,047.52	20,820,509.67	20,820,509.67	2,961,668.90	103,836,606.17	15,279,001.30	15,279,001.30	2,438,678.67
Qingdao Civil Aviation Kaiya Co., Ltd.	265,851,226.17	18,356,482.65	18,356,482.65	-9,212,843.13	227,665,657.35	14,104,057.81	14,104,057.81	-4,816,183.44

7.1.4 Major limitation to the use of enterprise group assets and the liquidation of enterprise group debts

None.

7.1.5 Financial or other support provided to structured entities included in the scope of the consolidated financial statements

None.

7.2 Equity in joint venture arrangements or associates

7.2.1 Explanation of changes in the share of owners' equity in subsidiaries

The company originally held 64.78% of the equity of Hainan Civil Aviation Kaiya Co., Ltd., and purchased 4.16% of the equity held by other shareholders in the current period. At the end of the period, the company held 68.94% of the equity of Hainan Civil Aviation Kaiya Co., Ltd.

The company originally held 57.68% of the equity of Hubei Civil Aviation Kaiya Co., Ltd., and purchased 12.50% of the equity held by other shareholders in the current period. At the end of the period, the company held 70.18% of the equity of Hubei Civil Aviation Kaiya Co., Ltd.

The company originally held 51.00% of the equity of Yunnan Civil Aviation Kaiya Information Co., Ltd., and purchased 49.00% of the equity held by other shareholders in the current period. At the end of the period, the company held 100.00% of the equity of Yunnan Civil Aviation Kaiya Information Co., Ltd.

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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.2 Equity in joint venture arrangements or associates (Continued)

7.2.2 The impact of the transaction on minority interests and equity attributable to owners of the parent company

	Hainan Civil Aviation Kaiya Co., Ltd.	Hubei Civil Aviation Kaiya Co., Ltd.	Yunnan Civil Aviation Kaiya Information Co., Ltd.	Total
Purchase cost/disposal consideration				
—cash	5,458,915.00	8,946,825.00	39,011,154.00	53,416,894.00
Total purchase cost/ disposal consideration	5,458,915.00	8,946,825.00	39,011,154.00	53,416,894.00
Less: the share of net assets of the subsidiary calculated according to the proportion of equity acquired/disposed	3,678,432.49	8,232,054.34	31,217,087.01	43,127,573.84
The difference	1,780,482.51	714,770.66	7,794,066.99	10,289,320.16
Among them: adjust capital reserve	1,780,482.51	714,770.66	7,794,066.99	10,289,320.16

7.3 Interests in joint arrangements or associates

7.3.1 Significant joint ventures or associates

Name of Joint Ventures or Associates	Principal Place of Business	Registration Place	Business Nature	Shareholding Ratio (%)		Accounting Method for Joint Ventures or Associates	Whether Strategic for Company's Activity
				Direct	Indirect		
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shanghai, China	Shanghai, China	Information System Integration Services	41		Equity Method	Yes
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Shenyang, China	Shenyang, China	Information System Integration Services	46		Equity Method	Yes
Heilongjiang TravelSky Airport Network Co., Ltd.	Haerbin, China	Haerbin, China	Information System Integration Services	50		Equity Method	Yes
Dalian TravelSky Airport Network Co., Ltd.	Dalian, China	Dalian, China	Information System Integration Services	50		Equity Method	Yes
TravelSky Mobile Technology Co., Ltd.	Beijing, China	Beijing, China	Technology Development & Promotion	23.83		Equity Method	Yes

Explanation of the shareholding ratio in the joint venture or associate company being different from the voting rights ratio:

Not existed.



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7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint arrangements or associates (Continued)

7.3.1 Significant joint ventures or associates (Continued)

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence:

Not existed.

7.3.2 Principal financial information of major joint ventures

	Balance as at December 31, 2021/ Year 2021		Balance as at December 31, 2020/Year 2020	
	Heilongjiang TravelSky Airport Network Co., Ltd.	Dalian TravelSky Airport Network Co., Ltd.	Heilongjiang TravelSky Airport Network Co., Ltd.	Dalian TravelSky Airport Network Co., Ltd.
Current assets	46,436,161.87	46,227,461.60	38,353,880.50	42,623,878.17
Including: cash and cash equivalents	6,060,345.00	22,624,439.46	17,007,945.55	15,277,800.14
Non-current assets	567,155.52	12,062,301.83	878,667.08	12,221,393.81
Total assets	47,003,317.39	58,289,763.43	39,232,547.58	54,845,271.98
Current liabilities	7,473,252.14	5,967,134.49	2,193,136.17	9,314,994.00
Non-current liabilities	66,312.30		91,417.81	
Total liabilities	7,539,564.44	5,967,134.49	2,284,553.98	9,314,994.00
Minority equity				
Equity attributable to the shareholders of parent company	39,463,752.95	52,322,628.94	36,947,993.60	45,530,277.98
Net asset share calculated according to the shareholding ratio	19,731,876.48	26,161,314.47	18,473,996.80	22,765,138.99
Adjustment matters				
Book value of the equity investment in joint ventures	19,731,876.48	26,161,314.47	18,473,996.80	22,765,138.99
Fair value of the equity investment of joint ventures with public offer				
Operating revenue	19,622,087.21	13,869,546.61	12,323,306.17	28,365,612.79
Financial expenses	-186,850.84	-40,842.92	-167,290.93	-48,752.56
Income tax expenses	1,171,394.00	2,314,103.64	966,613.30	773,452.43
Net profit	4,015,759.35	6,792,350.96	3,439,288.22	4,652,225.04
Net profit from discontinued operation				
Other comprehensive income				
Total comprehensive income	4,015,759.35	6,792,350.96	3,439,288.22	4,652,225.04
Dividends received from joint ventures in 2021	4,080,000.00			



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint arrangements or associates (Continued)

7.3.3 Key financial information of major associates

	Balance as at December 31, 2021/Year 2021			Balance as at December 31, 2020/Year 2020		
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shenyang Civil Aviation Northeast Cares Co., Ltd.	TravelSky Mobile Technology Co., Ltd.	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shenyang Civil Aviation Northeast Cares Co., Ltd.	TravelSky Mobile Technology Co., Ltd.
Current assets	409,666,961.32	282,397,200.96	212,105,808.35	317,931,384.49	145,226,926.78	111,099,147.75
Non-current assets	66,340,961.36	118,255,066.69	17,024,260.10	69,370,026.17	124,337,319.98	17,637,033.46
Total assets	476,007,922.68	400,652,267.65	229,130,068.45	387,301,410.66	269,564,246.76	128,736,181.21
Current liabilities	151,792,533.50	138,376,204.80	108,060,486.07	69,096,799.53	34,466,677.01	97,306,755.09
Non-current liabilities	1,755,939.48	5,904,526.00	5,034,405.06		4,608,611.11	10,516,032.35
Total liabilities	153,548,472.98	144,280,730.80	113,094,891.13	69,096,799.53	39,075,288.12	107,822,787.44
Minority equity						
Equity attributable to the shareholders of parent company	322,459,449.70	256,371,536.85	116,035,177.32	318,204,611.13	230,488,958.64	20,913,393.77
Net asset share calculated according to the shareholding ratio	132,208,374.38	117,930,906.95	27,651,182.76	130,463,890.32	106,024,920.98	6,610,723.77
Adjustment matters			225,477,796.83			237,659,371.11
- Others			225,477,796.83			237,659,371.11
Book value of the equity investment in associates	132,208,374.38	117,930,906.95	253,128,979.59	130,463,890.32	106,024,920.98	244,270,094.88
Operating revenue	298,345,362.37	304,308,657.50	82,487,981.77	232,760,758.21	295,800,454.59	12,314,353.48
Net profit	12,260,157.47	34,882,578.21	-100,746,739.45	12,479,210.53	49,234,301.73	-72,001,315.61
Net profit from discontinued operation						
Other comprehensive income						
Total comprehensive income	12,260,157.47	34,882,578.21	-100,746,739.45	12,479,210.53	49,234,301.73	-72,001,315.61
Dividends received from associates in the current period					4,800,000.00	

Note: Adjustments of TravelSky Mobile Technology Co., Ltd. Others are adjustments and amortization of fair value due to the impact of equity dilution in 2020.



7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.3 Interests in joint arrangements or associates (Continued)

7.3.4 Summary of financial information on insignificant joint ventures or associates

	Balance as at December 31, 2021/Year 2021	Balance as at December 31, 2020/Year 2020
Joint venture:		
Total investment book value	21,085,269.68	11,322,751.29
Total amount calculated based on the following shareholding proportions		
-Net profit	-3,249,461.77	-2,438,490.60
-Other comprehensive income		
-Total comprehensive income	-3,249,461.77	-2,438,490.60
Associates:		
Total investment book value	176,222,163.69	136,803,386.43
Total amount calculated based on the following shareholding proportions		
-Net profit	-5,631,525.91	6,039,180.67
-Other comprehensive income		
-Total comprehensive income	-5,631,525.91	6,039,180.67

7.3.5 Notes to the significant restrictions on the joint ventures or associates' abilities to transfer capitals to the Company

Not existed.

7.3.6 Excess losses incurred by joint ventures or associates

Not existed.

7.3.7 Unconfirmed commitment related to the investment of joint ventures

Not existed.

7.3.8 Contingent liabilities related to the investment of joint ventures and associates

Not existed.

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7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.4 Important joint operation

None.

7.5 Interests in structured entities not included in the consolidated financial statements

None.

8 RISKS RELATED TO FINANCIAL INSTRUMENTS

During its business operation, the Company faces various financial risks: credit risks, liquidity risks and market risks (including exchange rate risk, interest rate risk and other price risks). The financial risks and the risk management policies taken by the Company to mitigate these risks are set out as below:

The board of directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by it. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the changes in the market environment and the Company's business activities to decide whether to update the risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the board of directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The Company's internal audit department regularly reviews the risk management controls and procedures, and reports the audit results to the Company's Audit Committee.

The Company diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

8.1 Credit risk

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, other receivables, and creditor's right investment. On the balance sheet date, the book value of financial assets of the Company presented its largest credit risk exposure.

The monetary funds of the Company mainly refer to the bank deposits with the state-owned banks and other large- and medium- scale listed banks with relatively high credit rating. The Company believed that there were no significant credit risks, and no significant loss would be caused by bank default.



8 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.1 Credit risk (Continued)

In addition, for notes receivable, accounts receivable, receivables financing and other receivables, the Company sets relevant policies to control credit risk exposure. The Company, based on the customers' financial positions, the possibility of obtaining guarantees from the third party, credit records and others factors such as the current market conditions, assess the credit qualifications of customers and set corresponding credit period. The Company would monitor the customers' credit records periodically; as for the customers with bad credit records, the Company would adopt the methods including requesting a payment in writing or shortening or canceling credit term so as to keep the Company's overall credit risks within controllable scope.

8.2 Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets.

The policy of the Company is to ensure that there are sufficient cash for the payment of the matured debts. Liquidity risk is under centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction. Meanwhile, it monitors whether provisions of the borrowing agreement are satisfied, obtain commitments of main financial institutions for providing sufficient reserve funds to satisfy the demand for short-term and long-term funds.

Various financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	Balance as at December 31, 2021					Total
	Payment at sight	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings		2,500,000.00				2,500,000.00
Accounts payable		1,297,153,355.18	530,481,952.98	247,047,089.48	70,474,619.41	2,145,157,017.05
Other payables		1,212,780,139.84	141,683,155.94	36,533,991.87	87,772,018.28	1,478,769,305.93
Lease Liabilities		27,694,448.60	10,102,018.78	21,956,576.07		59,753,043.45
Total		2,540,127,943.62	682,267,127.70	305,537,657.42	158,246,637.69	3,686,179,366.43

Item	Balance as at December 31, 2020					Total
	Payment at sight	Within 1 year	1-2 years	2-5 years	Over 5 years	
Accounts payable		958,437,722.36	598,298,458.98	152,539,907.32	90,253,084.96	1,799,529,173.62
Other payables		1,118,744,425.96	49,140,899.23	31,301,371.41	82,499,830.26	1,281,686,526.86
Lease Liabilities		76,243,495.17	18,890,574.45	8,359,900.55		103,493,970.17
Total		2,153,425,643.49	666,329,932.66	192,201,179.28	172,752,915.22	3,184,709,670.65

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8 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.3 Market Risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and other price risks.

8.3.1 Interest rate risk

Interest rate risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Fixed-rate and floating-rate interest-bearing financial instruments make the Company expose to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed-rate instruments to floating-rate instruments based on market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular review and monitoring. When necessary, the Company uses interest rate swap instruments to hedge interest rate risk.

On December 31, 2021, if the borrowing rate at the floating rate increases or decreases by 100 basis points, other variables being constant, the Company's net profit will decrease or increase by RMB25,000 (December 31, 2020: 0.00). Management believes that 100 basis points reasonably reflect a reasonable range of possible interest rate changes in the coming year.

8.3.2 Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in foreign exchange rate.

The exchange rate risk the Company is facing is mainly from the financial assets and liabilities denominated in US dollars, and the foreign currency assets and liabilities are equivalent to the amount denominated in RMB indicated as below:

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Monetary funds	244,688,428.10	45,361,685.28	290,050,113.38	378,373,935.05	53,047,727.48	431,421,662.53
Accounts receivable	104,081,244.55	113,092,749.76	217,173,994.31	114,198,364.00	63,280,985.49	177,479,349.49
Total	348,769,672.65	158,454,435.04	507,224,107.69	492,572,299.05	116,328,712.97	608,901,012.02

On December 31, 2021, when all other variables remain unchanged, the net profits of the Company would increase or decrease by RMB4,311,404.92 (As at December 31, 2020: RMB5,265,815.92) supposing that RMB to USD appreciates or depreciates by 1%. The management thinks that 1% reflect the reasonable range of the possible changes of RMB to USD in the next year.



8 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.3 Market Risk (Continued)

8.3.3 Other price risks

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risks mainly arise from various financial assets and equity instrument investments measured at fair value through the current profit or loss, and there is a risk of fair value changes.

On December 31, 2021, if all other variables remain unchanged, if the value of equity instruments rises or falls by 1%, the company will increase or decrease net profit by 3,478,971.98 yuan and other comprehensive income by RMB8,506,226.00. (2020: Net profit of RMB823,153.00, other comprehensive income of RMB8,936,026.00). The management believes that rate of 1% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

9 DISCLOSURE OF FAIR VALUE

The input value used for measuring fair value is divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The level of the measurement result of fair value shall subject to the lowest level which the input that is great significance to the entire measurement of fair value belongs to.

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9 DISCLOSURE OF FAIR VALUE (CONTINUED)

9.1 Fair value of assets and liabilities measured at fair value as at December 31, 2021 (Continued)

Item	Fair value as at December 31, 2021			Total
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	
I. Continuous measurement of fair value				
◆ Financial assets held for trading		3,309,635,625.00		3,309,635,625.00
1. Financial assets measured at fair value through the current profit or loss		3,309,635,625.00		3,309,635,625.00
(1) Investment in debt instruments		3,309,635,625.00		3,309,635,625.00
2. Financial assets designated to be measured at fair value through the current profit or loss				
◆ Investment in other equity instruments			850,622,600.00	850,622,600.00
◆ Other non-current financial assets			347,897,198.47	347,897,198.47
1. Financial assets measured at fair value through the current profit or loss			347,897,198.47	347,897,198.47
(1) Investment in equity instruments			347,897,198.47	347,897,198.47
2. Financial assets designated to be measured at fair value through the current profit or loss				
Total assets with continuous measurement at fair value		3,309,635,625.00	1,198,519,798.47	4,508,155,423.47
Total liabilities with continuous measurement at fair value				
II. Non-continuous measurement of fair value				
Total assets with non-continuous measurement at fair value				
Total liabilities with non-continuous measurement at fair value				

9.2 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 2

Item	Fair value as at December 31, 2021	Valuation techniques	Important parameters	
			Qualitative information	Quantitative information
Structured deposit	3,309,635,625.00	Market approach	The applicable time deposit interest rate is determined based on the market exchange rate pricing issued as at December 31, 2021.	



9 DISCLOSURE OF FAIR VALUE (CONTINUED)

9.3 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 3

Item	Fair value as at December 31, 2021	Valuation technique	Unobservable input value	Range interval/ Weighted average
China Merchants RenHe Life Insurance Company Limited (Investment in equity instruments)	850,622,600.00	Market approach	Liquidity discount Control premium	20.74%
Investment in China Mobile Equity Fund (Hebei Xiong'an) Partnership (Limited Partnership)	354,872,764.51	Market approach	Liquidity discount Control premium	30%

9.4 Analysis on the measurements items measured at fair value of Level 3 on going concern adjustment information between the book value as at the end of the last year and the book value as at the end of last period and sensitivity of unobservable parameters

9.4.1 Analysis on the measurements items measured at fair value of Level 3 reconciliation items

Items	As at December 31, 2020	Transfer to Level 3	Transfer from Level 3	Current profit or loss Included in		Purchases, issuances, sales, and settlements				As at December 31, 2021
				the current profit or loss	Included other comprehensive income	Purchases	Issuances	Sales	Settlements	
◆ Investment in other equity instruments	893,202,600.00				-42,580,000.00					850,622,600.00
◆ Other non-current financial assets	82,315,300.00			294,595.47		265,287,303.00				347,897,198.47
Financial assets measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss	82,315,300.00			294,595.47		265,287,303.00				347,897,198.47
—Equity instrument investment	82,315,300.00			294,595.47		265,287,303.00				347,897,198.47
Total	975,517,900.00			294,595.47	-42,580,000.00	265,287,303.00				1,198,519,798.47
Including: Gains and losses related to financial assets				294,595.47						
Gains and losses related to non-financial assets										



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10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

10.1 Parent company of the Company

Parent company	Registration place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting right ratio of the parent company in the Company (%)
China TravelSky Holding Company Limited	No. 7 Yumin Street, Houshayu Town, Shunyi District, Beijing, China	Manage all state-owned assets and state-own equity arising from the state investments in the group company and its investees.	3,000,000,000.00	29.29	29.29

The ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of the State Council.

10.2 Subsidiaries of the Company

See "Note 7 Equity in other entities" for details of subsidiaries of the Company.

10.3 Joint ventures and associates of the Company

See "Note 7 Equity in other entities" for the details of significant joint ventures or associates of the Company.

Other joint ventures or associates that have related party transactions with the company in the current period, or have related party transactions with the company in the previous period and formed a balance are as follows:

10.4 Other related parties

Name of other related party	Relationship with the Company
Air China Limited	Subsidiaries of shareholders of the Company
Shenzhen Airlines Company Limited	A shareholder of the Company
China Southern Airlines Company Limited	Subsidiaries of shareholders of the Company
Xiamen Airlines Company Limited	A shareholder of the Company
China Eastern Airlines Corporation Limited	A shareholder of the Company
Shanghai Airlines Company Limited	Subsidiaries of shareholders of the Company
China United Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Hainan Airlines Holding Co., Ltd.	A shareholder of the Company
Sichuan Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Shandong Airlines Co., Ltd.	A shareholder of the Company



10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions

10.5.1 Related-party transaction on purchase and sales of goods, and rendering and receipt of services

Purchase of goods and receipt of labor services

Related party	Content of related transaction	Year 2021	Year 2020
Heilongjiang TravelSky Airport Network Co., Ltd.	Technology support fee	11,036,976.55	4,247.79
Chengdu Civil Aviation Southwest Cares Co., Ltd.	Technology support fee	338,263,934.09	70,975,432.14
Yunnan TravelSky Airport Network Co., Ltd.	Technology support fee	5,101,257.31	
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Technology support fee	306,565,086.64	167,605,100.06
Dalian TravelSky Airport Network Co., Ltd.	Technology support fee	12,148,001.22	1,189,380.53
China Eastern Airlines Corporation Limited and its subsidiaries	Technology support fee	129,236.19	
Beijing AVIC Berun Technology Co., Ltd.	Technology support fee	4,302,835.79	
Guangzhou Air Port Air Wing Information Technology Co., Ltd.	Technology support fee	220,132.08	
Xizang Hangxin Technology Co., Ltd.	Technology support fee	19,640,598.05	
Yantai TravelSky Airport Network Co., Ltd.	Technology support fee	4,399,837.00	
Hebei TravelSky Airport Network Co., Ltd.	Technology support fee	10,593,160.75	1,079,910.67
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Technology support fee	83,959,402.26	26,172,865.72
TravelSky Mobile Technology Co., Ltd.	Technology support fee	2,841,283.97	239,163.83
China Communications Co., Ltd.	Technology support fee	319,445.00	
China Southern Airlines Co., Ltd. and its subsidiaries	Technology support fee	91,267.87	
Air China Corporation Limited and its subsidiaries	Technology support fee	1,650,672.49	
TravelSky Cloud Data Co., Ltd.	Technology support fee	10,227,893.83	

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10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions (Continued)

10.5.1 Related-party transaction on purchase and sales of goods, and rendering and receipt of services (Continued)

Sales of goods/rendering of services

Related party	Content of related transaction	Year 2021	Year 2020
Air China Corporation Limited and its subsidiaries	Aviation information technology service and settlement and liquidation service	460,871,206.10	553,127,182.14
China Southern Airlines Co., Ltd. and its subsidiaries	Aviation information technology service and settlement and liquidation service	485,743,318.99	558,999,815.02
China Eastern Airlines Corporation Limited and its subsidiaries	Aviation information technology service and settlement and liquidation service	228,436,106.06	558,712,276.70
Hainan Airlines Holding Co., Ltd. and its subsidiaries	Aviation information technology service and settlement and liquidation service	365,146,082.89	398,161,140.40
Sichuan Airlines Co., Ltd. and its subsidiaries	Aviation information technology service and settlement and liquidation service	140,983,537.45	173,346,595.90
Shandong Airlines Co., Ltd. and its subsidiaries	Aviation information technology service and settlement and liquidation service	147,770,431.09	124,517,789.97
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Rendering of services	26,903,402.99	25,738,543.70
Yunnan TravelSky Airport Network Co., Ltd.	Rendering of services	4,910,283.01	5,945,260.57
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Rendering of services	1,559,996.90	2,242,912.84
Dalian TravelSky Airport Network Co., Ltd.	Rendering of services	1,896,952.75	880,692.68
Hebei TravelSky Airport Network Co., Ltd.	Rendering of services	302,970.57	564,086.81
Yantai TravelSky Airport Network Co., Ltd.	Rendering of services	54,433.97	461,451.85
Chengdu Civil Aviation Southwest Cares Co., Ltd.	Rendering of services	12,448,744.48	42,916,348.28
Heilongjiang TravelSky Airport Network Co., Ltd.	Rendering of services	7,264.18	7,924.56
China Hangxin Mobile Technology Co., Ltd.	Rendering of services	41,672,850.08	
Shanghai Dongmei Online Travel Agency Co., Ltd.	Rendering of services	208,312.72	129,509.03



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions (Continued)

10.5.2 Related party lease

The Company as the lessee:

Name of lessor	Type of leased assets	Year 2021			Year 2020		
		Rental expense for short-term leases and leases of low-value assets and variable lease payments not included in the measurement of lease liabilities	Increased right-of-use assets	Assume interest expense on lease liability	Rental expense for short-term leases and leases of low-value assets and variable lease payments not included in the measurement of lease liabilities	Increased right-of-use assets	Assume interest expense on lease liability
China TravelSky Holding Company Limited	Buildings	54,189,245.63		1,013,210.78	54,189,245.75		3,163,126.09
Avic Cloud Data Co., Ltd.	Buildings	11,487,450.13		419,768.54	10,959,599.48	28,020,164.18	757,111.14

10.5.3 Related-party guarantees

The clearing company of the Company's subsidiary acted as guarantor:

Guaranteed party	Guaranteed amount	Starting date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Beijing Yake Technology Development Co., Ltd.	1,400,000,000.00	2021/1/1	2021/12/31	Yes

Note: China Aviation Clearing Co., Ltd., a wholly-owned subsidiary of the Company, provided a counter-guarantee to its wholly-owned subsidiary, Beijing Yake Technology Development Co., Ltd., for the BOP business, with a counter-guarantee amount of RMB1.4 billion. The guarantee period is from January 1, 2021 to December 31, 2021.

10.5.4 Loans from and to related parties

None.

10.5.5 Related party asset transfer and debt restructuring

Related party	Content of related transaction	Year 2021	Year 2020
China Eastern Airlines Co., Ltd.	Yunnan Civil Aviation Kaiya Information Co., LTD, 49% equity	39,011,154.00	
China Eastern Airlines Co., Ltd.	Hainan Civil Aviation Kaiya Co., LTD, 4.16% equity	5,458,915.00	
China Eastern Airlines Co., Ltd.	Hubei Civil Aviation Kaiya Co., LTD, 12.5% equity.	8,946,825.00	

10.5.6 Remuneration of key management personnel

Item	Year 2021	Year 2020
Remuneration of key management personnel	7,370,657.00	7,268,737.18

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions (Continued)

10.5.7 Remuneration of directors and supervisors

As at December 31, 2021, details of the remuneration (including tax) of directors and supervisors were as below:

Item	Year 2021							Stock appreciation right	Total (including tax)
	Directors (supervisors) Emoluments/ Basic salary	Directors (supervisors) meeting allowance (Including the balance of cashing out the work allowance)	Directors (supervisors) Bonus/ Premium	Salaries, allowances and subsidies of employees (including the medical insurance, unemployment insurance, work-related injury insurance and maternity insurance paid by the Company)	Employee performance bonus (discretionary bonus)	Housing provident funds (Payments by the Company)	Retired-related benefits (endowment insurance and supplementary annuity for the aged)		
Executive directors									
Huang Rongshun(President) ⁽ⁱ⁾				112,481.05	97,665.00	16,935.00	47,006.80		274,087.85
Cui Zhixiong (Outgoing President) ⁽ⁱⁱ⁾				158,567.43	189,698.00	23,391.00	62,558.72		434,215.15
Xiao Yinhong(Executive Director, General Manager) [#]				271,048.48	325,196.00	40,326.00	109,565.52		746,136.00
Non-executive directors									
Zhao Xiaohang*									
Xi Sheng*									
Luo Laijun*									
Independent non-executive directors									
Cao Shiqing	60,000.00	20,000.00							80,000.00
Wei Weifeng	70,000.00	45,000.00							115,000.00
Liu Xiangqun	60,000.00	20,000.00							80,000.00
Supervisors									
Ding Wanzhi (Chairman), (Staff representative supervisor)				356,137.48	330,485.00	40,326.00	110,255.52		837,204.00
Zeng Yiwei*									
Liang Shuang (Staff representative supervisor)				297,471.48	426,885.00	40,326.00	99,965.52		864,648.00
Zhu Yan (Independent supervisor)	60,000.00								60,000.00
Tang Licho ⁽ⁱⁱⁱ⁾									
Total	250,000.00	85,000.00		1,195,705.92	1,369,929.00	161,304.00	429,352.08		3,491,291.00

* These directors and supervisors are consisted of the Company's sponsors and shareholders or the full-time employees of the Company's subsidiaries. According to relevant regulatory requirements, they do not collect any remuneration from the Company or these subsidiaries.

The performance bonus for these executive directors is subject to the calculation standard determined by the superior supervisory authority, and consists of the part of performance bonus for the previous year and the advance performance bonus for the current year.

(i) Huang Rongshun: Appointed on August 5, 2021. The salary data in the above table is only the salary for the period from August to December of the current year

(ii) Cui Zhixiong: Resigned on August 5, 2021. The salary data in the above table is only the salary for the period from January to July of the current year.

(iii) Appointed on February 26, 2021.



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions (Continued)

10.5.7 Remuneration of directors and supervisors (Continued)

Item	Year 2020							Total (including tax)
	Directors (supervisors) Emoluments/ Basic salary	Directors (supervisors) meeting allowance (including the balance of cashing out the work allowance)	Directors (supervisors) Bonus/ Premium	Salaries, allowances and subsidies of employees (including the medical insurance, unemployment insurance, work-related injury insurance and maternity insurance paid by the Company)	Employee performance bonus (discretionary bonus)	Housing provident funds (Payments by the Company)	Retired-related benefits (endowment insurance and supplementary enterprise annuity for the aged)	Stock appreciation right
Executive directors								
Cui Zhixiong (President)				253,313.61	371,200.00	40,008.00	92,885.76	757,407.37
Xiao Yinhong (General Manager)				253,313.61	371,200.00	40,008.00	92,885.76	757,407.37
Non-executive directors								
Zhao Xiaohang*								
Xi Sheng*								
Luo Lajiang*(i)								
Han Wensheng*(ii)								
Independent non-executive directors								
Cao Shiqing	60,000.00							60,000.00
Wei Weifeng	70,000.00	45,000.00						115,000.00
Liu Xiangqun	60,000.00							60,000.00
Supervisors								
Ding Wanzhi (Chairman), (Staff representative supervisor)(iii)				351,598.61	335,700.00	40,008.00	91,523.76	818,830.37
Zeng Yiwei*								
Liang Shuang (Employee representative supervisor)(iii)				272,869.61	327,714.00	40,008.00	87,965.76	728,557.37
Zhu Yan (Independent supervisors)(i)	50,000.00							50,000.00
Huang Yuanchang (Chairman, and staff representative supervisor) #(iv)				16,827.24		860	2,136.01	19,823.25
Xiao Wei (Staff representative supervisor)(iv)				16,484.24		860	1,778.01	19,122.25
Rao Geping (Independent supervisor)(ii)	10,000.00							10,000.00
He Haiyan*(iii)								
Total	250,000.00	45,000.00		1,164,406.92		161,752.00	369,175.06	3,396,147.98

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For the Year Ended December 31, 2021

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10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions (Continued)

10.5.7 Remuneration of directors and supervisors (Continued)

- * These directors and supervisors are consisted of the Company's sponsors and shareholders or the full-time employees of the Company's subsidiaries. According to relevant regulatory requirements, they do not collect any remuneration from the Company or these subsidiaries.
- # The performance bonus for these executive directors is subject to the calculation standard determined by the superior supervisory authority, and consists of the part of performance bonus for the previous year and the advance performance bonus for the current year. In addition, the performance bonus for these directors and employee supervisors in 2020 also includes part of the performance bonus for the previous year.
- (i) Appointed on February 27, 2020.
- (ii) Quitted on February 27, 2020.
- (iii) Appointed on January 9, 2020.
- (iv) Quitted on January 9, 2020, The salary data in the above table is only the salary for the first 8 days of January this year.

10.5.8 Remuneration of directors and the highest-paid persons

Five highest-paid persons

Among the five highest-paid persons in the Group in 2021, there were 0 director (0 directors in 2020). The remuneration information of 5 highest-paid persons in 2021 (5 persons in 2020) is as follows:

Item (Five highest-paid non-director persons)	Year 2021	Year 2020
Salaries, bonuses, allowances and subsidies	4,740,905.62	4,065,807.05
including Employee performance bonus	3,168,097.22	2,579,731.00
Housing provident funds paid by the Company	201,630.00	200,040.00
Endowment insurance and enterprise annuity paid by the Company	537,363.60	497,746.80
Sub-total	5,479,899.22	4,763,593.85
Stock appreciation right (share)		496,886.00
Fair value of each share of stock appreciation right		4.49
Amount of stock appreciation right		2,230,833.78
Total	5,479,899.22	6,994,427.63



10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 Related-party transactions (Continued)

10.5.8 Remuneration of directors and the highest-paid persons (Continued)

Five highest-paid persons (Continued)

The remuneration falls within the following scope:

Item	2021 (Number of persons)	2020 (Number of persons)
HKD0 – HKD1,000,000 (equivalent to RMB817,600) (2020:RMB841,600)		
HKD1,000,001 – HKD1,500,000 (equivalent to RMB1,226,400)(2020:RMB1,262,400)	5	5

As at December 31, 2021, the Group has not paid to directors, supervisors or five highest-paid persons for the purpose of attracting them to join in the Group or at the time when they joined the Group or for their dismissal (2020: None), and no director or supervisor has quitted or agreed to quite any payment (2020: None).

Senior management

Except that the remuneration for directors and supervisors has been disclosed in Note 10.5.7, the remuneration (excluding the stock appreciation right) groups for relevant senior management involved in resumes of directors, supervisors, senior executives and company secretary, reported in 2021 are as below:

Item (Excluding stock appreciation right)	Number of persons in 2021	Number of persons in 2020
HKD0 – HKD1,000,000 (equivalent to RMB817,600) (2020:RMB841,600)	5	7
HKD1,000,001 – HKD1,500,000 (equivalent to RMB1,226,400) (2020:RMB1,262,400)	3	2
Total number of people	8	9

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For the Year Ended December 31, 2021

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10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 Receivables from and payables to related parties

10.6.1 Receivables

		Balance as at December 31, 2021		Balance as at December 31, 2020	
Name of item	Related party	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Air China Limited and its subsidiaries	656,287,848.34	2,380,411.79	927,648,026.18	2,380,201.18
	China Southern Airlines Company Limited and its subsidiaries	554,593,435.70	481,390.94	460,027,036.98	371,892.01
	China Eastern Airlines Corporation Limited and its subsidiaries	620,467,264.43	2,834,915.66	1,227,761,660.51	2,821,947.98
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	142,303,438.16	28,474,451.24	755,702,420.93	474,174,406.08
	Sichuan Airlines Co., Ltd.	134,983,798.84	2,267.53	66,011,964.44	
	Shandong Airlines Co., Ltd.	226,072,540.19	2,908,337.81	349,575,543.26	2,905,474.26
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	46,607,950.49		22,668,016.09	
	Yunnan TravelSky Airport Network Co., Ltd.	21,677,545.30	3,300,151.84	18,383,845.30	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	1,781,400.00		2,089,050.00	
	Dalian TravelSky Airport Network Co., Ltd.	2,122,900.00	4.95	1,741,050.00	
	Hebei TravelSky Airport Network Co., Ltd.	111,800.00		88,300.00	
	Heilongjiang TravelSky Airport Network Co., Ltd.	1,200.00		700.00	
	Chengdu Civil Aviation Southwest Cares Co., Ltd.	59,962,841.00	33,756.67	58,227,374.50	
	TravelSky Mobile Technology Co., Ltd.	22,261,085.59		13,920,205.57	
Advances to suppliers					
	China Eastern Airlines Corporation Limited and its subsidiaries	16,144.00		15,364.00	
	China Southern Airlines Co., Ltd. and its subsidiaries	50,000.00			
	Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	21,020,142.47		32,187,012.47	
	Shenyang Civil Aviation Northeast Kaiya Co., Ltd.	48,895,201.35		10,644,492.72	
	Chengdu Civil Aviation Southwest Kaiya Co., Ltd.	6,073,847.74			
	Yunnan Hangxin Airport Network Co., Ltd.	3,928,609.43			
	Yantai Hanoxin Airport Network Co., Ltd.	560,000.00			



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 Receivables from and payables to related parties (Continued)

10.6.1 Receivables (Continued)

Name of item	Related party	Balance as at December 31, 2021		Balance as at December 31, 2020	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other					
receivables					
	China Southern Airlines Company Limited and its subsidiaries	36,154,545.57		40,927,315.55	
	China Eastern Airlines Corporation Limited and its subsidiaries	82,755,658.51		52,428,400.62	
	Air China Limited and its subsidiaries	199,722,588.67		180,353,811.56	
	Sichuan Airlines Co., Ltd.	2,497,343.72		5,270,484.62	
	China Hangxin Mobile Technology Co., Ltd.	33,725,871.69		64,306,917.49	
	Yunnan Hangxin Airport Network Co., Ltd.	251,644.52			
	Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	1,446,802.00			
	Shanghai Dongmei Online Travel Service Co., Ltd.	934,599.07			
	China Civil Aviation Information Group Co., Ltd.	482,627.94			
Contract assets					
	China Eastern Airlines Corporation Limited and its subsidiaries	27,208.80		27,208.80	
	Chengdu Civil Aviation Southwest Kaiya Co., Ltd.	2,557,357.20			
	Dalian Hangxin Airport Network Co., Ltd.	172,524.25			
	Hebei Hangxin Airport Network Co., Ltd.	12,500.00			



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(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 Receivables from and payables to related parties (Continued)

10.6.2 Payables

Name of item	Related party	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Accounts payable			
	China TravelSky Holding Company Limited	10,775,531.16	10,775,531.16
	China Southern Airlines Company Limited and its subsidiaries	13,491.87	13,491.87
	China Eastern Airlines Corporation Limited and its subsidiaries	2,953,524.02	
	Air China Corporation Limited and its subsidiaries	160,077.89	21,461,704.57
	Shandong Airlines Co., Ltd.	114,000.00	114,000.00
	Sichuan Airlines Co., Ltd.	14,000.00	14,000.00
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	163,020,022.36	53,427,560.68
	Hebei TravelSky Airport Network Co., Ltd.	14,293,196.19	6,901,119.24
	Yunnan TravelSky Airport Network Co., Ltd.	37,437,397.38	53,186,484.70
	Dalian TravelSky Airport Network Co., Ltd.	14,690,027.47	19,899,776.37
	Heilongjiang TravelSky Airport Network Co., Ltd.	36,067,285.62	27,544,655.89
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	91,900,888.92	59,188,875.28
	Chengdu Civil Aviation Southwest Cares Co., Ltd.	182,379,294.00	19,864,662.02
	Yantai TravelSky Airport Network Co., Ltd.	6,969,155.74	5,014,203.32
	Beijing AvIC Berun Technology Co., Ltd.	1,978,423.76	2,999,790.27
	China Hangxin Mobile Technology Co., Ltd.	5,516,000.00	5,107,200.00
Other payables			
	China Eastern Airlines Corporation Limited and its subsidiaries	806,648.81	406,872.79
	China Southern Airlines Company Limited and its subsidiaries	3,615,538.93	
	Air China Corporation Limited and its subsidiaries	1,264,232.03	
	Beijing AvIC Berun Technology Co., Ltd.	75,801,936.76	
	China Hangxin Mobile Technology Co., Ltd.	151,220,910.94	
	Shenyang Civil Aviation Northeast Kaiya Co., Ltd.	80,621,909.07	
	China Civil Aviation Information Group Co., Ltd.	6,702,794.68	
Contract liabilities			
	China Southern Airlines Company Limited and its subsidiaries	71,226,463.95	1,415.09
	Air China Corporation Limited and its subsidiaries	119,742,000.19	
	China Eastern Airlines Corporation Limited and its subsidiaries	93,784,195.97	169,551.13
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	54,681,783.35	120,149.50
	Sichuan Airlines Co., Ltd.	51,171,151.81	10,312,190.62
	Shandong Airlines Co., Ltd.	812,978.14	630,544.15
	Chengdu Civil Aviation Southwest Kaiya Co., Ltd.	196,558.32	
	Dalian Hangxin Airport Network Co., Ltd.	1,535,835.93	
	Hebei Hangxin Airport Network Co., Ltd.	30,353.98	
	Shanghai Dongmei Online Travel Service Co., Ltd.	211,289.15	
	Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	16,391,290.35	
	Yantai Hangxin Airport Network Co., Ltd.	9,026.55	



10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.7 Related-party commitments

As at December 31, 2021, the Company had no related-party commitment required to be disclosed.

10.8 Centralized management of funds

None.

11 SHARE-BASED PAYMENT

11.1 General information of share-based payment

According to the Announcement on Obtaining the Official Reply from the State-owned Assets Supervision and Administration Commission of the State Council on the Draft for H-share Stock Appreciation Right Incentive Plan issued on January 3, 2020 and the Announcement on the Extraordinary General Meeting Resolution issued on January 16, 2020 by the Company, the extraordinary general meeting has suggested to adopt the Company's H-share stock appreciation right and to make the initial granting. According to the H-share stock appreciation right incentive plan, the granting date of H-share stock appreciation right is on January 16, 2020. The Company adopted the cash-settled share-based payment plan to grant 34,582,624 shares of H-share stock appreciation right to 484 incentive objects. The period of validity will last for 7 years as of the granting date. The H-share stock appreciation right can be exercised evenly in three years following the 2-year period as of the granting date.

On December 2, 2021, the company issued an announcement that the board of directors decided to terminate the stock appreciation rights plan and the first grant plan. As of December 31, 2021, one-third of the first batch of stock appreciation rights (approximately 11,527,541 shares) were immediately invalidated due to unsatisfactory performance, and the remaining number of stock appreciation rights that had been granted but not exercised was 23,055,083 shares.

11.2 Adjustment or termination of share-based payment

As at December 31, 2021, the fair value of the above-mentioned unexecuted stock appreciation right is calculated via the Black-Scholes option pricing model based on the following assumptions:

Main assumption indicators	Second effective date	Third effective date
Current price of assets under right exercising (HKD)	18.66	18.66
Stock price fluctuation ratio(%)	38.87	38.31
Average exercise time (Year)	3.0444	3.5444
Risk-free interest rate (%)	0.7705	0.8778
Expected dividend rate (%)	0	0

As at December 31, 2021, in the Company's liabilities, the accumulated liabilities from cash-settled share-based payment amounted to RMB23,496,460.61. The related costs have been accrued by RMB 89,584,824.07, and the related costs have been reduced by approximately RMB 66,088,363.46, of which was included in the labor cost of -32,191,403.02 for the year ended December 31, 2021 of the Company.

**Notes to Financial Statements**

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(Amounts are expressed in RMB unless otherwise stated)

12 COMMITMENTS AND CONTINGENCIES**12.1 Significant commitments****12.1.1 Significant commitments on the balance sheet date**

On April 6, 2020, the Company, as a limited partner, signed the Agreement on China Mobile Equity Fund (Hebei Xiong'an) Partnership (Limited Partnership) with China Mobile Capital Holding Co., Ltd. and other companies, by which the Company subscribed for a capital contribution of RMB1 billion. As at December 31, 2021, the Company made the actual capital contribution of RMB354,636,941.81.

Apart from the above matters, the Group has no other commitments that need to be disclosed.

12.1.2 Notes should be given even though there were no commitments required to be disclosed by the Company

Except for the case mentioned above, the Group has no other commitment required to be disclosed as at December 31, 2021.

13 POST BALANCE SHEET EVENTS**13.1 Significant non-adjusting events**

According to the announcement of the Shanghai Railway Transportation Court on January 12, 2022, the Shanghai Railway Transportation Court ruled on December 21, 2021 to accept the bankruptcy liquidation case of Shanghai Jiexing E-Commerce Co., Ltd., a subsidiary of the Company, and announced on January 12, 2022. Shanghai Huiye Law Firm was appointed as the administrator. The company lost control over Shanghai Jiehang Electronic Commerce Co., Ltd. on that day, and no longer included the company in the scope of consolidation.

On January 1, 2022, China Airlines Clearing Co., Ltd., a subsidiary of the Company, provided a counter-guarantee to its subsidiary, Beijing Yake Technology Development Co., Ltd., for the BOP business. The counter-guarantee amounted to RMB1.5 billion and the guarantee period was from January 1, 2022 to December 31, 2022.

13.2 Profit distribution

Profits or dividends declared to be issued upon deliberation and approval	160,941,527.40
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On March 24, 2022, the board of directors proposed to distribute a final cash dividend of RMB160,941,527.40 for 2021, or RMB0.055 per share (tax inclusive). The calculation is based on the total number of issued shares of the Company of 2,926,209,589 shares on the balance sheet date. The final dividend to be paid is subject to approval at the next annual general meeting of the Company.



13 POST BALANCE SHEET EVENTS

13.3 Sales return (Continued)

None.

13.4 Assets and disposal group classified as held for sale

None.

14 OTHER SIGNIFICANT EVENTS

14.1 Changes in accounting policies and supplementary information

There is no changes in accounting policies and supplementary information during this period.

14.2 Single annuity plan

All full-time employees of the Group participate in the basic pension insurance formulated by the government in accordance with national policies. As of December 31, 2021, the Group will pay the basic endowment insurance premiums based on the maximum 16% of the employees' basic wages not exceeding the upper limit specified by the government departments, and employees will pay the basic endowment insurance premiums in accordance with the proportion of their own wages stipulated by the government. After employees reach the statutory retirement age, they receive basic pensions on a monthly basis. The Group paid basic endowment insurance premiums of RMB177,334,007.77 in 2021 (2020: RMB89,523,193.45), and the increase compared with the previous year was mainly due to the epidemic relief granted by the government in 2020. This amount is recorded in labor costs.

In addition, the Group has established an enterprise annuity plan. The expenses required for enterprise annuity shall be jointly paid by the enterprise and individual employees. Employees can voluntarily choose to join or not to join the company's enterprise annuity plan. The total enterprise annuity expense of the Group in 2021 is RMB65,612,911.72 (2020: RMB64,122,655.49). This amount is recorded in labor costs.

As at 31 December 2021, the Group had no forfeited contributions to offset its contributions to the defined contribution pension scheme administered by the Group in future years.

As at 31 December 2021, the Group did not have any defined benefit plan.



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

14 OTHER SIGNIFICANT EVENTS (CONTINUED)

14.3 Branch information

The Group's principal business is located in the PRC, and the Group operates in only one industry, namely the provision of aviation information technology and related services in the PRC. The Group's revenue mainly comes from related parties and external customers in China. The Group's revenue by major products or services has been listed in this Note 5.43. The Group has not prepared any segment balance sheet and income statement for the year ended 31 December 2021 and 2020.

Meanwhile, as the Group's revenue is mainly derived from China and its assets are mainly located in China, the Group's financial statements do not present any geographical segment data.

14.4 Auditor's Remuneration Statement

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Auditor's Remuneration	2,224,900.00	2,224,900.00
Total	2,224,900.00	2,224,900.00

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

15.1 Notes receivable

15.1.1 Presentation of classification of notes receivable

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Bank acceptance bills		
Commercial acceptance bills	77,694,719.89	121,322,898.07
Less: allowance for bad debts	7,107,881.70	12,653,978.27
Total	70,586,838.19	108,668,919.80



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For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.1 Notes receivable (Continued)

15.1.2 Presentation of bad debt provision method of notes receivable

Category	Balance at December 31, 2021				
	Book Balance		Provision for Bad Debt		Book Value
	Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts accrued on portfolio basis	77,694,719.89	100.00	7,107,881.70	9.15	70,586,838.19
Total	77,694,719.89	100.00	7,107,881.70		70,586,838.19

15.1.3 Pledged notes receivable of the Company as at December 31, 2021

None.

15.1.4 Notes receivable endorsed or discounted by the Company as at December 31, 2021 and not matured on the balance sheet date

None.

15.1.5 Notes transferred to accounts receivable due to the failure of the drawer to perform the contract as at December 31, 2021

None.

15.2 Accounts receivable:

15.2.1 Disclosure of accounts receivable by aging

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	2,661,188,895.33	2,588,592,538.51
Including: subitem within 1 year		
Within 6 months	1,660,186,354.83	1,790,091,890.68
7 – 12 months	1,001,002,540.50	798,500,647.83
1 – 2 years	645,035,751.36	1,837,285,609.36
2 – 3 years	411,478,656.24	534,647,272.64
3 – 4 years	185,960,210.71	94,776,105.32
4 – 5 years	69,014,168.45	26,834,395.13
Over 5 years	87,412,166.49	67,625,364.67
Sub-total	4,060,089,848.58	5,149,761,285.63
Less: provision for bad debts	575,802,768.34	943,116,003.00
Total	3,484,287,080.24	4,206,645,282.63



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 Accounts receivable: (Continued)

15.2.2 Disclosure under the methods of provision for bad debts by category

Type	Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	310,167,840.43	7.64	177,003,784.86	57.07	133,164,055.57
Provision for bad debts accrued on a portfolio basis	3,749,922,008.15	92.36	398,798,983.48	10.63	3,351,123,024.67
Total	4,060,089,848.58	100.00	575,802,768.34		3,484,287,080.24

Type	Balance as at December 31, 2020				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	774,681,434.02	15.04	584,249,813.77	75.42	190,431,620.25
Provision for bad debts accrued on a portfolio basis	4,375,079,851.61	84.96	358,866,189.23	8.20	4,016,213,662.38
Total	5,149,761,285.63	100.00	943,116,003.00		4,206,645,282.63

Provision for bad debts accrued on an individual basis:

Name	Balance as at December 31, 2021			
	Provision for bad debts	Proportion of provision (%)	Reason for provision	Book balance
Customer 1	122,404,750.40	121,404,108.40	99.18	Operation difficulty
Customer 2	95,640,497.29	1,318,752.30	1.38	Financial Difficulty
Customer 3	29,648,627.88	23,196,564.74	78.24	Financial Difficulty
Customer 4	11,423,934.52	3,989,584.21	34.92	Financial Difficulty
Customer 5	10,560,316.31	1,510,219.19	14.30	Financial Difficulty
Customer 6	8,148,369.46	3,475,264.81	42.65	Financial Difficulty
Other customers	32,341,344.57	22,109,291.21	68.36	
Total	310,167,840.43	177,003,784.86		



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 Accounts receivable: (Continued)

15.2.2 Disclosure under the methods of provision for bad debts by category (Continued)

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at December 31, 2020		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Arrearages from third parties	1,241,100,307.06	398,798,983.48	32.13
Arrearages from related parties	2,508,821,701.09		
Total	3,749,922,008.15	398,798,983.48	

15.2.3 Provision, reversal or recovery of provision for bad debts in 2021

Category	As at December 31, 2020	Provision	Movement Recovery or Reversal	Writeoffs	As at December 31, 2021
Provision for bad debts on individual basis	584,249,813.77	442,400,770.88	849,646,799.79		177,003,784.86
Provision for bad debts on portfolio basis	358,866,189.23	39,932,794.25			398,798,983.48
Total	943,116,003.00	482,333,565.13	849,646,799.79		575,802,768.34

Significant amount of provision for bad debts recovered or reversed in the current period:

Debtor	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Customer 1	606,880,919.28	Declare bankruptcy reorganization	Recovery under reorganization plan	Currency
Customer 2	70,083,699.79	Declare bankruptcy reorganization	Recovery under reorganization plan	Currency
Customer 3	62,268,718.85	Declare bankruptcy reorganization	Recovery under reorganization plan	Currency
Customer 4	61,897,898.77	Declare bankruptcy reorganization	Recovery under reorganization plan	Currency
Customer 5	20,179,964.08	Declare bankruptcy reorganization	Recovery under reorganization plan	Currency
Other customers	28,335,599.03	Declare bankruptcy reorganization	Recovery under reorganization plan	Currency
Total	849,646,799.79			

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 Accounts receivable: (Continued)

15.2.4 Accounts receivable actually write off in 2021

None.

15.2.5 The accounts receivable of the top five ending balances collected by debtor

The total amount of the top five accounts receivable at the end of the period collected by the debtor is RMB1,506,221,045.88, accounting for 37.17% of the total amount of the ending balance of the accounts receivable, and the corresponding amount of bad debt provision is RMB79,016,248.51.

15.2.6 Accounts receivable derecognized due to the transfer of financial assets

None.

15.2.7 Amount of assets or liabilities arising from transfer of accounts receivable and continued involvement

None.

15.3 Other receivables

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Interest receivable		
Dividends receivable	65,418,375.82	54,217,436.00
Other receivables	226,420,995.44	221,279,829.06
Total	291,839,371.26	275,497,265.06



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 Other receivables

15.3.1 Dividends receivable

(1) Breakdowns of dividends receivable

Item (or Investee)	Balance as at December 31, 2021	Balance as at December 31, 2020
Shenzhen Civil Aviation Cares Co., Ltd.	3,380,894.00	10,450,036.00
Chongqing Civil Aviation Kaiya Information Technology Co., Ltd.	13,959,900.00	1,020,000.00
Xinjiang Civil Aviation Kaiya Information Network Co., Ltd.	28,979,200.00	28,469,200.00
Qingdao Civil Aviation Kaiya System Integration Co., Ltd.	5,100,000.00	4,080,000.00
Heilongjiang Hangxin Airport Network Co., Ltd.	750,000.00	
Beijing AvIC Berun Technology Co., Ltd.	7,418,181.82	4,080,000.00
Hainan Civil Aviation Kaiya Co., Ltd.	5,830,200.00	5,830,200.00
Yantai Hangxin Airport Network Co., Ltd.		288,000.00
Sub-total	65,418,375.82	54,217,436.00
Less: provision for bad debts		
Total	65,418,375.82	54,217,436.00

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at December 31, 2021	Aging	Reasons for non-repossession	Whether impairment occurs and the basis for judgment
Xinjiang Civil Aviation Kaiya Information Network Co., Ltd.	28,469,200.00	1-2 years	Has not yet been recycling	Normal operation, expected follow-up recovery
Hainan Civil Aviation Kaiya Co., Ltd.	5,830,200.00	1-2 & 2-3 years	Has not yet been recycling	Normal operation, expected follow-up recovery
Qingdao Civil Aviation Kaiya System Integration Co., Ltd.	4,080,000.00	1-2 & 2-3 years	Has not yet been recycling	Normal operation, expected follow-up recovery
Total	38,379,400.00			



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 Other receivables (Continued)

15.3.2 Other receivables

(1) Disclosure by aging

Aging	Balance as at December 31, 2021	Balance as at December 31, 2020
Within 1 year	44,275,373.06	49,016,897.00
Including: subitem within 1 year		
Within 6 months	42,452,954.91	9,766,369.46
7 – 12 months	1,822,418.15	39,250,527.54
1 – 2 years	17,244,593.64	35,018,244.06
2 – 3 years	32,647,301.72	102,460,200.83
3 – 4 years	101,324,587.79	16,326,841.98
4 – 5 years	15,652,339.64	8,262,705.88
Over 5 years	15,276,799.59	10,194,939.31
Sub-total	226,420,995.44	221,279,829.06
Less: provision for bad debts		
Total	226,420,995.44	221,279,829.06

(2) Classified disclosure by provision of bad debts

Type	Balance as at December 31, 2021			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion of provision (%)
Provision for bad debts accrued on an individual basis				
Provision for bad debts accrued on a portfolio basis	226,420,995.44	100.00		
Total	226,420,995.44	100.00		

Type	Balance as at December 31, 2020			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion of provision (%)
Provision for bad debts accrued on an individual basis				
Provision for bad debts accrued on a portfolio basis	221,279,829.06	100.00		
Total	221,279,829.06	100.00		



15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 Other receivables (Continued)

15.3.2 Other receivables (Continued)

(2) Classified disclosure by provision of bad debts (Continued)

Provision method for bad debts on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at December 31, 2021		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Related parties	193,731,153.83		
Various margin, deposit and loan of reserve fund	32,689,841.61		
Total	226,420,995.44		

(3) Changes in the book balance of other receivables are as follows:

Book balance	Phase 1 Expected credit losses in the next 12 months	Phase 2 Expected credit loss for the entire duration (no credit impairment)	Phase 3 Expected credit losses for the entire duration (credit impairment)	Total
Balance as at December 31, 2020	221,279,829.06			221,279,829.06
In 2021, balance as at December 31, 2020				
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2021	5,141,166.38			5,141,166.38
Derecognition in 2021				
Other changes				
Balance as at December 31, 2021	226,420,995.44			226,420,995.44

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 Other receivables (Continued)

15.3.2 Other receivables (Continued)

(4) Classification by nature of payment

Nature	Book balance as at December 31, 2021	Book balance as at December 31, 2020
Reserve funds	387,313.68	2,945,741.72
Borrowings		44,453,516.01
Insurance reserve funds of personnel stationed abroad	68,511,388.94	47,764,507.92
Advance payment	37,826,135.98	3,620,594.80
Deposit payment	5,126,779.26	641,757.50
Others	114,569,377.58	121,853,711.11
Total	226,420,995.44	221,279,829.06

(5) Top five of other receivables as at December 31, 2021, presented by debtors

The aggregate amount of other receivables in the top five of the ending balance collected by the defaulting party is RMB197,366,276.43, which takes up the proportion of 87.17% of the total amount of the ending balance of other receivables. The aggregate amount of the balance of bad debt provision accordingly is RMB0.00.

(6) Other receivables involving government grants

None.

15.4 Long-term equity investments

Item	Balance as at December 31, 2021			Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	2,149,410,370.34	3,495,488.48	2,145,914,881.86	2,102,151,476.34	3,495,488.48	2,098,655,987.86
Investments in associates and joint ventures	520,985,286.65		520,985,286.65	440,989,248.21		440,989,248.21
Total	2,670,395,656.99	3,495,488.48	2,666,900,168.51	2,543,140,724.55	3,495,488.48	2,539,645,236.07



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.4 Long-term equity investments (Continued)

15.4.1 Investment in subsidiaries

Investee	Balance as at December 31, 2020	Increase in 2021	Decrease in 2021	Balance as at December 31, 2021	Provision for impairment in 2021	Balance of provision for impairment as at December 31, 2021
China Aviation Accounting Co., Ltd.	853,519,487.07			853,519,487.07		
Xi'an Civil Aviation Cares Technology Co., Ltd.	1,020,000.00			1,020,000.00		
Hainan Civil Aviation Cares Co., Ltd.	4,746,180.00	5,458,915.00		10,205,095.00		
Shenzhen Civil Aviation Cares Co., Ltd.	4,302,941.18			4,302,941.18		
Hubei Civil Aviation Cares Co., Ltd.	2,500,000.00	8,946,825.00		11,446,825.00		
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	4,998,000.00			4,998,000.00		
Yunnan Civil Aviation Cares Information Co., Ltd.	1,020,000.00	39,011,154.00		40,031,154.00		
Xiamen Civil Aviation Cares Co., Ltd.	1,020,000.00			1,020,000.00		
Qingdao Civil Aviation Cares Co., Ltd.	1,020,000.00			1,020,000.00		
Infosky Information Technology Co., Ltd.	153,820,754.50			153,820,754.50		
Civil Aviation Cares Technology of Xinjiang Co., Ltd.	1,530,000.00			1,530,000.00		
Guangzhou TravelSky Technology Limited	400,000,000.00			400,000,000.00		
Shanghai TravelSky Technology Limited	4,000,000.00			4,000,000.00		
TravelSky Cares (Beijing) Property Co., Ltd.	10,000,000.00			10,000,000.00		
Inner Mongolia Civil Aviation Information Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Hunan TravelSky Technology Limited	30,000,000.00			30,000,000.00		
Beijing TravelSky Travel Service Co., Ltd.	72,000,000.00			72,000,000.00		
Shanghai Jiexing Electronic Commerce Co., Ltd.	3,495,488.48			3,495,488.48		3,495,488.48
TravelSky Huadong Data Center Co., Ltd.	50,000,000.00			50,000,000.00		
Zhejiang Civil Aviation Information Technology Co., Ltd.	19,047,100.00			19,047,100.00		
Henan Civil Aviation Information Technology Co., Ltd.	10,000,000.00			10,000,000.00		
Beijing Civil Aviation Information Technology Co., Ltd.	50,010,000.00			50,010,000.00		
Guangzhou Skyecho Information Technology Co., Ltd.	4,000,000.00			4,000,000.00		
Beijing HangJu Credit Management Co., Ltd.	5,000,000.00			5,000,000.00		
TravelSky Technology (Singapore) Limited	353,594,927.55			353,594,927.55		
Air China international Co., Ltd.	11,364,427.02			11,364,427.02		
TravelSky Technology (Korea) Limited	5,694,956.65			5,694,956.65		
TravelSky Technology (Australia) Limited	6,158,000.00		6,158,000.00			
TravelSky Technology (Japan) Limited	6,414,028.62			6,414,028.62		
TravelSky Technology (Europe) Limited	4,679,918.76			4,679,918.76		
TravelSky Technology (America) Limited	9,738,500.00			9,738,500.00		
TravelSky Technology (Taiwan) Limited	12,456,766.51			12,456,766.51		
Total	2,102,151,476.34	53,416,894.00	6,158,000.00	2,149,410,370.34		3,495,488.48

Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)



15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.4 Long-term equity investments (Continued)

15.4.2 Investments in associates and joint ventures

Investee	Increase or decrease in 2021									Balance of provision for impairment	
	Balance as at December 31, 2020	Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others	Balance as at December 31, 2021	as at December 31, 2021
1. Joint venture											
Heilongjiang TravelSky Airport Network Co., Ltd.	18,473,996.80			2,007,879.68			750,000.00			19,731,876.48	
Dalian TravelSky Airport Network Co., Ltd.	22,765,138.99			3,396,175.48						26,161,314.47	
Shanghai Dongmei Online Travel Agency Co., Ltd.	4,792,882.65			-3,248,935.37						1,543,947.28	
Hebei TravelSky Airport Network Co., Ltd.	6,529,868.64	8,500,000.00		978,216.16			1,500,000.00			14,508,084.80	
Xinjiang Hangxin Tianyi Technology Innovation Co., Ltd.		5,000,000.00		33,237.60						5,033,237.60	
Sub-total	52,561,887.08	13,500,000.00		3,166,573.55			2,250,000.00			66,978,460.63	
2. Associate											
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	130,463,890.32			1,744,484.06						132,208,374.380	
Shenyang Civil Aviation Northeast Cares Co., Ltd.	106,024,920.98			11,905,985.97						117,930,906.950	
Guangzhou Airport Hangyi Information Technology Co., Ltd.	6,646,455.42			1,589,752.14			1,400,000.00			6,836,207.560	
Yunnan TravelSky Airport Network Co., Ltd.	36,458,354.36			4,882,543.47						41,340,897.830	
Yantai TravelSky Airport Network Co., Ltd.	6,833,013.42			434,622.57						7,267,635.990	
Chengdu Civil Aviation Southwest Cares Co., Ltd.	67,720,247.30			9,700,233.57						77,420,480.870	
Beijing TravelSky Birun Technology Co., Ltd.	19,145,515.93	26,705,454.55		4,924,152.78			7,418,181.82			43,356,941.440	
TravelSky Mobile Technology Co., Ltd.	15,134,963.40			-30,405,703.02		42,916,120.62				27,645,381.000	
Sub-total	388,427,361.13	26,705,454.55		4,776,071.54		42,916,120.62	8,818,181.82			454,006,826.02	
Total	440,989,248.21	40,205,454.55		7,942,645.09		42,916,120.62	11,068,181.82			520,985,286.65	



Notes to Financial Statements

For the Year Ended December 31, 2021

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.5 Operating revenue and operating costs

15.5.1 Operating revenue and operating costs

Item	Year 2021		Year 2020	
	Revenue	Cost	Revenue	Cost
Main business	4,029,413,756.25	2,689,860,611.09	4,011,399,149.84	2,401,084,310.97
Other business	31,394,925.86	8,332,009.35	33,626,567.68	8,332,009.35
Total	4,060,808,682.11	2,698,192,620.44	4,045,025,717.52	2,409,416,320.32

15.6 Investment income

Item	Year 2021	Year 2020
Long-term equity investment income calculated under the cost method	21,165,794.00	
Long-term equity investment income calculated under the equity method	7,942,645.09	68,399,092.90
Investment income from disposal of long-term equity investment	-5,738,873.53	
Investment income from financial assets held for trading during the holding period	37,921,892.26	695,045.49
Interest revenue from creditor's right investment during the holding period	7,047,873.57	53,209,323.80
Others		37,371,712.86
Total	68,339,331.39	159,675,175.05

TravelSky Technology Limited

March 24, 2022

BIOGRAPHIES OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

As of the latest practicable date (April 20, 2022) before the issue date of this report

DIRECTORS

Mr. Huang Rongshun, aged 56, the Chairman and an executive director of the Company, a research scholar who graduated from Beihang University (北京航空航天大學), majoring in computer science and application, with a doctor's degree of management from Sichuan University (四川大學). Mr. Huang is an expert entitled to Government Special Allowance by the State Council and has more than 30 years of research and management experience in China's civil aviation industry. From August 1987 to October 2014, Mr. Huang held positions in Second Institute of Civil Aviation Administration of China* (中國民用航空局第二研究所), being a deputy chief engineer and deputy general manager of its subsidiary, then served as the assistant to the head, deputy head, head and the secretary of the Party Committee. From October 2014 to June 2021, Mr. Huang acted as the dean (head) and deputy secretary of the Party Committee of China Academy of Civil Aviation Science and Technology (Aviation Safety Technology Center of Civil Aviation Administration)* (中國民航科學技術研究院(民航局航空安全技術中心)). From August 2018 to May 2021, Mr. Huang acted as the chief member of China Technology Committee of Air Freight and Ground Equipment Standardization* (全國航空貨運及地面設備標準化技術委員會). Mr. Huang has been serving as the director and deputy secretary of the Party Committee of China TravelSky Holding Company Limited* (中國民航信息集團有限公司) (the controlling shareholder of the Company), and the deputy secretary of the Party Committee of the Company since May 2021, and the general manager of China TravelSky Holding Company Limited* (中國民航信息集團有限公司) since June 2021. Since August 2021, Mr. Huang has been serving as the Chairman and an executive director of the seventh session of the Board of the Company, and appointed as the chief member of the Nomination Committee and the Strategy Committee. China TravelSky Holding Company Limited has interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and Mr. Huang is a director of China TravelSky Holding Company Limited.

Mr. Xiao Yinhong, aged 59, an executive director and the General Manager of the Company, is a professor-level senior engineer graduated from Zhejiang University. He was awarded a master's degree of administration from Beihang University (北京航空航天大學) with over 30 years of management experience in the aviation industry in the PRC. From July 1984 to October 2000, Mr. Xiao consecutively held positions such as the deputy director of Application Office* (應用室), director of Information Office* (信息室), assistant to general manager and deputy general manager of China Civil Aviation Computer Information Center* (中國民航計算機信息中心), the predecessor of China TravelSky Holding Company (one of the promoters of the Company). Mr. Xiao served as an executive director of the first session of the Board of the Company from October 2000 to December 2003. From October 2000 to August 2008, Mr. Xiao served as a Vice General Manager of the Company and has served as the General Manager of the Company since August 2008. Since October 2008, Mr. Xiao served as an executive director of the third session of the Board of the Company. Since March 2010, Mr. Xiao served as an executive director of the fourth session of the Board of the Company. Since June 2013, Mr. Xiao has served as an executive director of the fifth session of the Board of the Company, and has been re-appointed as a member of the Strategic Committee. Since October 2016, Mr. Xiao has been serving as an executive director of the sixth session of the Board of the Company and has been re-appointed as a member of the Strategic Committee. Since October 2017, Mr. Xiao has been serving as the deputy secretary of the Party Committee of China TravelSky Holding Company Limited (中國民航信息集團有限公司), and the deputy secretary of the Party Committee of the Company. Since December 2017,



Biographies of Directors, Supervisors, Senior Management and Company Secretary

As of the latest practicable date (April 20, 2022) before the issue date of this report

he has served as director of China TravelSky Holding Company Limited. Since February 2020, Mr. Xiao has been serving as an executive director of the seventh session of the Board of the Company and has been re-appointed as a member of the Strategy Committee. China TravelSky Holding Company Limited has interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and Mr. Xiao is a director of China TravelSky Holding Company Limited.

Mr. Zhao Xiaohang, aged 60, a non-executive director of the Company. He graduated from Tsinghua University majoring in industrial automation & management engineering, and holds a postgraduate diploma and a master's degree. Mr. Zhao started his career in August 1986 and served various positions, including the deputy division chief of the Planning Department, general manager and deputy secretary of the Ground Handling Department, general manager of the Planning and Development Department, and assistant president of Air China Limited. He served as the director and vice president of China National Aviation Corporation (Group) Limited from September 2003 to February 2011, and secretary of the Commission for Discipline Inspection of China National Aviation Corporation (Group) Limited from May 2004 to February 2011. From April 2007 to December 2016, he served as director and general manager of China National Aviation Corporation (Macau) Company Limited. In April 2011, he was appointed as chairman, executive director and general manager of Air Macau Company Limited. Since June 2011, he has been serving as the non-executive director of Cathay Pacific Airways Ltd. (Stock Exchange, Stock Code: 00293). Mr. Zhao has been serving as the chairman of Air Macau Company Limited since January 2016, a member of the Communist Party Group of China National Aviation Holding Company Limited since August 2016, the vice general manager and a member of the Communist Party Group of China National Aviation Holding Company Limited, a director and vice chairman of China National Aviation Corporation (Group) Limited, as well as chairman of China National Aviation Media Company Limited, since December 2016. He has been serving as chairman of China National Aviation Capital Holding Company Limited since September 2016. In December 2019, he also served as Chairman of the Supervisory Board of Air China. Since June 2019, Mr. Zhao has been serving as a non-executive director of the sixth session of the Board of the Company, and has been appointed as a member of the Strategy Committee. Since February 2020, Mr. Zhao has been serving as a non-executive director of the seventh session of the Board of the Company, and has been re-appointed as a member of the Strategy Committee. China National Aviation Holding Company Limited has interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and Mr. Zhao is an employee of China National Aviation Holding Company Limited.

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Mr. Xi Sheng, aged 59, a non-executive director of the Company, graduated from Jiangxi University of Finance and Economics with a bachelor degree. He is a senior auditor, a Chinese Certified Public Accountant (CPA) and an International Certified Internal Auditor (CIA). Mr. Xi previously served for National Audit Office in various positions: Deputy Director of Foreign Affairs Division of Foreign Investment Audit Department, Director of Liaison Reception Office of the Foreign Affairs Department, the deputy head of the PRC Audit Institute* (中國審計事務所), Deputy Director General and Director General of Fixed Asset Investment Audit Department, Party Secretary and Special Commissioner of Harbin Commissioner's Office and Director General of Personnel and Education Department. Mr. Xi was appointed as the Head of Audit Department of China Eastern Air Holding Company Limited* (中國東方航空集團有限公司) ("**CEA Holding**") from September 2009 to November 2012, Supervisor of China Eastern Airlines Corporation Limited* (中國東方航空股份有限公司) ("**CEA**", a company listed on the Main Board of the Stock Exchange and a subsidiary of CEA Holding; Stock Code: 00670 (Stock Exchange); 600115 (Shanghai Stock Exchange)) from June 2012 to January 2021, and Chairman of Board of Supervisors of CEA from June 2016 to January 2021. He held a concurrent position of the Head of Audit Department of CEA Holding from December 2017 to November 2018. He was also the General Manager of Audit Department of CEA Holding and CEA from November 2018 to May 2020. Mr. Xi has been serving as Executive Vice President and member of the Party Committee of CEA Holding since January 2018, and Executive Vice President and member of Standing Committee of the Party Committee of CEA since January 2021. He also serves as Executive Director of China Institute of Internal Audit. Since September 2019, Mr. Xi has been serving as a non-executive director of the sixth session of the Board of the Company and has been appointed as a member of the Strategy Committee. Since February 2020, Mr. Xi has been serving as a non-executive director of the seventh session of the Board of the Company, and has been re-appointed as a member of the Strategy Committee. CEA Holding has interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and Mr. Xi is an employee of CEA Holding.

Mr. Luo Laijun, aged 50, a non-executive director of the Company, graduated from Nanjing University of Aeronautics and Astronautics, majoring in Accounting and also obtained an Executive Master of Business Administration (EMBA) degree from Tsinghua University School of Economics and Management. He served as the Manager of Finance Department in Shanghai Branch of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司), Deputy Director of the Purchasing Office in Finance Department of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司), Deputy Manager and Manager of Finance Department of Guizhou Airlines Company Limited* (貴州航空有限公司). He has acted as Chief Financial Officer and Manager of Finance Department of Guizhou Airlines Company Limited* (貴州航空有限公司) in June 2003; Director of Business Assessment Office of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in June 2005; Deputy Director of Commercial Steering Committee and General Manager and Party member of Financing Plan Department of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in November 2005; General Manager and Deputy Party Secretary of Freight Department of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in February 2009; the General Manager and the Deputy Party Secretary of Dalian Branch of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in July 2012; Executive Deputy Director and the Deputy Party Secretary of Commercial Steering Committee of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in November 2016; Director and the Deputy Party Secretary of Commercial Steering Committee of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in August 2017; Executive Vice President and the Party member of China Southern



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Air Holding Limited Company* (中國南方航空集團有限公司) in February 2019; Executive Vice President and the Party member of China Southern Air Holding Limited Company* (中國南方航空集團有限公司) and Executive Vice President of China Southern Airlines Co., Ltd.* (中國南方航空股份有限公司) in March 2019. Since February 2020, Mr. Luo has been serving as a non-executive director of the seventh session of the Board of the Company, and has been appointed as a member of the Strategy Committee. China Southern Air Holding Limited Company* (中國南方航空集團有限公司) has interests in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and Mr. Luo is an employee of China Southern Air Holding Limited Company* (中國南方航空集團有限公司).

Mr. Cao Shiqing, aged 67, an independent non-executive director of the Company, is a professor-level senior engineer and graduated from Tsinghua University. Mr. Cao served successively as the deputy dean and party secretary of the Seventh Design and Research Institute of the Ministry of Machinery Industry* (機械工業部第七設計研究院) from September 1990 to October 2000. From October 2000 to December 2004, Mr. Cao served as the party secretary and deputy dean of the China Machinery International Engineering Consultant & Design Institute* (中機國際工程諮詢設計總院). From December 2004 to August 2006, he served as the party secretary and deputy dean of the China Information Technology Designing & Consulting Institute* (中訊郵電諮詢設計院). Mr. Cao served as the party secretary and deputy general manager of China New Era Group Corporation* (中國新時代控股集團公司) from August 2006 to January 2010, and as the party secretary and deputy dean of the China Academy of Machinery Science & Technology* (機械科學研究總院) from January 2010 to August 2015. Since January 2016, Mr. Cao has served as an independent non-executive Director of the fifth session of the Board of the Company, a member of the Audit and Risk Management Committee, the chief member of the Remuneration and Evaluation Committee and a member of the Nomination Committee. Since October 2016, Mr. Cao has been serving as an independent non-executive director of the sixth session of the Board of the Company, and has been re-appointed as a member of the Audit and Risk Management Committee, a chief member of the Remuneration and Evaluation Committee and a member of the Nomination Committee. Since February 2020, Mr. Cao has been serving as an independent non-executive director of the seventh session of the Board of the Company, and has been re-appointed as a member of the Audit and Risk Management Committee, a chief member of the Remuneration and Evaluation Committee and a member of the Nomination Committee.

Dr. Ngai Wai Fung, aged 60, an independent non-executive Director of the Company, is a director and the group chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. Dr. Ngai has over 30 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and company secretarial work for listed issuers including major red chips companies. Dr. Ngai led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. Dr. Ngai is currently a member of the General Committee and the Chairman of Membership Services of Sub-Committees of the Chamber of Hong Kong Listed Companies. He was the president of the Hong Kong Institute of Chartered Secretaries (currently known as the Hong Kong Chartered Governance Institute) (2014-2015), a non-official member of the Working Group on Professional Services under the Economic Development

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Commission of the Hong Kong Special Administrative Region (2013-2018), a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants (2013-2018) and the first batch of Finance Expert Consultants of Ministry of Finance of the People's Republic of China (2016-2021). Dr. Ngai is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute, a fellow of the Hong Kong Chartered Governance Institute, a fellow of the Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators. Dr. Ngai obtained a Doctoral Degree in Finance at Shanghai University of Finance and Economics, a Master's Degree in Corporate Finance from Hong Kong Polytechnic University, a Master's Degree in Business Administration from Andrews University of Michigan and a Bachelor's Degree in Law at University of Wolverhampton. Dr. Ngai is the independent non-executive director of the following companies, namely BaWang International (Group) Holding Limited (the Stock Exchange, Stock Code: 01338), Bosideng International Holdings Limited (the Stock Exchange Stock Code: 03998), Beijing Capital Grand Limited (the Stock Exchange, Stock Code: 01329), Powerlong Real Estate Holdings Limited (the Stock Exchange, Stock Code: 01238) and China Energy Engineering Corporation Limited (the Stock Exchange, Stock Code: 03996). Dr. Ngai is also the independent director of SPI Energy Co., Ltd. Dr. Ngai was the independent non-executive director of Renco Holdings Group Limited from March 2016 to April 2018, Yangtze Optical Fibre and Cable Joint Stock Limited Company from September 2014 to January 2020, Health and Happiness (H&H) International Holdings Limited from July 2010 to May 2020, SITC International Holdings Company Limited from September 2010 to October 2020, BBMG Corporation from November 2015 to May 2021 and China Communications Construction Company Limited from November 2017 to February 2022. He was the independent director of LDK Solar Co., Limited from July 2011 to April 2020. Since October 2016, Dr. Ngai has served as an independent non-executive director of the sixth session of the Board of the Company and the chief member of Audit and Risk Management Committee, and has been re-appointed as a member of the Remuneration and Evaluation Committee. Since February 2020, Dr. Ngai has served as an independent non-executive director of the seventh session of the Board of the Company, and has been re-appointed as a chief member of the Audit and Risk Management Committee and a member of the Remuneration and Evaluation Committee.

Mr. Liu Xiangqun, aged 68, an independent non-executive director of the Company, holds an Executive MBA (EMBA) degree awarded by the University of Hong Kong and Fudan University. Mr. Liu started his career in 1970. From February 1986 to February 1987, Mr. Liu worked as a cadre of the Secretariat of the Tenth Division of the Beijing Municipal Public Security Bureau. From February 1987 to May 1991, he served successively as the principal staff member and deputy chief of the Secretariat of General Office of the Ministry of Justice of the PRC. From May 1991 to December 1999, he served successively as the director of general office and head of the second division of the Personnel Department of the National Administration under the Ministry of Personnel of the PRC. From December 1999 to November 2001, he served successively as head of the Second Division and deputy director-level consultant of the State-owned Enterprises Working Committee Organization Department. He served as the deputy party secretary and secretary of the disciplinary inspection committee of China Satellite Communications Corporation from November 2001 to December 2007. From December 2007 to July 2014, he served as the deputy party secretary, secretary of the disciplinary inspection committee and director of China National Agricultural Development Group Co., Ltd. From May 2008 to June 2010, Mr. Liu concurrently served as the chairman of the supervisory committee of CNFC Overseas Fisheries Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock abbreviation: CNFC Fishery; Stock Code: 000798). Mr. Liu has been serving as an external director of China National Salt Industry Group Co., Ltd from July 2015 to August 2021. Since October 2016, Mr. Liu has been serving as an independent non-executive director of the sixth session of the Board of



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the Company, a member of the Audit and Risk Management Committee, a member of the Remuneration and Evaluation Committee and a member of the Nomination Committee. Since February 2020, Mr. Liu has been serving as an independent non-executive director of the seventh session of the Board of the Company, and re-appointed as a member of the Audit and Risk Management Committee, a member of the Remuneration and Evaluation Committee and a member of the Nomination Committee.

SUPERVISORS

Mr. Ding Wanzhi, aged 59, the Chairman of the Supervisory Committee and a staff representative supervisor of the Company, is a senior economist. He graduated from Anhui Technology College (currently known as Hefei University of Technology) and has a master's degree in business administration from Guanghua School of Management, Peking University. He has over 30 years of management and technical experience in China's civil aviation industry. From July 1984 to July 1992, Mr. Ding served successively as the staff and officer of Civil Aviation Beijing Maintenance Base. From July 1992 to September 1998, Mr. Ding served successively as the principal staff member of the Scientific and Technical Personnel Division and deputy chief of the Enterprise Personnel Division of the Personnel and Labour Department in the General Administration of Civil Aviation. From September 1998 to October 2000, Mr. Ding served as head of the Personnel and Labour Department and head of Talent Exchange Center of China Civil Aviation Computer Information Center* (中國民航計算機信息中心), the predecessor of China TravelSky Holding Company* (中國民航信息集團公司) (one of the promoters of the Company). From October 2000 to December 2002, Mr. Ding served as the general manager of Human Resources Department of the Company. From December 2002 to August 2004, Mr. Ding served as the general manager of Human Resources Department of China TravelSky Holding Company* (中國民航信息集團公司) (one of the promoters of the Company). From August 2004 to January 2009, Mr. Ding served successively as the deputy secretary of the party committee and secretary of the disciplinary inspection committee of the Company. From January 2010 to October 2017, Mr. Ding served as the deputy secretary of the disciplinary inspection committee of China TravelSky Holding Company* (中國民航信息集團公司) and the Company. From April 2013 to July 2019, Mr. Ding served as the assistant to the general manager of the Company. From December 2014 to June 2016, Mr. Ding has been the director and vice chairman of Zhejiang TravelSky Information Technology Limited* (浙江民航信息科技有限公司). From February 2017 to May 2021, Mr. Ding has been the director and chairman of Civil Aviation Cares of Xiamen Ltd.* (廈門民航凱亞有限公司) and Civil Aviation Cares Technology of Xinjiang Ltd.* (新疆民航凱亞信息網絡有限責任公司). From May 2018 to August 2021, Mr. Ding has been the director and chairman of the Hunan TravelSky Information Technology Limited* (湖南民航信息技術有限公司). From February 2017 to November 2021, Mr. Ding has been the director and chairman of Guangzhou TravelSky Information Technology Limited* (廣州民航信息技術有限公司). From February 2017 to April 2022, Mr. Ding has been the director and chairman of Hainan Civil Aviation Cares Co., Ltd.* (海南民航凱亞有限公司). Since August 2008, Mr. Ding has been the member of the party committee of China TravelSky Holding Company* (中國民航信息集團公司), and the member of the party committee of the Company. Since January 2020, Mr. Ding has become a staff representative supervisor of the Supervisory Committee of the Company. Since February 2020, Mr. Ding has become the Chairman of the seventh session of the Supervisory Committee of the Company.

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Ms. Zeng Yiwei, aged 51, a supervisor of the Company, graduated from Xiamen University and has a master's degree of EMBA from Tsinghua University and is a senior accountant enjoying the benefits of professor. Since 1993, Ms. Zeng has been working as the deputy manager and manager of the Finance Division of the Planning and Finance Department and deputy general manager and general manager of the Planning and Finance Department of Xiamen Airlines* (廈門航空有限公司). She has been served as deputy chief accountant and the general manager of the Planning and Finance Department of Xiamen Airlines from August 2015 to May 2017. She served as the chief accountant of Xiamen Airlines from June 2017 to August 2021. Since March 2010, Ms. Zeng served as a supervisor of the fourth session of the Supervisory Committee of the Company. Since June 2013, Ms. Zeng has been re-appointed as a supervisor of the fifth session of the Supervisory Committee of the Company. Since October 2016, she has been re-appointed as a supervisor of the sixth session of the Supervisory Committee of the Company. Since February 2020, she has continued to serve as a supervisor of the seventh session of the Supervisory Committee of the Company. Since September 2021, she has served as deputy director of Assets and Finance Department of Bauhinia Culture Group Co.,Ltd.

Ms. Liang Shuang, aged 50, a staff representative supervisor of the Company, is a senior economist with a postgraduate degree in economic management. She started her career in August 1992 and has nearly 30 years of work and management experience in China's civil aviation industry. Ms. Liang joined Accounting Centre of China Aviation* (中國航空結算中心) in December 1998. From November 2004 to February 2010, Ms. Liang served as the deputy general manager (presiding over work) of the Human Resources Department of the Accounting Centre of China Aviation* (中國航空結算中心) (renamed to Accounting Centre of China Aviation Limited Company* (中國航空結算有限責任公司) in 2009). From February 2010 to August 2013, Ms. Liang served as deputy head of the office of the Company. From August 2013 to January 2014, Ms. Liang served as temporary deputy secretary of the party committee, temporary secretary of the disciplinary inspection committee and chairman of the labor union of the operation centre of the Company. From January 2014 to October 2016, Ms. Liang served as temporary deputy secretary of the party committee, temporary secretary of the disciplinary inspection committee, chairman of the labor union and deputy general manager of the operation centre of the Company. From October 2016 to January 2021, Ms. Liang served as secretary of the disciplinary inspection committee, chairman of the labor union and deputy general manager of the operation centre of the Company. Since October 2017, Ms. Liang has been a member of the disciplinary inspection committee of China TravelSky Holding Company* (中國民航信息集團公司), and a member of the disciplinary inspection committee of the Company. Since January 2020, Ms. Liang has become a staff representative supervisor of the Supervisory Committee of the Company. Since November 2020, Ms. Liang has served as the head of the labor union office of the Company. Since January 2022, Ms. Liang has served as the full-time vice chairwoman of the labor union of the Company.



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Mr. Zhu Yan, aged 50, the independent supervisor of the Company, studied at Tsinghua University from October 1989 to August 2000, and obtained a bachelor's degree of the Department of Engineering Physics and a doctor's degree of the Design Institute of Nuclear Energy Technology, and is a postdoctoral of the Department of Management Science and Engineering of School of Economics and Management. From August 2000, Mr. Zhu worked as a lecturer of the Department of Management Science and Engineering, School of Economics and Management, Tsinghua University and was promoted to an associate professor in December 2002. Since December 2010, Mr. Zhu has been working as a professor and a doctoral supervisor of the Department of Management Science and Engineering, School of Economics and Management, Tsinghua University. At present, Mr. Zhu concurrently works as the dean of the Institute of Internet Industry of Tsinghua University, the head of the Advanced Information Technology Business Application Laboratory of School of Economics and Management of Tsinghua University and the executive deputy head of the Research Center for Healthcare Management of School of Economics and Management of Tsinghua University; Mr. Zhu is also holding positions such as the commentator on economics at China Central Television, member of the ChinaInfo100, expert of the China Committee of 100 of Digital Economy, chairman of the Blockchain Branch of the Chinese Society of Technology Economics, director of the Industrial Digital Financial Technology Application Laboratory of the Chinese Society of Technology Economics, vice chairman of digital economy committee of the China Federation of Internet Societies, member of Shanghai Informatization Expert Committee, member of the E-commerce Expert Committee of the Ministry of Commerce of China, technical consultant of the Blockchain Committee of IEEE Computer Society, member of the National Professional Standardization Technical Committee, academic dean of the Blockchain Industry College of Chengdu University of Information Technology, etc. Since May 2019, Mr. Zhu has been an independent director of Guangdong Jingyi Metal Co., Ltd.* (廣東精藝金屬股份有限公司), a company listed on the Shenzhen Stock Exchange, the stock code of which is 002295. Since February 2020, Mr. Zhu has become an independent supervisor of the seventh session of the Supervisory Committee of the Company. Since August 2020, Mr. Zhu has been an independent director of Financial Street Holdings Co., Ltd.* (金融街控股股份有限公司), a company listed on the Shenzhen Stock Exchange, the stock code of which is 000402. Mr. Zhu was appointed as an independent non-executive director of CCB Property & Insurance Co., Ltd.* (建信財產保險有限公司) since April 2021.

Ms. Tang Lichao, aged 49, a supervisor of the Company, graduated from Xi'an University of Architecture and Technology, majoring in computer application. From November 2002 to May 2009, Ms. Tang served as the deputy general manager of Hainan Airlines Information Systems Company Limited (海南海航航空信息系統有限公司). From May 2009 to November 2011, Ms. Tang served as the deputy general manager in IT management department, the executive vice president and the acting general manager of HNA Group Co., Ltd. (海航集團有限公司). From November 2011 to November 2012, Ms. Tang served as the president of Hainan Airlines Information Systems Company Limited (海南海航航空信息系統有限公司). From December 2012 to April 2017, Ms. Tang served as the president of Hainan E King Technology Company Limited (海南易建科技股份有限公司). From April 2017 to April 2019, Ms. Tang served as the chairman of Hainan E King Technology Company Limited (海南易建科技股份有限公司). From June 2019 to January 2020, Ms. Tang served as the president of Hainan E King Technology Company Limited (海南易建科技股份有限公司). From February 2020 to January 2022, Ms. Tang served as the deputy general manager in digital office of the commercial committee of HNA Aviation Group Co. Ltd. (海航航空集團有限公司). Since February 2021, Ms. Tang has become a supervisor of the seventh session of the Supervisory Committee of the Company. Since January 2022, Ms. Tang has served as the director in digital office of HNA Aviation Group Co. Ltd. (海航航空集團有限公司)

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SENIOR MANAGEMENT

Mr. Rong Gang, aged 59, a vice general manager of the Company, is a professor-grade senior engineer. He graduated from Chongqing University and holds a master's degree in business administration from Guanghua School of Management, Peking University. He has over 30 years of management experience in China's civil aviation industry. From August 1983 to May 1996, Mr. Rong worked in Civil Aviation Computer Information Centre (民航計算機信息中心), the predecessor of China TravelSky Holding Company (one of the promoters of the Company). From May 1996 to May 1999, he worked in General Administration of Civil Aviation of China (中國民用航空總局). From May 1999 to September 2002, Mr. Rong served as the vice president and secretary of the disciplinary committee of Civil Aviation Computer Information Centre. He was a deputy general manager of China TravelSky Holding Company, a promoter of the Company, from September 2002 to June 2008. From October 2000 to March 2009, Mr. Rong acted as a non-executive director of the Company. He also served as a member of the Company's Strategic Committee from March 2004 to March 2009. Mr. Rong has been a vice general manager of the Company since December 2008. Since January 2009, Mr. Rong has been serving as a member of the standing committee of Communist Party Committee of China TravelSky Holding Company Limited and the Company.

Mr. Li Jinsong, aged 52, a vice general manager and the chief financial officer of the Company, is a senior engineer. He graduated from Tsinghua University and holds a bachelor degree of engineering, master degree of business administration and a doctor of philosophy degree in law from Tsinghua University. He is currently a certified public accountant, lawyer and an arbitrator of the Beijing Arbitration Commission. Mr. Li served as a business manager of the Investment Management Department of China Huaqing Industrial Corporation (中國華輕實業公司) from August 1990 to September 1995, the general manager of Liaoning Huaqing Inc. (遼寧華輕實業有限責任公司) from September 1995 to September 2000, and the assistant to general manager of China Huaqing Industrial Corporation from September 2000 to March 2002. He served as a certified public accountant of Xinhua Accounting Firm (新華會計師事務所) from March 2002 to February 2004, and served as associate professor and a member of the Academic Committee of Beijing National Accounting Institute from February 2004 to March 2007 (during this period, he was also a research scholar at the London School of Economics and Political Science). In March 2007, he held the position of general counsel of China TravelSky Holding Company. From August 2007 to December 2008, he also served as the general manager of Department of Corporate Audit Monitoring and Law Affairs (公司審計監察與法律事務部) of China TravelSky Holding Company. From December 2008 to March 2014, Mr. Li has been the general counsel of the Company. Mr. Li served as the chief accountant of China Academy of Machinery Science and Technology (機械科學研究總院) from March 2014 to September 2016. Since September 2016, Mr. Li has been serving as a member of the standing committee of Communist Party Committee of China TravelSky Holding Company Limited and the Company. Since October 2016, Mr. Li has been serving as the vice general manager, the chief financial officer and the chief accountant of the Company.

Mr. Yuan Leifeng, aged 57, a vice general manager of the Company, is a senior engineer. He graduated from Shandong University of Science and Technology (山東科技大學), and has a bachelor degree in engineering with a dual degree in economics from China University of Mining and Technology (中國礦業大學), and a master's degree in Business Administration from Guanghua School of Management, Peking University (北京大學光華管理學院). Mr. Yuan has long been engaged in central enterprise planning and investment, technological innovation management, and information development. From August 1987 to December 2000, Mr. Yuan worked successively in the China Coal Research Institute, China National Coal Mine Corporation, and the Ministry of Coal Industry. From September 1998 to December 2000, Mr. Yuan studied in the State Administration of Coal Industry (國家煤炭工業局). From December 2000 to March 2003, Mr. Yuan worked in the General Office of the State Economic and Trade Commission (國家經濟貿易委員會辦公廳). From March 2003 to October 2016, Mr. Yuan worked in the Planning and Development Bureau of the State-owned Assets Supervision and Administration Commission of the State Council, where he successively served as a deputy division cadre, assistant researcher, researcher, director of the science and technology division, and deputy inspector Staff and other positions. From October 2016 to September 2019, Mr. Yuan served as the deputy director of the State-owned Assets Supervision and Administration Commission of the State Council. From September 2019 to July 2020, Mr. Yuan served as the deputy director of the Bureau of Science and Technology Innovation and Social Responsibility of the SASAC of the State Council (科技創新和社會責任局). Since July 2020, Mr. Yuan has been serving as a member of the standing committee of Communist Party Committee of China TravelSky Holding Company Limited, a member of the standing committee of Communist Party Committee and the vice general manager of the Company.



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Mr. Liang Haifeng, aged 50, a vice general manager of the Company, is a senior engineer. He graduated from Beijing University of Technology with a double bachelor degree in engineering and management. From July 1995 to April 2001, Mr. Liang Haifeng worked in the China Civil Aviation Computer Center (now known as China TravelSky Holding Company Limited, one of the promoters of the Company). He successively worked in the reservation department and marketing department of the Company. Ministry work. From November 2004 to February 2010, Mr. Liang served as the deputy general manager of the company's global distribution business department. From February 2010 to March 2017, Mr. Liang served as the general manager of the Company's aviation business department. From September 2016 to September 2017, Mr. Liang served as the Company's The deputy general manager of the R&D center (in charge of work), and concurrently served as the party secretary of the R&D center of the Company from November 2016 to March 2019. Mr. Liang served as the general manager of the Company's R&D center from September 2017 to July 2020, and concurrently served as the deputy secretary to the party committee of the Company's R&D center from March 2019 to July 2020, and he has been serving as a member of the standing committee of Communist Party Committee of China TravelSky Holding Company Limited since June 2020. Since August 2020, Mr. Liang has been serving as the vice general manager of the Company.

Dr. Wang Jinping, aged 58, a vice general manager of the Company, is a professor-level senior engineer, graduated from Shandong University of Technology and holds a master degree in finance from Renmin University of China and a doctoral degree in management from Beijing Jiaotong University. After graduating in July 1986, Dr. Wang served as a cadre of the Computing Center of the State Planning Commission (國家計委計算中心). From February 1987 to In August 1998, Dr. Wang served as an assistant engineer, engineer, and senior engineer of the State Information Centre (國家信息中心). From August 1998 to February 2000, Dr. Wang served as the deputy of the Foreign Information Cooperation Division of the National Information Center. From February 2000 to July 2001, Dr. Wang served as the deputy general manager of the State Information Center China Economic Information Net (HK) Ltd.* (中國經濟信息網絡(香港)有限公司). From July 2001 to January 2005, Dr. Wang served as the vice president of China Technology and Economy Investment Consulting Co. Ltd.* (中技經投資顧問有限公司). In 2005, Dr. Wang joined China International Engineering Consulting Co., Ltd. and served as the director of the Company's information consulting department and a professor-level senior engineer from January that year to February 2010. From February 2010 to January 2016, Dr. Wang served as the Director of the General Office of China International Engineering Consulting Corporation* (中國國際工程諮詢有限公司). and a member of the National Informatization Expert Advisory Committee. From January 2016 to July 2019, Dr. Wang served as Director of the General Office and Director of the Information Center of China International Engineering Consulting Co., Ltd. From July 2019 to August 2020, Dr. Wang served as Director of the Office of China International Engineering Consulting Co., Ltd., and he has been serving as a member of the standing committee of Communist Party Committee of China TravelSky Holding Company Limited since August 2020. Since August 2020, Dr. Wang has been serving as a member of the standing committee of Communist Party Committee of China TravelSky Holding Company Limited, a member of the standing committee of Communist Party Committee and the vice general manager of the Company.

Mr. Huang Yuanchang, aged 59, a vice general manager of the Company, is a senior engineer graduated from Nanjing Institute of Technology (南京工學院). Mr. Huang holds a master's degree of administration from Beihang University and has more than 30 years of management and technical support experience in China's aviation industry. From August 1983 to October 2000, Mr. Huang served as the deputy head and head of the Machine Room, the head of Operation Room, the head of Production Management Department, assistant to the general manager and the deputy general manager of China Civil Aviation Computer Center (中國民航計算機中心), the predecessor of China TravelSky Holding Company (one of the promoters of the Company). Mr. Huang served as an executive director of the first session of the Board of the Company from October 2000 to December 2003. Mr. Huang served as a vice general manager of the Company from October 2000 to November 2006. From August 2007 to June 2008, Mr. Huang was the general manager of the Marketing and Research & Development Department of China TravelSky Holding Company, a promoter of the Company. From June 2008 to November 2014, Mr. Huang acted as a vice general manager of the Company. From January 2015 to January 2020, he served as the chairperson of the labour union of the Company. From March 2015 to January 2020, he acted as a staff representative supervisor and the chairperson of the Supervisory Committee of the Company. Since January 2009, Mr. Huang has been serving as a member of Communist Party Committee of China TravelSky Holding Company Limited and the Company. Since January 2020, Mr. Huang has been serving as a vice general manager of the Company.

Biographies of Directors, Supervisors, Senior Management and Company Secretary



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Mr. Zhu Xiaoxing, aged 57, a vice general manager and a senior engineer of the Company, graduated from Jilin University majoring in computer software and was awarded an Executive Master degree of Business Administration (EMBA) by Tsinghua University. Mr. Zhu has more than 30 years of experience in operating management and technical management in China's civil aviation industry. Mr. Zhu held positions including system engineer and division head of the System Division, the deputy head and head of the Operation Department and Head of the Customer Service Department of China Civil Aviation Computer Information Center, the predecessor of China TravelSky Holding Company (one of the promoters of the Company), from August 1987 to October 2000. From October 2000 to August 2004, Mr. Zhu was successively the general manager of the Operation Department, the Customer Service Department and the Technical Management Department of the Company. From August 2004 to August 2008, Mr. Zhu served as the General Manager of the Company. From October 2004 to March 2009, he served as an executive director of the Company. Mr. Zhu has been a vice general manager of the Company since August 2008.

COMPANY SECRETARY

Mr. Yu Xiaochun, aged 54, the company secretary of the Company (secretary to the Board), received a bachelor's degree from Beihang University majoring in management engineering and obtained a master's degree in management from Beihang University in 2002. Since joining China Civil Aviation Computer Information Center, the predecessor of China TravelSky Holding Company (one of the promoters of the Company), in July 1989, Mr. Yu has nearly 30 years of experience in China's civil aviation industry. Mr. Yu was the deputy director of the marketing department of China Civil Aviation Computer Information Center from July 1999 to October 2000. From October 2000 (when the Company was established) to December 2002, he held various positions in the Company such as the deputy director of the Marketing Department, the general manager of the DCS Department (離港部) and the deputy general manager of the Marketing Department. From December 2002 to July 2009, Mr. Yu was the general manager of the planning and development department of China TravelSky Holding Company, a promoter of the Company. From July 2009 to March 2013, he was the head of the Planning and Development Department of the Company. Since February 2010, Mr. Yu served as a joint company secretary and secretary to the Board of the Company. Since June 2013, Mr. Yu has served as the company secretary and secretary to the Board of the Company. From January 2020 to June 2020, Mr. Yu concurrently served as the lead person in charge of the information service department (preparation) and temporary person in charge of the party organization of the company. Since May 2020, Mr. Yu has been serving as the assistant to the general manager of the company.

CORPORATE INFORMATION



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BOARD

The seventh session of the Board of the Company established by election by shareholders on February 27, 2020 comprises:

Huang Rongshun	<i>Chairman, Executive Director (appointed on August 5, 2021)</i>
Xiao Yinhong	<i>Executive Director, General Manager</i>
Zhao Xiaohang	<i>Non-executive Director</i>
Xi Sheng	<i>Non-executive Director</i>
Luo Laijun	<i>Non-executive Director</i>
Cao Shiqing	<i>Independent Non-executive Director</i>
Ngai Wai Fung	<i>Independent Non-executive Director</i>
Liu Xiangqun	<i>Independent Non-executive Director</i>

AUDIT AND RISK MANAGEMENT COMMITTEE

Appointed by the seventh session of the Board of the Company on February 27, 2020 and comprises:

Ngai Wai Fung	<i>Chief Member (Chairman)</i>
Cao Shiqing	<i>Member</i>
Liu Xiangqun	<i>Member</i>

REMUNERATION AND EVALUATION COMMITTEE

Appointed by the seventh session of the Board of the Company on February 27, 2020 and comprises:

Cao Shiqing	<i>Chief Member (Chairman)</i>
Ngai Wai Fung	<i>Member</i>
Liu Xiangqun	<i>Member</i>

NOMINATION COMMITTEE

Appointed by the seventh session of the Board of the Company on February 27, 2020 and comprises:

Huang Rongshun	<i>Chief Member (Chairman) (appointed on August 5, 2021)</i>
Cao Shiqing	<i>Member</i>
Liu Xiangqun	<i>Member</i>

Corporate Information



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STRATEGY AND INVESTMENT COMMITTEE (LEGAL COMPLIANCE COMMITTEE)

Appointed by the seventh session of the Board of the Company on February 27, 2020 and comprises:

Huang Rongshun	<i>Chief Member (Chairman) (appointed on August 5, 2021)</i>
Xiao Yinhong	<i>Member</i>
Zhao Xiaohang	<i>Member</i>
Xi Sheng	<i>Member</i>
Luo Laijun	<i>Member</i>

DIRECTOR RESIGNED (INCLUDING HIS RESPECTIVE DUTY IN THE SPECIAL COMMITTEE)

Cui Zhixiong	<i>Chairman, Executive Director, Chief Member of the Nomination Committee, Chief Member of the Strategy and Investment Committee (Legal Compliance Committee) (appointed on February 27, 2020, resigned on August 5, 2021)</i>
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SUPERVISORY COMMITTEE

The seventh session of the Supervisory Committee established by election by shareholders on February 27, 2020 (except for the staff representative supervisors) comprises:

Ding Wanzhi	<i>Chairman of the Supervisory Committee (appointed on February 27, 2020), Staff Representative Supervisor (appointed by the staff representative meeting of the Company on January 9, 2020)</i>
Zeng Yiwei	<i>Supervisor</i>
Liang Shuang	<i>Staff Representative Supervisor (appointed by the staff representative meeting of the Company on January 9, 2020)</i>
Zhu Yan	<i>Independent Supervisor</i>
Tang Lichao	<i>Supervisor (appointed on February 26, 2021)</i>



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SENIOR MANAGEMENT

Xiao YinHong	<i>General Manager, Executive Director</i>
Rong Gang	<i>Vice General Manager</i>
Li Jinsong	<i>Vice General Manager, Chief Financial Officer (Chief Accountant)</i>
Yuan Leifeng	<i>Vice General Manager</i>
Liang Haifeng	<i>Vice General Manager</i>
Wang Jinping	<i>Vice General Manager</i>
Huang Yuanchang	<i>Vice General Manager</i>
Zhu Xiaoxing	<i>Vice General Manager</i>
Yu Xiaochun	<i>Company Secretary (Secretary to the Board)</i>

REGISTERED ADDRESS

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PLACE OF LISTING

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Stock Code: 00696

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

DEPOSITARY OF SPONSORED LEVEL I AMERICAN DEPOSITARY RECEIPT PROGRAMME

The Bank of New York Mellon

Regular Mail:

BNY Mellon Shareowner Services
P.O.BOX 505000
Louisville, KY 40233-5000

Overnight Mail:

BNY Mellon Shareowner Services
462 South 4th Street, Suite 1600
Louisville, KY 40202

Corporate Information



As of the latest practicable date (April 20, 2022) before the issue date of this report

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Email: ir@travelsky.com.cn
Website: www.travelskyir.com

COMPANY'S WEBSITES

Website of consolidated information of the Company:

www.travelsky.cn

Website established in accordance with Rule 2.07C(6)(a) of the Listing Rules:

www.travelskyir.com

You may obtain the English and Chinese versions of the financial reports, announcements, circulars, operation data and results presentation of the Company through this website.



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