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**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)

**ANNOUNCEMENT OF RESULTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The board of directors (the “**Board**”) of TravelSky Technology Limited (the “**Company**”) hereby presents the unaudited interim results announcement of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2022, which is prepared in accordance with China Accounting Standards for Business Enterprise (“**CASBE**”).

**CONSOLIDATED INCOME STATEMENT**

*For the six months ended June 30, 2022 (Amounts are expressed in RMB'000 unless otherwise stated)*

Items	Notes	For the Six months ended June 30, 2022	For the Six months ended June 30, 2021
I. Total operating income		2,271,991	2,838,333
Including: Operating income	4.f)	2,271,991	2,838,333
II. Total operating costs		1,823,422	2,160,930
Including: Operating costs	4.f)	1,265,393	1,407,788
Taxes and surcharges		35,089	35,691
Selling and distribution expenses		38,293	54,867
General and administrative expenses		349,548	411,413
Research and development expenses		216,766	293,665
Financial expenses		-81,666	-42,493
Including: Interest expenses		4,373	1,592
Interest income		67,014	49,857
Plus: Other income		40,125	36,457
Investment income (“-” for losses)	4.g)	12,583	18,270
Including: Gains from investment in associates and joint ventures		-2,378	-13,673
Gains from derecognition of financial assets measured at amortized cost		-	-
Foreign exchange gains (“-” for losses)		-	-
Income from net exposure hedging (“-” for losses)		-	-
Gains from changes in fair value (“-” for losses)		20,057	-3,329
Credit impairment losses (“-” for losses)	4.h)	-97,971	-415,125
Asset impairment losses (“-” for losses)	4.i)	-5,230	12,803
Gains on disposal of assets (“-” for losses)		103	-68

Items	Notes	For the Six months ended June 30, 2022	For the Six months ended June 30, 2021
III. Operating profits (“-” for losses)		418,236	326,410
Plus: Non-operating income		44,821	1,662
Less: Non-operating expenses		399	482
IV. Total profits (“-” for total losses)		462,658	327,590
Less: Income tax expenses		6,837	32,685
V. Net profit (“-” for net loss)		455,820	294,905
(I) Classified by operating continuity			
1. Net profit from continuing operations (“-” for net loss)		455,820	294,905
2. Net profit from discontinued operations (“-” for net loss)		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company (“-” for net loss)		443,034	275,197
2. Net profit attributable to non-controlling interests (“-” for net loss)		12,786	19,708
VI. Other comprehensive income, net of tax		2,101	-3,737
Other comprehensive income, net of tax attributable to shareholders of the Company		2,101	-3,737
(I) Items that cannot be reclassified to profit or loss			
1. Changes of re-measurement in 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		-	-
4. Changes in the fair value of the Company’s own credit risk		-	-
(II) Items that may be reclassified to profit or loss		2,101	-3,737
1. Other comprehensive income that may be transferred to profit or loss under equity method		-	-
2. Changes in fair value of other debt investments		-	-
3. Amounts of financial assets reclassified to other comprehensive income		-	-
4. Provisions for credit impairment of other debt investments		-	-
5. Cash flow hedging reserves		-	-
6. Differences arising from translation of foreign currency financial statements		2,101	-3,737
7. Others		-	-
Other comprehensive income, net of tax, attributable to non- controlling interests		-	-
VII. Total comprehensive income		457,921	291,168
Total comprehensive income attributable to shareholders of the Company		445,135	271,460
Total comprehensive income attributable to non-controlling interests		12,786	19,708
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	4.j)	0.15	0.09
(II) Diluted earnings per share (RMB/share)	4.j)	0.15	0.09

## CONSOLIDATED BALANCE SHEET

As at June 30, 2022 (Amounts are expressed in RMB'000 unless otherwise stated)

Assets	Notes	As at June 30, 2022	As at December 31, 2021
Current assets:			
Cash and bank balances		5,685,929	6,464,413
Balances with clearing companies		-	-
Loans to banks and other financial institutions		-	-
Financial assets held for trading		4,722,640	3,309,636
Derivative financial assets		-	-
Notes receivable		37,165	70,587
Accounts receivable	4.a)	4,240,545	3,735,427
Receivables financing		-	-
Advances to suppliers		228,040	227,145
Premiums receivables		-	-
Reinsurance accounts receivable		-	-
Reinsurance contract reserves receivable		-	-
Other receivables		771,720	1,039,626
Financial assets purchased under resale agreements		-	-
Inventories		80,444	61,415
Contract assets		102,185	67,833
Assets held for sale		-	-
Non-current assets maturing within one year		466,177	456,773
Other current assets		216,444	205,778
<b>Total current assets</b>		<b>16,551,289</b>	<b>15,638,633</b>
Non-current assets:			
Disbursements of loans and advances		-	-
Debt investments		-	-
Other debt investments		-	-
Long-term receivables		-	-
Long-term equity investments		739,847	746,469
Investments in other equity instruments	4.b)	850,623	850,623
Other non-current financial assets	4.c)	349,117	347,897
Investment properties		103,540	107,879
Fixed assets		3,658,553	3,834,600
Construction in progress		32,670	31,268
Productive biological assets		-	-
Oil and gas assets		-	-
Right-of-use assets		173,678	54,786
Intangible assets		1,748,215	1,907,622
Development expenditures		248,223	149,584
Goodwill		260	260
Long-term deferred expenses		3,168	3,304
Deferred tax assets		362,719	356,066
Other non-current assets		82,355	82,148
<b>Total non-current assets</b>		<b>8,352,967</b>	<b>8,472,506</b>
<b>Total assets</b>		<b>24,904,256</b>	<b>24,111,139</b>

<b>Liabilities and shareholders' equity</b>	<i>Notes</i>	<b>As at June 30, 2022</b>	As at December 31, 2021
Current liabilities:			
Short-term borrowings		<b>5,000</b>	2,500
Borrowings from central bank		-	-
Loans from banks and other financial institutions		-	-
Financial liabilities held for trading		-	-
Derivative financial liabilities		-	-
Notes payable		-	-
Accounts payable	<i>4.d)</i>	<b>2,137,861</b>	2,145,109
Advances from customers		-	-
Contract liabilities	<i>4.e)</i>	<b>730,622</b>	650,696
Financial assets sold under repurchase agreements		-	-
Absorption of deposits and interbank deposits		-	-
Receiving from vicariously traded securities		-	-
Receiving from vicariously sold securities		-	-
Employee compensation payables		<b>162,393</b>	264,048
Taxes payable		<b>183,933</b>	92,064
Other payables		<b>1,661,166</b>	1,539,110
Handling charges and commissions payables		-	-
Reinsurance accounts payable		-	-
Liabilities held for sale		-	-
Non-current liabilities maturing within one year		<b>67,134</b>	27,626
Other current liabilities		<b>60,820</b>	51,319
<b>Total current liabilities</b>		<b><u>5,008,929</u></b>	<u>4,772,472</u>

<b>Liabilities and shareholders' equity</b>	<i>Notes</i>	<b>As at June 30, 2022</b>	As at December 31, 2021
Non-current liabilities:			
Reserves for Insurance contracts		-	-
Long-term borrowings		<b>200,194</b>	-
Bonds payable		-	-
Including: Preferred stock		-	-
Perpetual bonds		-	-
Lease liabilities		<b>107,585</b>	32,127
Long-term payables		<b>420</b>	420
Long-term employee benefits payable		-	-
Provisions		<b>14</b>	14
Deferred income		<b>40,634</b>	54,367
Deferred tax liabilities		<b>20,256</b>	21,655
Other non-current liabilities		-	-
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>369,104</b>	108,584
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>5,378,032</b>	4,881,056
		<hr/>	<hr/>
<b>Shareholders' equity:</b>			
Share capital		<b>2,926,210</b>	2,926,210
Other equity instruments		-	-
Capital reserves		<b>1,192,037</b>	1,192,037
Less: Treasury stock		-	-
Other comprehensive income		<b>-51,706</b>	-53,807
Special reserves		-	-
Surplus reserves		<b>4,027,034</b>	3,986,994
General risk reserves		<b>7,685</b>	7,685
Retained earnings		<b>10,943,190</b>	10,701,138
		<hr/>	<hr/>
Total equity attributable to shareholders of the Company		<b>19,044,450</b>	18,760,256
Non-controlling interests		<b>481,774</b>	469,827
		<hr/>	<hr/>
<b>Total shareholders' equity</b>		<b>19,526,223</b>	19,230,083
		<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>		<b>24,904,256</b>	24,111,139
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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. COMPANY PROFILE

TravelSky Technology Limited (hereinafter referred to as the “**Company**” or “**the Company**”) incorporated in Beijing, the People’s Republic of China (the “PRC”) on October 18, 2000. As at June 30, 2022, the total cumulative share capital issued by the Company totaled 2,926,209,589 shares, and the registered capital was RMB2,926,209,589.00. Registered office: No. 7 Yumin Street, Houshayu Town, Shunyi District, Beijing.

The Company’s main operating 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 services, etc. 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”.

### 2. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

#### a) Basis of preparation

The interim results set out in this announcement do not constitute the consolidated financial statements of the Company for the period ended June 30, 2022 but the financial results are extracted from those financial statements. 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”). In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies.

#### b) Going concern

The financial statements are prepared on a going concern basis.

### 3. TAXATION

#### a) Major tax types and tax rates

Tax types	Tax base	Tax rate (%)
Value added tax (“VAT”)	Tax payable is calculated by VAT output, which is based on the taxable sales amount generated from sales of goods or rendering of service according to tax laws, less deductible VAT input of the current period	3.00-23.00 (Including VAT rate of the overseas company)
Urban maintenance and construction tax	Levied based on actual VAT paid	5.00, 7.00
Corporate income tax	Levied based on taxable income	10.00-25.00 (Including the income tax rate of the overseas company to which it belongs)

#### b) Tax incentives

##### i. *Additional deduction of VAT input*

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs Announcement No. 11 of 2022, Article 1 of the Announcement of the Ministry of Finance and the State Administration of Taxation on VAT Policies for Promoting the Bailout and Development of Difficult Industries in the Service Industry: the Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of on Relevant Policies for Deepening Value-Added Tax Reform [2019] No. 39 Article 7 and the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Policies for the Supertax and Deduction of VAT in the Life Service Industry [2019] No. 87 stipulated that the policies for the superposition and deduction of VAT in the production and life service industries shall be implemented and extended until December 31, 2022.

The policy of additional deduction of VAT input applies to the Company.

##### ii. *High and New Technology Enterprise*

Under the Corporate Income Tax Law of the People’s Republic of China (“CIT Law”), in general, the applicable income tax rate of enterprises in the PRC is 25%. Pursuant to relevant requirements, enterprises recognized as “High and New Technology Enterprises” 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 identification of “High and New Technology Enterprise” in accordance with relevant regulatory requirements. The latest review was completed in December 2020 and the Company remained the status of “High and New Technology Enterprise” and is entitled to a preferential corporate income tax rate of 15% from 2020 to 2022.

*iii. Key software enterprises*

Except that enterprises that have been assessed as “high-tech enterprises” may enjoy the preferential income tax rate of 15%, enterprises assessed as “key software enterprises” encouraged by the state” by relevant authorities under the government of China may further enjoy the preferential tax rate of 10%. According to the relevant provisions, the difference between the tax paid at the tax rate of 15% and that paid at tax rate of 10% will be refunded to relevant enterprises subsequently, and such tax refund will be reflected in the Statement of Profit and Losses for the period when it occurs.

During the first half of 2022, the Company received the difference between the tax paid at the tax rate of 15% and that paid at tax rate of 10%, and the amount has been reflected in the financial statement for the first half year of 2022.

**4. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

*(AMOUNTS ARE EXPRESSED IN RMB'000 UNLESS OTHERWISE STATED)*

**a) Accounts receivable**

*i) Disclosure of accounts receivable by aging (based on invoice dates)*

<b>Items</b>	<b>As at June 30, 2022</b>	<b>As at December 31, 2021</b>
Within 1 year	<b>2,821,408</b>	2,934,514
Including:		
Within 6 months	<b>1,735,084</b>	1,875,578
7-12 months	<b>1,086,325</b>	1,058,936
1-2 years	<b>1,242,306</b>	667,391
2-3 years	<b>454,379</b>	427,122
3-4 years	<b>216,464</b>	171,292
4-5 years	<b>129,571</b>	63,472
Over 5 years	<b>103,273</b>	98,140
Subtotal	<b>4,967,400</b>	4,361,931
Less: Provisions for bad debts	<b>726,855</b>	626,504
Total	<b>4,240,545</b>	3,735,427

ii) *Disclosure of accounts receivable under the methods of provision for bad debts by category*

Category	As at June 30, 2022					As at December 31, 2021				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Proportion		Proportion of provision			Proportion		Proportion of provision		
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)		
Provision for bad debts accrued on an individual basis	423,801	8.53	304,318	71.81	119,483	343,097	7.87	208,908	60.89	134,189
Provision for bad debts accrued on a portfolio basis	<u>4,543,599</u>	<u>91.47</u>	<u>422,537</u>	<u>9.30</u>	<u>4,121,062</u>	<u>4,018,834</u>	<u>92.13</u>	<u>417,596</u>	<u>10.39</u>	<u>3,601,238</u>
Total	<u>4,967,400</u>	<u>100.00</u>	<u>726,855</u>	<u>-</u>	<u>4,240,545</u>	<u>4,361,931</u>	<u>100.00</u>	<u>626,504</u>	<u>-</u>	<u>3,735,427</u>

Provision for bad debts accrued on an individual basis:

Name	As at June 30, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Total	<u>423,801</u>	<u>304,318</u>	<u>71.81</u>

Provision for bad debts accrued on a portfolio basis:

Name	As at June 30, 2022		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Total	<u>4,543,599</u>	<u>422,537</u>	<u>9.30</u>

**b) Investments in other equity instruments**

*i. Details of investments in other equity instruments*

<b>Items</b>	<b>As at June 30, 2022</b>	<b>As at December 31, 2021</b>
China Merchants RenHe Life Insurance Company Limited	<u>850,623</u>	<u>850,623</u>
Total	<u><b>850,623</b></u>	<u><b>850,623</b></u>

The Company holds 13.26% of all the equity of an unlisted company, China Merchants RenHe Life Insurance Company Limited, which has a fair value of RMB850,623 thousand as at June 30, 2022. As the Company does not intend to hold the investment for trading purposes, the Company designated the investment as financial assets measured at fair value through other comprehensive income. The Company has referred to the valuation report issued by Beijing North Asia Asset Assessment Firm (Special General Partnership), an independent professional valuer with professional qualifications and relevant experience, and has considered the Company's financial performance, the economic situation, and the market it operates as at June 30, 2022, there have been no major changes compared with those as at December 31, 2021. The Company has assessed and determined that there are no major changes in the fair value as at June 30, 2022.

**c) Other non-current financial assets**

<b>Items</b>	<b>As at June 30, 2022</b>	<b>As at December 31, 2021</b>
Financial assets measured at fair value through the current profit or loss	<b>349,117</b>	347,897
Including: Equity instrument investments	<u><b>349,117</b></u>	<u>347,897</u>
Total	<u><b>349,117</b></u>	<u>347,897</u>

The above-mentioned other non-current financial assets of the Company are held by the Company is China Mobile Equity Fund.

As stated in the Company’s announcement on April 16, 2020, the Company has entered into a limited partnership agreement (the “Agreement”) with China Mobile Capital Holding Co., Ltd., other investors (together with the Company and China Mobile Capital Holding Co., Ltd., as limited partners) and China Mobile Equity Fund Management Co., Ltd. (as general partner) for the establishment of China Mobile Equity Fund (Hebei Xiongan) Partnership (Limited Partnership) (the “China Mobile Equity Fund”), pursuant to which the Company agreed to contribute a total of RMB1 billion in cash to the China Mobile Equity Fund during the term of the Agreement. China Mobile Equity Fund primarily invests in companies related to the 5G industry application and information and communications industry chain, ecosystem and enabling industries.

As at June 30, 2022, the Company has made actual contributions (including fund management fees) of RMB359,000 thousand under the agreement, which is measured at fair value with a book value of RMB349,117 thousand.

**d) Accounts payable**

*i. Presentation of account payable (based on invoice dates)*

<b>Items</b>	<b>As at June 30, 2022</b>	As at December 31, 2021
Within 1 year (including 1 year)	<b>1,181,963</b>	1,297,105
1-2 years (including 2 years)	<b>627,475</b>	530,482
2-3 years (including 3 years)	<b>191,681</b>	187,679
Over 3 years	<b>136,742</b>	129,843
Total	<b><u>2,137,861</u></b>	<u>2,145,109</u>

**e) Contract liabilities**

*i. Details of contract liabilities*

<b>Items</b>	<b>As at June 30, 2022</b>	As at December 31, 2021
System integration service contracts	<b>730,622</b>	650,696
Total	<b><u>730,622</u></b>	<u>650,696</u>

f) **Operating income and operating costs**

i. *Details of operating income and operating costs*

Items	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
	Revenue	Cost	Revenue	Cost
Main business	2,246,923	1,257,535	2,821,290	1,403,622
Other businesses	<u>25,068</u>	<u>7,858</u>	<u>17,043</u>	<u>4,166</u>
Total	<u><u>2,271,991</u></u>	<u><u>1,265,393</u></u>	<u><u>2,838,333</u></u>	<u><u>1,407,788</u></u>

ii. *Details of operating income*

Items	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Aviation information technology services	801,913	1,476,509
Settlement and clearing services	141,082	164,224
System integration services	600,325	475,232
Data network services	232,282	200,405
Other income	496,389	521,963
Including: Income from technical services	222,674	210,549
Payment business income	51,890	94,911
Income from leasing, operation, and maintenance services	104,867	77,370
Logistics business income	33,390	30,785
Data service income	<u>37,002</u>	<u>37,822</u>
Total	<u><u>2,271,991</u></u>	<u><u>2,838,333</u></u>

**g) Investment income**

<b>Items</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Income from long-term equity investments calculated under equity method	-2,378	-13,673
Income from held-for-trading financial assets during the holding period	9,210	-
Interest income from debt investment during the holding period	-	31,943
Others	<u>5,751</u>	<u>-</u>
Total	<u><u>12,583</u></u>	<u><u>18,270</u></u>

**h) Credit impairment losses (“-” for net loss)**

<b>Items</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Bad debts of notes receivable	4,064	9,365
Bad debts of accounts receivable	-99,281	-425,256
Bad debts of other receivables	-	766
Bad debts of prepayments	<u>-2,755</u>	<u>-</u>
Total	<u><u>-97,971</u></u>	<u><u>-415,125</u></u>

**i) Assets impairment losses (“-” for net loss)**

<b>Items</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Impairment of contract assets	-1,735	12,803
Impairment of long-term equity investments	<u>-3,495</u>	<u>—</u>
Total	<u><b>-5,230</b></u>	<u><b>12,803</b></u>

**j) Earnings per share**

<b>Items</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Earnings (in RMB'000)		
(Earnings for the purpose of calculating the basic and diluted earnings per share)	<b>443,034</b>	275,197
Numbers of shares (in thousand shares)		
(Weighted average number of ordinary shares in issue)	<b>2,926,210</b>	2,926,210
Earnings per share (Basic and diluted)	<b>0.15</b>	0.09

As of June 30, 2022, and June 30, 2021, the Company has no potential dilutive ordinary shares.

**k) Dividend distribution**

At the annual general meeting on June 16, 2022, “Distribution of a final cash dividend for year 2021” of RMB0.055 per share, totaled RMB160,942 thousand, was approved. The amount was accounted for shareholders’ equity as a distribution to retained earnings for the six months ended June 30, 2022.

**l) Disposal of fixed assets**

During the six-month period ended June 30, 2022, there were no disposals on properties, plants, and equipment by the Group, and the total amount of gains from disposal of assets disclosed in the consolidated income statement was RMB103 thousand. According to the accounting standards of Lease, gains on disposal of right-of-use assets (i.e., gains on changes of leases) amounted to RMB103 thousand. (For the six-month period ended June 30, 2021, gains on disposal of fixed assets were approximately RMB-69 thousand.) Please refer to the consolidated income statement for the details of “Gains from disposal of assets”.

**m) Supplementary information to the income statement where expenses are classified by nature**

The operating costs, selling and distribution expenses, general and administrative expenses, research and development expenses, and financial expenses in the income statement are classified by nature as follows:

<b>Items</b>	<b>For the six months ended June 30, 2022</b>	<b>For the six months ended June 30, 2021</b>
Labor costs	<b>629,613</b>	754,117
Depreciation and amortization expenses	<b>483,736</b>	480,712
Cost of sales of software and hardware	<b>282,347</b>	273,830
Technical support and maintenance fees	<b>160,141</b>	218,469
Commission and promotion expenses	<b>178,256</b>	231,681
Internet usage fees	<b>44,850</b>	41,115
Financial expenses	<b>-81,666</b>	-42,493
Other operating costs	<b>91,056</b>	167,809
Total	<b><u>1,788,333</u></b>	<b><u>2,125,239</u></b>

## 5. SHARE-BASED PAYMENT

Pursuant to the announcement in relation to the approval of the proposed initial terms of H share appreciation rights scheme by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC on January 3, 2020, and the resolution passed at the extraordinary general meeting dated January 16, 2020, the proposed adoption of the H share appreciation rights scheme and the proposed initial grant have been approved at the extraordinary general meeting. According to the H share appreciation rights scheme, the initial grant date is on January 16, 2020. According to the Company's H Share appreciation rights scheme, the Company granted 34,582,624 units of cash settled H share appreciation rights to a total of 484 incentive recipients. The H Share appreciation rights are valid for 7 years from the date of grant. H share appreciation rights should be exercised from the second anniversary of the date of grant in 3 years on equal proportion.

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 (about 11,527,541 shares) become invalid due to failure to meet the performance standards, and the remaining number of stock appreciation rights that have been granted but not exercised is 23,055,083 shares.

The total amount of various equity instruments lapsed in the current period: None.

As of June 30, 2022, due to the signing of the termination execution document for the appreciation rights of the above shares, the fair value of the appreciation rights was not re-measured at the end of the current period.

As at June 30, 2022, the Company has recorded accumulated liabilities arising from cash settled share based payment of RMB23,496 thousand.

## MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND OPERATIONAL PERFORMANCE

### BUSINESS REVIEW FOR THE FIRST HALF OF 2022

In the first half of 2022, the international situation was complex and severe, the economic globalization encountered adverse currents, and the domestic COVID-19 pandemic spread locally in many places, which had an impact on the stable operation of economy and made the civil aviation transportation industry face unprecedented difficulties. As the dominant provider of information technology solutions for China's aviation and travel industry, the Group studied and researched the situation, made scientific plans, responded to challenges and seized opportunities to strive to promote sustainable development of various businesses. The system processing capacity of the electronic travel distribution (“ETD”) system (including inventory control system (“ICS”) services and computer reservation system (“CRS”) services) on domestic and overseas commercial airlines was approximately 116.8 million passengers, representing a decrease of approximately 51.4% over the same period in 2021, and returning to 34.6% in the same period in 2019. Among them, the system processing capacity on commercial airlines in China dropped by approximately 51.7% year-on-year; the system processing capacity on foreign and regional commercial airlines increased by approximately 51.5% year-on-year. The number of foreign and regional commercial airlines using the Group's airport passenger processing system (“APP”) services, multi-host connecting program services and self-developed Angel Cue platform connecting services increased to 197, with approximately 0.17 million departure passengers processed in 37 airports. The number of foreign and regional commercial airlines with direct links to the CRS system of the Group remained 152, and the percentage of sales through direct links reached approximately 99.9%.

In the first half of 2022, the Group committed to setting up a whole-process systematic aviation business solution to fully support the whole-process refined management and intelligent decision-making of airlines. As a strategic partner of the “Fast Travel” project of the International Air Transport Association (the “IATA”), the commonly used self-service check-in system (CUSS) independently developed by the Group pursuant to IATA standards was launched to 215 major domestic and international airports, and the online check-in service was applied to 231 domestic and international airports. Such products, together with the mobile check-in products and SMS check-in products, processed a total of approximately 49 million departure passengers. The number of customers of Travel Retail Platform (TRP) for airlines was 19. The intelligent cabin control system won the bidding for the revenue system procurement project of China United Airlines, exploring a new domestic revenue management mode. The “Baggage Travel” platform tamped the base of the baggage system, completed the construction of functions such as supporting abnormal baggage and transit baggage, and assisted the baggage tracking service of the Beijing Winter Olympics. The Phase I system construction of baggage door-to-door platform was completed, and put into operation at Hainan Airlines and Changsha Airport. The all-in-one operation management system (ATOMS) for airlines was put into operation in Shenzhen Airlines and Shandong Airlines, achieving a strategic breakthrough in the operation field of airlines. The “Research on Key Technologies for Improving Flight Operation and Control Efficiency based

on Real-time Computing and Online Data” project was awarded the “Excellent Practice of Intelligent Technology Innovation and Application” at the sixth session of the World Intelligence Congress (WIC). The “Healthy Travel” international passenger health information integration automatic verification platform has been independently developed and set up, which supports and the successful operation of several international routes of commercial airlines including Air China and Shenzhen Airlines.

In the first half of 2022, the Group consolidated and expanded the new market of accounting, settlement and clearing services business, focused on the application of new technologies, and accelerated the construction of the third-generation passenger revenue management platform in line with the development trend of new distribution capability (NDC) and ONE ORDER. The market share of travel business account products in China’s travel business payment market has gradually increased. In the first half of 2022, there were approximately 270.7 million transactions processed with the Group’s accounting, settlement and clearing system, and approximately 111.6 million BSP tickets processed with our Billing and Settlement Plan (BSP) Data Processing services. Revenue from agency clearing business for passenger, cargo and mail transportation, miscellaneous expenses and international and domestic settlement fees exceeded USD1.28 billion. The transaction volume of air travel finance business was approximately RMB19.71 billion.

In the first half of 2022, the Group continued to stabilize the distribution information technology service market, enriched the saleable resources and actively expanded overseas markets. The AggSky NDC integration platform closely followed the development of new aviation retails and has been certified by the Airline Retailing Maturity Index (ARM) of the IATA. The Group proactively explored the NDC business models in overseas markets and has reached cooperation intentions with many foreign and regional commercial airlines. The market share of the agent common front-end platform has increased. The Group further improved the category of non-aviation resources, and added airport buses, VIP halls and non-travel insurance products. As to the business travel project, the Group continued to optimize the technical process and front-end display to further enrich the saleable content of ancillary products.

In the first half of 2022, the Group consolidated the market share of traditional departure front-end service products, actively participated in airport construction, and completed a number of airport-related construction projects such as Hangzhou Airport; Baggage Travel (航易行) won the bids for baggage tracking system in Urumqi, Fuzhou and other airports; face boarding was deployed in 52 large, medium and small airports across the country; One ID passenger service platform has been extended to more than ten large and medium-sized airports in China, including Guangzhou and Shenzhen airports; the civil aviation transit passenger service platform jointly set up with the Civil Aviation Administration has been put into operation at 68 airports. 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 74 overseas or regional airports. The number of departure passengers receiving such services reached approximately 0.6 million, accounting for approximately 75.8% of the number of passengers returning from overseas of such commercial airlines in China.

In the first half of 2022, the Group actively responded to and implemented the national “14th Five-Year Plan”, seized the opportunity of digital economy development, and developed 12 new data-smart service customers in cross-sectors such as finance, cultural tourism and smart marketing. The Group entered into contracts with a number of enterprises and institutions such as Beijing Diplomatic Service Corporation (北京外交人員服務總公司) and China National Pharmaceutical Group Co., Ltd. (中國醫藥集團有限公司) to provide them with services such as digital transformation consulting and IT system planning and operation. The Group participated in the Ordos Pilot Demonstration Project of the Civil Aviation Administration of China, promoted the formulation and promotion of information-based industry standards related to general aviation short-distance transportation; newly signed a contract with Yunnan Fengqing General Airport; and the number of general aviation companies and airport users using Easy Air (易通航) reached 84. The Group comprehensively promoted and upgraded products such as cargo terminal production system, cargo security inspection system, cargo ground operation service system; newly signed contracts with 5 airport cargo terminal customers; the processing volume of civil aviation logistics electronic waybills steadily increased to 0.7 million.

In the first half of 2022, the Group actively fulfilled its social responsibilities and provided strong technical support and service guarantees for technological anti-pandemic and resumption of work and production: On one hand, we made every effort to ensure the stable operation of ICS, CRS, APP and core open systems, helped the joint prevention and control of the pandemic, and successfully provided guarantee for the safe operation of the civil aviation passenger information system during the Spring Festival, the Two Sessions, the Winter Olympics and the Winter Paralympic Games. On the other hand, we actively implemented the national strategy of “carbon peaking and carbon neutrality”, The Houshayu Data Center was successfully rated as the national green data center by six ministries including the Ministry of Industry and Information Technology of the People’s Republic of China; we completed the deployment of the dual-availability zone of the departure front-end system, further improved the layout of the infrastructure network, and strengthened the account configuration and data security control capabilities; we continued to promote the construction of the disaster recovery system and steadily improved the operational capabilities of the cloud computing infrastructure platform.

## **FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2022**

### **Summary**

The management's discussion and analysis on the financial conditions and results of operations of the Group are as follows:

For the first half of 2022, the Group achieved a profit before tax of RMB462.7 million, representing an increase of approximately 41.2% compared to RMB327.6 million in the first half of 2021. Net profit of the Company attributable to shareholders of the parent company was RMB443.0 million, representing an increase of approximately 61.0% compared to RMB275.2 million in the first half of 2021.

As stated in the announcement of the Company dated July 22, 2022, the profit of the Group achieves a period-on-period growth, mainly attributable to a significant decrease in credit impairment losses of the Company for the six months ended 30 June 2022 compared with same period in 2021, a period-on-period increase in the revenue generated from business of airport digital products, and a benefit from tax preferential policies.

The revenue and operating results of the Group mainly came from the Group's operations in China. The earnings per share of the Group were RMB0.15 for the first half of 2022.

### **Total Revenue**

The total revenue of the Group in the first half of 2022 amounted to RMB2,272.0 million, representing a decrease of RMB566.3 million, or 20.0%, from RMB2,838.3 million in the first half of 2021. Such decrease in total revenue was mainly attributable to the decrease in business volume due to the impact of the pandemic. The decrease in total revenue is reflected as follows:

- Aviation information technology service revenue represented 35.3% of the Group's total revenue in the first half of 2022, as compared to 52.0% in the first half of 2021. Aviation information technology service revenue decreased by 45.7% from RMB1,476.5 million in the first half of 2021 to RMB801.9 million in the first half of 2022. The main sources of the revenue were ICS, CRS and APP provided by the Group to commercial airlines, as well as extended information technology services related to the above core businesses. The decrease in revenue was mainly due to the decrease in passenger transportation.
- Accounting, settlement and clearing services revenue accounted for 6.2% of the Group's total revenue in the first half of 2022, as compared to 5.8% in the first half of 2021. Accounting, settlement and clearing services revenue decreased by 14.1% from RMB164.2 million in the first half of 2021 to RMB141.1 million in the first half of 2022. The main sources of the revenue were accounting, settlement and clearing services provided by the Group to third parties including commercial airlines, airports, agencies and government bodies, etc. The decrease in revenue was primarily due to the decrease in the volume of business because of the pandemic.

- System integration service revenue accounted for 26.4% of the Group's total revenue in the first half of 2022, as compared to 16.7% in the first half of 2021. System integration service revenue increased by 26.3% from RMB475.2 million in the first half of 2021 to RMB600.3 million in the first half of 2022. 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 in revenue was primarily due to the increase in the business volume of contracted as well as accepted and settled projects.
- Data network revenue accounted for 10.2% of the Group's total revenue in the first half of 2022, as compared to 7.1% in the first half of 2021. Data network revenue increased by 15.9% from RMB200.4 million in the first half of 2021 to RMB232.3 million in the first half of 2022. The main source of the revenue was distribution information technology service provided by the Group to agencies. The increase in revenue was mainly due to the increase in the distribution information technology service.
- Other revenue accounted for 21.9% of the Group's total revenue in the first half of 2022, as compared to 18.4% for the first half of 2021. Other revenue decreased by 4.9% from RMB522.0 million in the first half of 2021 to RMB496.4 million in the first half of 2022. The sources of the revenue were other technology services, payment business, room tenancy and other services provided by the Group. The decrease in revenue was mainly due to the decrease in payment business.

## **Operating Costs**

Total operating costs in the first half of 2022 amounted to RMB1,823.4 million, representing a decrease of RMB337.5 million or 15.6% as compared to RMB2,160.9 million in the first half of 2021. The changes in operating costs are also reflected as follows:

- Staff costs decreased by 16.5%, mainly due to the capitalisation of the labor costs in R&D projects;
- Depreciation and amortisation increased by 0.6%, mainly due to the increase in depreciation and amortization resulted by the increase in fixed assets and intangible assets of the Group;
- Selling costs of software and hardware increased by 3.1%, mainly due to the steady increase in business volume of contracted projects of the Group;
- Commission and promotion fees decreased by 23.0%, mainly due to the decrease in the business volume;
- Other operating costs decreased by 40.7%, mainly due to the reduction of daily operating expenses by the Group.

## **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 identification of "High and New Technology Enterprise" in accordance with relevant regulatory requirements. The latest review was completed in December 2020. The Company maintained its status as the "High and New Technology Enterprise", and 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 calculated the expenses on corporate income tax for year 2022 using the preferential tax rate of 15%. For details of corporate income tax of the Group for the first half of 2022, please see Note 3 to the financial statements.

## **Net Profit of the Company Attributable to Shareholders of the Parent Company**

The net profit of the Company attributable to the shareholders of the parent company increased from RMB275.2 million in the first half of 2021 to RMB443.0 million in the first half of 2022, representing an increase of RMB167.8 million.

## **Liquidity and Capital Structure**

The Group's working capital in the first half of 2022 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB496.7 million.

As at June 30, 2022, the Group had a total of RMB205 million of borrowings, of which RMB5 million was short-term bank borrowing and RMB200 million was entrusted loans. The Group did not use any financial instruments for hedging purpose.

As at June 30, 2022, cash and cash equivalents of the Group amounted to RMB5,555.9 million, of which 94.6%, 4.5% and 0.4% were denominated in Renminbi, U.S. dollar and TWD, respectively.

## **Restricted Bank Deposits**

As at June 30, 2022, restricted bank deposits in the amount of RMB130.0 million (as at December 31, 2021: RMB124.8 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 June 30, 2022, the Group did not have any trust deposits or irrecoverable overdue time deposits. Cash deposits held by the Group are mainly deposited at 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 the first half of 2022, the Group held the following major financial assets:

### **(1) *Trading Financial Assets***

As at June 30, 2022, the Group held structural bank deposits (floating yield) issued by China Construction Bank, Bank of Beijing, Industrial Bank, Bank of Communications and China Merchants Bank of RMB1,100 million, RMB1,100 million, RMB1,100 million, RMB900 million and RMB500 million, totaling RMB4,700 million. The annual interest rate of such structural bank deposits varied from 1.5% to 3.4% with a term of 90 to 185 days and are non-cancellable before maturity.

### **(2) *Financial Assets at Amortised Cost***

As at June 30, 2022, 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, totaling RMB620 million. The annual interest rate of such bank deposits varied from 2.0% to 3.85% with a term of 365 to 1,096 days and are non-cancellable before maturity.

(3) *Financial Assets at Fair Value through Other Comprehensive Income:*

Name of investment	Business nature	Percentage of	Percentage of	Fair value		Gain as of	
		shareholding as at June 30, 2022	shareholding as at December 31, 2021	Fair value as at June 30, 2022	Fair value as at December 31, 2021	Gain as of June 30, 2022	Gain as of December 31, 2021
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity (measured at fair value)							
- CMRH Life	Life insurance	<u>13.26</u>	<u>13.26</u>	<u>850,623</u>	<u>850,623</u>	<u>-42,580</u>	<u>-42,580</u>

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 million.
- d. The percentage of the shareholding held by the Company: 13.26%
- e. The fair value and the scale relative to the total assets of the Group:

As at June 30, 2022, the Group invested a fair value of approximately RMB850.6 million in CMRH Life, accounting for 3.4% of the total assets of the Group.

f. The performance in the first half of 2022:

According to the information provided by CMRH Life to the Company, it recorded a loss of RMB247.5 million in the first half of 2022, mainly due to the fact that during the period of rapid business expansion, the life insurance company needs to make preliminary investment in the establishment of branches and channel development, and the loss in the early stage of the company's development is in line with the general operating rules of the life insurance industry.

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

According to the information provided to the Company by CMRH Life, life insurance industry in China is shifting from scale expansion to quality improvement, and entering a stage of high-quality development. CMRH Life will follow the development trend of the financial and insurance industry and the principle of "insurance is for protection", and take an innovation-driven development path of market-oriented, specialized and differentiated. It will continue to promote the implementation of the four strategies of "value leadership, innovation drive, technology empowerment, and risk control protection", strive to create a new situation of high-quality development, and accelerate the construction of a boutique insurance service provider with innovative characteristics.

**(4) Financial Assets at Fair Value 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)) (the "**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 June 30, 2022, the Company has actually contributed (including the fund management fee) RMB359.0 million pursuant to the Agreement. Please refer to Note 4.c) to the financial statements for details.

## **Charges on Assets**

As at June 30, 2022, the Group had no charge on its assets.

## **Contingent Liabilities**

As at June 30, 2022, the Group had no material contingent liabilities.

## **Gearing Ratio**

As at June 30, 2022, the gearing ratio of the Group was 21.6% (as at December 31, 2021: 20.2%), which was computed by dividing the total liabilities by the total assets of the Group as at June 30, 2022.

## **Major Investment or Financing Plan**

As of June 30, 2022, 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 has no major financing plan.

The total capital expenditure of the Group amounted to RMB204.1 million for the first half of 2022 (the first half of 2021: RMB346.5 million), and was mainly used in the Company's daily operation.

As at June 30, 2022, the Group's capital expenditure commitment amounted to approximately RMB710.4 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.

Staff costs of the Group amounted to approximately RMB629.6 million for the first half of 2022, representing approximately 34.5% of the total operating costs of the Group for the first half of 2022. Among which, the total enterprise annuity expense of the Group for the first half of 2022 is RMB32.1 million (the first half of 2021: RMB33.5 million).

As at June 30, 2022, the total number of employees of the Group was 6,516.

## **PROSPECTS FOR THE SECOND HALF OF 2022**

In the second half of 2022, the domestic and overseas economic situation is still complex and volatile, and there are also many uncertainties in the COVID-19 pandemic. However, the basic characteristics of China's long-term economic growth have not changed, and China's air transport market is recovering from twists and turns. Facing the new changes and new trends, the Group will continue to focus on the development strategy, further focus on main responsibilities and principal businesses, stabilize growth, prevent risks, promote reform and seek innovation, and will strengthen the confidence, face up to the difficulties and make every effort to promote high-quality development of the Company. Safety first, the Group will strive to build a solid barrier for pandemic prevention and control, and consolidate the guarantee foundation for production safety. Prioritizing stability while pursuing progress, the Group will expand emerging businesses and strengthen product promotion to drive steady growth in operating results. Focusing on main lines, the Group will fully exert its efforts around smart civil aviation to effectively help coordinated development of the industry. Independent innovation, the Group will continue to enhance technological innovation capabilities and speed up the construction of "dual-carbon" work system. Deepening reform, the Group will further modernize its governance capabilities and promote reform to improve quality and efficiency.

## **INTERIM DIVIDEND**

The Board recommends the Company not to pay an interim dividend for the first half of 2022.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

In the first half of 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

## **CORPORATE GOVERNANCE**

The Company is committed to establishing and maintaining high level of corporate governance, as well as disclosing information to all the market participants and regulatory authorities in a timely, accurate, complete and reliable manner to enhance the transparency of the Company. The Company has adopted the code provisions as stipulated in the "Corporate Governance Code" and "Corporate Governance Report" (the "**Code Provisions**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the Company's code of corporate governance.

As stated in the announcement of Company dated May 2, 2022, as working adjustment was made according to the working requirements, Mr. Xiao Yinhong has ceased to serve as the general manager of the Company, and Mr. Huang Rongshun, the chairman of the Company, has been appointed as the general manager of the Company. The Company has deviated from the Code provision C.2.1 “the roles of chairman and chief executive should be separate and should not be performed by the same individual”. At present, the chairman and general manager of the Company are performed by the same individual, which is a transitional arrangement only. Considering that the Board constitute a sufficient number of independent non-executive directors, a temporary deviation from the Code provision would not prejudice the balanced distribution of power and authority between the Board and the management of the Company. Except for the deviation from Code provision C.2.1, the Company has fully complied with the Code Provisions in the first half of 2022.

For the six months ended June 30, 2022, the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (the “**Model Code**”) and standards required thereof as the model code and the standards for conducting securities transactions by directors and supervisors of the Company. After making specific enquiries to all directors and supervisors, the Company confirmed that all directors and supervisors have acted in full compliance with Model Code and the standards regarding directors’ securities transactions required thereof during the six months ended June 30, 2022.

## **CHANGE OF NOMINATION POLICY**

The Company has noted that the Listing Rules on gender diversity of the board of directors have been amended. In July 2022, the Nomination Committee of the Company revised the basic principles of the board diversity policy formulated by the Company in 2013. The revised board diversity policy is:

There are no restrictions on the gender of directors, and board members shall be not of a single 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 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, etc.

The Company is actively studying and strives to comply with the Listing Rules as soon as practicable.

## **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee of the Company has discussed and reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 with the Company’s management, and has also discussed matters such as internal control, risk management and financial reporting.

## ONLINE PUBLICATION OF INTERIM RESULTS

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk), and the website of the Company (www.travelskyir.com) which is made available pursuant to Rule 2.07C(6)(a) of the Listing Rules.

If you have any inquiries or meeting requirements, please feel free to send email to investor relations team at ir@travelsky.com.cn.

By order of the Board  
**TravelSky Technology Limited**  
**Huang Rongshun**  
*Chairman*

Beijing, PRC  
August 25, 2022

*As at the date of this announcement, the Board comprises:*

*Executive Directors: Mr. Huang Rongshun (Chairman) and Mr. Xiao Yinhong;*

*Non-executive Directors: Mr. Zhao Xiaohang, Mr. Xi Sheng and Mr. Luo Laijun;*

*Independent non-executive Directors: Mr. Cao Shiqing, Dr. Ngai Wai Fung and Mr. Liu Xiangqun.*