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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 ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023**

### **BUSINESS SUMMARY:**

- The total revenue amounted to approximately RMB6,983.8 million, representing an increase of approximately 34.0% over Year 2022.
- The net profit attributable to shareholders of the parent company amounted to approximately RMB1,399.0 million, representing an increase of approximately 123.1% over Year 2022.
- Earning per share was RMB0.48.
- The Board recommended the distribution of a final cash dividend of RMB0.16 per share for Year 2023.

The board of directors (the “**Board**”) of TravelSky Technology Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) which have been prepared in accordance with the China Accounting Standards for Business Enterprise (“**CASBE**”) for the year ended December 31, 2023 (“**Year 2023**”).

## CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2023 (Amounts are expressed in RMB'000 unless otherwise stated)

Item	Note	Year 2023	Year 2022
I. Total operating income		<b>6,983,847</b>	5,210,106
Including: Operating income	5.f)	<b>6,983,847</b>	5,210,106
II. Total operating costs		<b>5,300,831</b>	4,729,517
Including: Operating costs	5.f)	<b>3,316,519</b>	3,089,871
Taxes and surcharges		<b>81,865</b>	72,359
Selling expenses		<b>129,150</b>	107,042
General and administrative expenses		<b>1,061,992</b>	921,527
Research and development expenses		<b>863,039</b>	701,714
Financial expenses		<b>-151,734</b>	-162,995
Including: Interest expenses		<b>15,195</b>	12,415
Interest income		<b>158,734</b>	159,362
Plus: Other income		<b>72,705</b>	77,127
Investment income (“-” for loss)	5.g)	<b>81,558</b>	30,597
Including: Gains from investment in associates and joint ventures		<b>25,347</b>	-19,421
Gains from derecognition of financial assets measured at amortized cost		—	—
Foreign exchange gains (“-” for loss)		—	—
Income from net exposure hedging (“-” for loss)		—	—
Gains from the changes in fair value (“-” for loss)		<b>68,312</b>	36,806
Credit impairment losses (“-” for loss)	5.h)	<b>-304,465</b>	-58,506
Asset impairment losses (“-” for loss)	5.i)	<b>788</b>	-3,018
Gains on disposal of assets (“-” for loss)		<b>2,659</b>	135,982
III. Operating profits (“-” for loss)		<b>1,604,572</b>	699,576
Plus: Non-operating income		<b>21,901</b>	48,897
Less: Non-operating expenses		<b>14,337</b>	13,335
IV. Total profits (“-” for total loss)		<b>1,612,136</b>	735,139
Less: Income tax expenses	5.j)	<b>164,260</b>	55,286

<b>Item</b>	<i>Note</i>	<b>Year 2023</b>	Year 2022
V. Net profit (“–” for net loss)		<b>1,447,876</b>	679,852
(I) Classified by operating continuity			
1. Net profit from continuing operations (“–” for net loss)		<b>1,447,876</b>	679,852
2. Net profit from discontinued operation (“–” for net loss)		—	—
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (“–” for net loss)		<b>1,398,952</b>	627,052
2. Net profit attributable to non-controlling interests income (“–” for net loss)		<b>48,924</b>	52,800
VI. Other comprehensive income, net of tax		<b>–2,109</b>	2,677
Other comprehensive income, net of tax attributable to shareholders of the Company		<b>–2,109</b>	2,677
(I) Other comprehensive income that cannot be reclassified into profit or loss		<b>–1,144</b>	–12,576
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		<b>3,407</b>	—
3. Changes in fair value of other equity instruments investment		<b>–4,551</b>	–12,576
4. Changes in the fair value of the Company’s own credit risk		—	—

Item	Note	Year 2023	Year 2022
(II) Items that may be reclassified to profit or loss		<b>-965</b>	15,253
1. Other comprehensive income that may be transferred to profit or loss under the 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		<b>-965</b>	15,253
7. Others		—	—
Other comprehensive income, net of tax, attributable to non-controlling interests		—	—
VII. Total comprehensive income		<b>1,445,767</b>	682,529
Total comprehensive income attributable to shareholders of the Company		<b>1,396,843</b>	629,729
Total comprehensive income attributable to non-controlling interests		<b>48,924</b>	52,800
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	<i>5.k</i>	<b>0.48</b>	0.21
(II) Diluted earnings per share (RMB/share)	<i>5.k</i>	<b>0.48</b>	0.21

## CONSOLIDATED BALANCE SHEET

As at December 31, 2023 (Amounts are expressed in RMB'000 unless otherwise stated)

Assets	Note	As at December 31, 2023	As at December 31, 2022
Current assets:			
Cash and cash equivalents		7,367,554	7,577,402
Balances with clearing companies		—	—
Loans to banks and other financial institutions		—	—
Financial assets held for trading		3,504,857	3,311,565
Derivative financial assets		—	—
Notes receivable		219,778	219,726
Accounts receivable	5.a)	4,519,512	4,084,407
Receivables financing		—	—
Advances to suppliers		131,725	184,571
Premiums receivable		—	—
Reinsurance accounts receivable		—	—
Reinsurance contract reserves receivable		—	—
Other receivables		1,967,334	1,101,351
Financial assets purchased under resale agreements		—	—
Inventories		85,941	81,512
Contract assets		32,870	60,300
Assets held for sale		—	—
Non-current assets maturing within one year		107,231	30,209
Other current assets		189,402	127,889
<b>Total current assets</b>		<b>18,126,205</b>	<b>16,778,932</b>

<b>Assets</b>	<i>Note</i>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Non-current assets:			
Disbursements of loans and advances		—	—
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments		<b>741,789</b>	715,696
Investments in other equity instruments	<i>5.b)</i>	<b>830,474</b>	835,827
Other non-current financial assets	<i>5.c)</i>	<b>786,903</b>	529,714
Investment properties		<b>93,866</b>	102,745
Fixed assets		<b>3,192,829</b>	3,393,261
Construction in progress		<b>20,898</b>	39,950
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		<b>145,919</b>	166,843
Intangible assets		<b>2,447,137</b>	1,738,152
Development expenditures		<b>25,559</b>	381,752
Goodwill		<b>260</b>	260
Long-term deferred expenses		<b>4,323</b>	5,458
Deferred tax assets		<b>569,295</b>	445,149
Other non-current assets		<b>514,672</b>	103,886
<b>Total non-current assets</b>		<b>9,373,924</b>	8,458,692
<b>Total assets</b>		<b>27,500,129</b>	25,237,623

<b>Liabilities and owners' equity</b>	<i>Note</i>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Current liabilities:			
Short-term borrowings		<b>751,590</b>	—
Borrowings from central bank		—	—
Loans from banks and other financial institutions		—	—
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable		—	—
Accounts payable	5.d)	<b>2,245,559</b>	2,183,484
Advances from customers		—	—
Contract liabilities	5.e)	<b>890,291</b>	614,312
Financial assets sold under repurchase agreements		—	—
Absorption of deposits and interbank deposits		—	—
Receiving from vicariously traded securities		—	—
Receiving from vicariously sold securities		—	—
Employee compensation payable		<b>240,298</b>	243,895
Taxes and surcharges payable		<b>264,619</b>	263,990
Other payables		<b>1,647,405</b>	1,734,051
Handling charges and commission payable		—	—
Reinsurance accounts payable		—	—
Liabilities held for sale		—	—
Non-current liabilities maturing within one year		<b>109,424</b>	74,248
Other current liabilities		<b>44,308</b>	28,719
<b>Total current liabilities</b>		<b>6,193,494</b>	5,142,697
Non-current liabilities:			
Reserves for insurance contracts		—	—
Long-term borrowings		<b>200,214</b>	200,214
Bonds payable		—	—
Including: Preferred stock		—	—
Perpetual bonds		—	—
Lease liabilities		<b>50,581</b>	100,011
Long-term payables		<b>420</b>	420
Long-term employee compensation payable		—	—
Estimated liabilities		<b>20</b>	20
Deferred income		<b>1,221</b>	26,124
Deferred tax liabilities		<b>35,585</b>	25,907
Other non-current liabilities		—	—
<b>Total non-current liabilities</b>		<b>288,042</b>	352,696
<b>Total liabilities</b>		<b>6,481,535</b>	5,495,393

<b>Liabilities and owners' equity</b>	<i>Note</i>	<b>As at December 31, 2023</b>	As at December 31, 2022
Shareholders' equity:			
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>-53,240</b>	-51,130
Special reserves		—	—
Surplus reserves		<b>4,221,795</b>	4,065,948
General risk reserves		<b>13,261</b>	9,864
Retained earnings		<b>12,171,069</b>	11,086,450
Total equity attributable to shareholders of the parent company		<b>20,471,132</b>	19,229,379
Non-controlling interests		<b>547,462</b>	512,852
<b>Total shareholders' equity</b>		<b>21,018,594</b>	19,742,230
<b>Total liabilities and shareholders' equity</b>		<b>27,500,129</b>	25,237,623

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. COMPANY PROFILE

TravelSky Technology Limited (hereinafter referred to as the “**Company**” or “**the Company**”) was incorporated in Beijing, the People’s Republic of China on October 18, 2000. As at December 31, 2023, the total cumulative share capital issued by the Company was 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 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, 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**”.

### 2. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

#### a) Basis of preparation

The annual results set out in this announcement do not constitute the consolidated financial statements of the Company for the period ended December 31, 2023 but are extracted from those in the consolidated 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. CHANGES IN ACCOUNTING POLICIES

The Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No. 16 (CK (2022) No 31, hereinafter referred to as “**Interpretation No. 16**”) on November 30, 2022, in which “the deferred income tax related to the assets and liabilities arising from a single transaction is not applicable to the accounting treatment of the initial recognition exemption” from January 1, 2023.

The company will implement this regulation from January 1, 2023, and main impacts of the Company’s implementation of this regulation are as follows (in RMB’000):

Content and cause of change in the accounting policies	Financial statement item affected	The amount of impact on the balance on January 1, 2022	
		Consolidation	The parent company
Explanation No. 16	Retained earnings	334	10
	Surplus reserve	1	1
	Minority interests	172	—

Content and cause of change in the accounting policies	Financial statement item affected	Consolidation		The parent company	
		As at December 31, 2023/	As at December 31, 2022/	As at December 31, 2023/	As at December 31, 2022/
		Year 2023	Year 2022	Year 2023	Year 2022
Explanation No. 16	Deferred tax assets	2,161	1,172	1,297	490
	Deferred tax liability	84	97	—	—
	Surplus reserve	130	49	130	49
	Retained earnings	1,724	839	1,167	441
	Other comprehensive income	7	-8	—	—
	Income tax expense	-988	-575	-807	-479
	Non-controlling interests income	22	22	—	—
	Non-controlling interests	217	194	—	—

## 4. TAXATION

### a) Major tax types and tax rates

Tax types	Tax bases	Tax rates (%)
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 and consumption tax 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 Ministry of Finance and the State Administration of Taxation Announcement No. 1 of 2023 “Announcement of the State Administration of Taxation of the Ministry of Finance on Clarifying Policies for VAT Reduction and Exemption for Small-scale VAT Taxpayers” Article 3: “From January 1, 2023 to December 31, 2023, the value-added tax credit policy is implemented in accordance with the following provisions: (1) Taxpayers in the productive service industry are allowed to offset the tax payable by an additional 5% of the deductible input tax amount in the current period. Taxpayers in the productive service industry refer to Taxpayers whose sales from providing postal services, telecommunications services, modern services, and living services account for more than 50% of the total sales.” The Company applies the policy of super deduction of input tax.

***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 most recent re-identification was completed in November 2023, and the Company has been renewed as a "high-tech enterprise" and confirmed that it will be a "high-tech enterprise" from 2023 to 2025 at a preferential tax rate of 15%.

***iii. Key software enterprises***

Except that enterprises that have been assessed as high and new technology enterprises may enjoy the preferential income tax rate of 15%, enterprises assessed as key software enterprises within the national planning layout assessed by relevant authorities 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 income statement for the current period when it occurs.

The Company received the difference between the tax paid at the tax rate of 15% and that paid at tax rate of 10% in 2022, and the amount has been reflected in the financial statements for the year of 2023.

**5. 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>Aging</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Within 1 year	<b>3,758,113</b>	2,544,380
Including:		
Within 6 months	<b>2,650,365</b>	1,908,747
7 to 12 months	<b>1,107,749</b>	635,633
1 to 2 years	<b>976,939</b>	1,225,249
2 to 3 years	<b>330,306</b>	467,736
3 to 4 years	<b>147,990</b>	306,126
4 to 5 years	<b>126,511</b>	95,028
Over 5 years	<b>170,486</b>	142,239
Subtotal	<b>5,510,344</b>	4,780,758
Less: Provision for bad debts	<b>990,832</b>	696,351
Total	<b>4,519,512</b>	4,084,407

**ii. Disclosure of accounts receivable under the method of provision for bad debts by category**

Category	As at December 31, 2023					As at December 31, 2022				
	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	811,722	14.73	558,365	68.79	253,357	284,679	5.95	202,579	71.16	82,100
Provision for bad debts accrued on a portfolio basis	4,698,622	85.27	432,468	9.20	4,266,154	4,496,079	94.05	493,772	10.98	4,002,307
Total	5,510,344	100.00	990,832	—	4,519,512	4,780,758	100.00	696,351	—	4,084,407

Provision for bad debts accrued on an individual basis:

Name	As at December 31, 2023		
	Book balance	Provision for bad debts	Proportion of provision (%)
Total	811,722	558,365	68.79

Provision for bad debts accrued on a portfolio basis:

Portfolio Name	As at December 31, 2023		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Accounts receivable from third parties	1,895,612	432,468	22.81
Accounts receivable from related parties	2,803,010	—	—
Total	4,698,622	432,468	—

**b) Investments in other equity instruments**

*i. Details of other equity instrument investments*

<b>Item</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
China Merchants RenHe Life Insurance Company Limited	<u>830,474</u>	<u>835,827</u>
Total	<u><b>830,474</b></u>	<u><b>835,827</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 RMB830,474 thousand as at December 31, 2023 (As at December 31, 2022: RMB835,827 thousand). 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 China Alliance Appraisal Co., Ltd., an independent professional valuer with professional qualifications and relevant experience, and assessed the fair value as at December 31, 2023. The fair value movement is RMB-5,354 thousand for the year ended 2023 (The fair value movement is RMB-14,796 thousand for the year ended 2022) through other comprehensive income.

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

<b>Item</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Financial assets measured at fair value through the current profit or loss	<b>786,903</b>	529,714
Including: Equity instrument investments	<u><b>786,903</b></u>	<u>529,714</u>
Total	<u><b>786,903</b></u>	<u>529,714</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 Xiong’an) 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 and information and communications industry chain, ecosystem and enabling industries.

As at December 31, 2023, the Company has made actual contributions (including fund management fees) of RMB684,306 thousand under the agreement, which is measured at fair value with a book value of RMB786,903 thousand.

**d) Accounts payable**

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

<b>Aging</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Within 1 year (including 1 year)	<b>1,352,453</b>	1,239,973
1 to 2 years (including 2 years)	<b>490,747</b>	672,887
2 to 3 years (including 3 years)	<b>240,436</b>	132,786
Over 3 years	<b>161,923</b>	137,837
Total	<b><u>2,245,559</u></b>	<b><u>2,183,484</u></b>

**e) Contract liabilities**

*i. Details of contract liabilities*

<b>Item</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
System integration service contracts	<b>890,291</b>	614,312
Total	<b><u>890,291</u></b>	<b><u>614,312</u></b>

f) **Operating income and operating costs**

*i. Details of operating income and operating costs*

Item	Year 2023		Year 2022	
	Revenue	Cost	Revenue	Cost
Main business	<b>6,936,393</b>	<b>3,302,164</b>	5,177,501	3,074,371
Other businesses	<b>47,454</b>	<b>14,355</b>	32,605	15,500
Total	<b><u>6,983,847</u></b>	<b><u>3,316,519</u></b>	<b><u>5,210,106</u></b>	<b><u>3,089,871</u></b>

*ii. Details of operating income:*

Item	Year 2023	Year 2022
Aviation information technology services	<b>3,850,795</b>	1,546,646
Settlement and clearing services	<b>447,324</b>	294,177
System integration services	<b>994,304</b>	1,697,757
Data network services	<b>390,021</b>	411,631
Other income	<b>1,301,402</b>	1,259,894
Including: Income from technical services	<b>617,025</b>	742,736
Payment business income	<b>225,177</b>	150,261
Income from leasing, operation, and maintenance services	<b>215,848</b>	183,807
Logistics business income	<b>74,792</b>	76,432
Data service income	<b>73,457</b>	59,664
Total	<b><u>6,983,847</u></b>	<b><u>5,210,106</u></b>

**g) Investment income**

<b>Item</b>	<b>Year 2023</b>	<b>Year 2022</b>
Investment income from long-term equity investments calculated under equity method	<b>25,347</b>	-19,421
Investment income from disposal of long-term equity investments	<b>361</b>	378
Investment income from trading financial assets during the holding period	<b>55,850</b>	49,640
Total	<b>81,558</b>	30,597

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

<b>Item</b>	<b>Year 2023</b>	<b>Year 2022</b>
Bad debts of notes receivable	<b>-9,387</b>	7,108
Bad debts of accounts receivable	<b>-294,529</b>	-65,614
Bad debts of other receivables	<b>-549</b>	—
Total	<b>-304,465</b>	-58,506

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

<b>Item</b>	<b>Year 2023</b>	<b>Year 2022</b>
Impairment of advances to suppliers	<b>-808</b>	-2,755
Impairment of contract assets	<b>1,596</b>	-264
Total	<b>788</b>	-3,018

**j) Income tax expenses**

<b>Item</b>	<b>Year 2023</b>	<b>Year 2022</b>
Current income tax expenses	<b>275,464</b>	135,882
Deferred income tax expenses	<b>-111,204</b>	-80,596
Total	<b><u>164,260</u></b>	<b><u>55,286</u></b>

**k) Earnings per share**

<b>Item</b>	<b>Year 2023</b>	<b>Year 2022</b>
Earning (in RMB'000) (Earnings for the purpose of calculating the basic and diluted earnings per share)	<b>1,398,952</b>	627,052
Numbers of shares (in thousand shares) (Weighted average number of ordinary shares in issue)	<b><u>2,926,210</u></b>	<u>2,926,210</u>
Earnings per share (in RMB Yuan) (Basic and dilutive)	<b><u>0.48</u></b>	<u>0.21</u>

As at December 31, 2023, and December 31, 2022, the Company has no diluted potential common stocks.

**l) Dividend distribution**

At the annual general meeting of the Company on June 15, 2023, the proposal to distribute the “2022 Final Cash Dividend” was approved at the annual general meeting of the Company, with a dividend of RMB0.053 per share, totaling RMB155,089 thousand. These dividends have been included in shareholders’ equity for the year ended December 31, 2023 and are included in the distribution of retained earnings.

On March 27, 2024, the board of directors proposed to distribute a final cash dividend of RMB468,194 thousand (RMB0.16 per share) for the year of 2023. The proposed final dividend is subject to approval at the next annual general meeting of the Company and will be included in the Group’s financial statements for the year ending December 31, 2024.

**m) Disposals on fixed assets**

For the year ended December 31, 2023, and the total amount of gains from disposal of assets disclosed in the consolidated income statement was RMB2,659 thousand, including in accordance with the fixed assets guidelines, the disposal gain from the sale of a property is RMB2,650 thousand; the disposal loss from the sale of a vehicle is RMB1 thousand. According to the lease standards, the gains from the disposal of the right-of-use asset (that is, the gains from lease modification) of RMB10 thousand. (For the year ended December 31, 2022: Gains from disposal of assets was approximately RMB135,982 thousand). Please refer to the consolidated income statement for the details of “Gains from disposal of assets”.

**n) Supplementary information to the income statement with expenses classified by nature**

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

<b>Item</b>	<b>As at December 31, 2023</b>	<b>As at December 31, 2022</b>
Labor costs	<b>2,063,687</b>	1,804,289
Depreciation and amortization expenses	<b>1,008,742</b>	1,017,420
Cost of sales of software and hardware	<b>348,293</b>	728,432
Technical supports and maintenance fees	<b>711,041</b>	631,664
Commission and promotion expenses	<b>728,829</b>	233,138
Internet use fees	<b>80,995</b>	91,177
Financial expenses	<b>-151,734</b>	-162,995
Other operating costs	<b>429,113</b>	314,033
Total	<b><u>5,218,966</u></b>	<b><u>4,657,158</u></b>

## **6. SHARE-BASED PAYMENT**

### **a) General information of 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 at December 31, 2023, the above-mentioned unexercised stock appreciation rights have expired, and the liabilities recognized in previous periods have been reversed in this period.

## **2023 BUSINESS REVIEW**

In 2023, the global economy demonstrated certain resilience, maintaining a moderate growth momentum. The Chinese economy rebounded and showed positive signs, with increasing demand for travel from the public, providing momentum for the recovery of the aviation industry and laying a solid foundation for the business development of the Group. The group seized the crucial period for the aviation industry to consolidate its foundation and restore growth. Through scientific planning and coordinated efforts, certain progress has been made in the main business sectors including aviation information technology services, accounting, settlement and clearing services, distribution information technology services, airport information technology services, and other information technology services.

### **Aviation Information Technology Services**

The Group's aviation information technology ("AIT") services, which consist of a series of products and solutions, are provided to 41 Chinese commercial airlines and over 370 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 services 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 2023, global air passenger traffic continued to recover strongly, with IATA reporting a year-on-year increase of 36.9%, reaching 94.1% of the level in 2019. China's civil aviation industry showed a trend of orderly recovery, as indicated by data released by the Civil Aviation Administration of China, with a year-on-year increase of 146.1% in passenger traffic in 2023, reaching 93.9% of the level in 2019, in which the scale of domestic air routes surpassed pre-pandemic levels, growing by 1.5% as compared to 2019, while the international air routes passenger transportation market remained in a gradual recovery phase, with scheduled flights reaching 62.8% of the level in 2019, and the number of countries with resumed flights reaching 89.2% of the level in 2019.

In 2023, the Electronic Travel Distribution (ETD) system of the Group processed approximately 620.1 million passengers for domestic and international commercial airlines, marking a growth of about 148.7% compared to the same period in 2022, in which the system processed about 147.6% more passengers for Chinese commercial airlines and about 240.9% more passengers for foreign and regional commercial airlines. The Group made concerted efforts to ensure the orderly resumption of international routes, assisting 25 Chinese commercial airlines in resuming operations at 73 overseas airports. The number of foreign and regional commercial airlines using the Group's APP system services, multi-host access services, and the self-developed Angel Cue platform access services increased to 203, handling approximately 6 million departing passengers at 49 airports. The Group's self-developed Common Use Self-Service (CUSS) system, compliant with IATA standards, was used at 234 major domestic and international airports, with online check-in services available at 326 domestic and international airports. Along with mobile and SMS check-in products, these systems collectively processed approximately 386 million departing passengers.

In 2023, 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. The Group steadily promoted the upgrades of retail solutions for airline. The Travel Retail Platform (TRP) for airlines supported the customer-centered business model of commercial airlines and helped airlines manage "Aviation+" products through the establishment of a unified product management platform, having signed contracts with a cumulative total of 19 clients. As a data integration platform solution, Data Plus (ADA) providing airlines with services that integrate data security access, data integration mining, and application scenario support into one. It has been deployed for 17 airlines, including Hainan Airlines, Juneyao Air, and Sichuan Airlines, helping these airlines construct a digital ecosystem. The Intelligent Cockpit Control System has developed the country's first digitalized cockpit management and production processes integrated product, with the first client, China United Airlines, formally deploying it. The Airlines Total Operation Management System (ATOMS) has partnered with Kunming Airlines, Jiangxi Air, and Air Changan, expanded its deployment scope to include Shenzhen Airlines and Shandong Airlines, and completed implementation at 16 key stations, effectively ensuring the ground operation of airline flights.

## 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) Information Processing and Information 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 including domestic passenger and cargo airlines, overseas and regional commercial airlines, domestic airports, government organizations and IATA.

In 2023, the Group consolidated and expanded the new market of the accounting, settlement and clearing services. Focusing on the application of new technologies, the third-generation passenger revenue management platform that complies with the development trend of New Distribution Capabilities (NDC) and ONE ORDER has been put into operation for airlines such as China Southern Airlines, China Eastern Airlines, Juneyao Air, supports new business operation such as real-time settlement and order settlement, consolidating the market position of core settlement products. Intensified efforts in overseas market expansion, with a focus on Southeast Asia and Australia-New Zealand markets, aiming to increase market coverage along the Belt and Road Initiative. Among the 30 certified overseas market-neutral settlement systems ("BSP"), 23 have been successfully launched. Additionally, we provided settlement system services to Scoot Airlines, achieving a breakthrough in the overseas low-cost airline passenger settlement field. Travel account product transformed from a self-operated model to a platform model through cooperation with external financial institutions. We collaborated with state-owned enterprises to provide travel payment services, steadily increasing our market share in the Chinese travel payment market. The electronic ticket clearing platform was established, offering customers end-to-end management functions for invoicing, receipt collection, and billing, thereby contributing to the digitalization of the finance and industry sector.

In 2023, there were approximately 1,017.7 million transactions processed with the Group's accounting, settlement and clearing system, representing a year-on-year increase of 78.1%. Revenue from agency settlement for passengers, cargo and mail transport, miscellaneous fees, and international and domestic clearing fees exceeded RMB47.53 billion, representing a year-on-year increase of 116.2%.

## **Distribution of Information Technology Services**

In 2023, the Group continued to expand the market of distribution information technology service, with direct links and high-level networking to all Global Distribution Systems (“GDSs”) around the world and 142 foreign and regional commercial airlines, covering over 400 domestic and overseas cities. The distribution network has reached 33 overseas countries and regions.

In 2023, the Group further enhanced its distribution capabilities, solidified distribution channels, and actively expanded into overseas markets, continuously enriching available resources for sale. Our capabilities in aviation new retail continued to strengthen, the NDC platform developed for airlines obtained certification from the IATA Airline Retail Maturity Index (ARM). Our NDC solutions secured contracts with three foreign and regional airlines, bringing the total number of signed contracts to 12. Constructed a paperless solution for the entire process of travel business, integrating the electronic itinerary receipts system with the State Taxation Administration’s electronic invoice platform to issue electronic itinerary receipts for both airline direct sales and agent BSP tickets. Further enriched non-airline resources and ancillary products, expanding upstream hotel resources, train ticket booking, travel visas, airline lounges, and luggage delivery services, collaborated with numerous domestic and international airlines to sell ancillary products.

## **Airport Information Technology Services**

In 2023, The group responded to the overall deployment of Digital China, actively assisting in the construction of smart civil aviation and airport committed to creating a safe, comfortable, convenient, and personalized travel experience for passengers. The Group continued to solidify our presence in the traditional pre-departure market, signing contracts for airport construction projects in cities such as Zhuhai, Wuhan, and Lanzhou. And completed the departure platform construction project at Siem Reap International Airport in Cambodia, achieving a breakthrough in the international market. 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 129 overseas or regional airports. The number of departure passengers receiving such services reached approximately 21 million, accounting for approximately 94.9% of the number of passengers returning from overseas of such commercial airlines in China.

In 2023, the Group strengthened construction and promotion efforts in smart airport products. Baggage Travel Airport End completed promotions at airports such as Nanjing, Yinchuan, and Zhuhai. Facial boarding was deployed at 54 large, medium, and small airports nationwide. The One ID passenger service platform added promotions at 7 airports including Xi'an and Wuhan, totaling deployments at 31 airports; The civil aviation transit passenger service platform has been deployed at over 230 airports, supporting the implementation of the “link main routes and branch routes and connect the whole network” service model, and officially licensed by the Civil Aviation Administration; The Smart Airport Digital Twin Comprehensive Management Platform successfully completed pilot deployments at Qingdao and Anyang airports. The Smart Airport Middleware was promoted to ten airports with tens of millions of passengers, including Beijing, Xi'an, and Zhuhai, and was successfully selected as a “Smart Civil Aviation Data Governance Typical Practice Case”; The Airport Collaborative Decision-Making System (A-CDM) product was deployed at airports such as Nanchong, Lijiang, Dalian, and Yichang. The project “Research and Application of Key Technologies of Civil Aviation A-CDM Integrated Operation Management System” won the first prize of the Scientific and Technological Awards by China Communications and Transportation Association. “Smooth Travel — Smart Civil Aviation Passenger Travel Application Based on Biometric Technology” project has been selected as a typical case of industry development empowered by the Internet of Things by the Ministry of Industry and Information Technology in 2023.

### **Other Information Technology Services**

In 2023, the group actively responded to the implementation of the national “14th Five-Year Plan”, seizing the opportunities presented by digital economic development, vigorously expanding digital new infrastructure, accelerating the industrialization of digital industries, and coordinating the digitization of industries. We continued to provide data center services for China United Network Communications Limited and the China Academy of Information and Communications Technology. We actively promoted services such as data center construction consultation, level certification, testing and verification, and operation and maintenance. We signed contracts with several governmental and corporate entities, including the Ministry of Foreign Affairs Consular Department, Anhui Gujing Distillery Co., Ltd., and China National Pharmaceutical Digital Technology (Beijing) Co., Ltd. At the same time, we strengthened data element construction, established products in various fields like smart marketing and finance-related areas, signed contracts with 17 new clients, proactively advanced the informatization market application for general aviation short-haul transportation, and secured three new contracts for projects at general airports including Urad Middle Banner, Yongchuan, and Liangping.

In 2023, the Group continued to consolidate its leading position in the domestic aviation logistics information service market. We signed a digital platform project with Air China Cargo for cargo terminal digitization, and renewed service contracts for cargo production systems with China Eastern Airlines, Eastern Air Logistics, and China Cargo Airlines; Comprehensively promoted and upgraded products such as cargo terminal production systems, cargo security inspection systems, and cargo ground operation service systems, successfully securing contracts with 9 new clients; The Aviation Logistics Collaborative Decision-Making System (LCDM) was successfully expanded to Lanzhou Zhongchuan International Airport; Actively promoted the informatization construction of aviation logistics, completed the technical standard construction of the aviation logistics information service platform, and implemented it at Qingdao Airport cargo terminal, obtaining international recognition from the International Air Transport Association; Accelerated the promotion of electronic air waybill services for civil aviation logistics, signing a new electronic air waybill service agreement with Tibet Airlines. The volume of electronic air waybills processed gradually recovered throughout the year.

In 2023, the Group responded to the national call to accelerate the development of strategic emerging industries and future industries, with a deep focus on frontier technologies such as blockchain, digital Renminbi, and artificial intelligence, which are vigorously promoted by the country. The “Air Travel Chain” project constructed by the Group, obtained the blockchain information service filing number from the Cyberspace Administration of China, becoming a civil aviation blockchain platform capable of providing services externally; the intelligent payment application of digital Renminbi was first implemented at three airports in Changsha, Kunming, and Zhuhai, leading the integration trend of digital currency with civil aviation e-commerce. Based on blockchain technology, we launched the nation’s first civil aviation data exit compliance product “Declaration Pass”, signed contracts with 14 airlines, and was awarded the “Innovative Service Demonstration Case” and “Air Silk Road” Construction Service Demonstration Case awards at the 2023 China International Fair for Trade in Services.

## **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. Through the establishment of a safe production accountability system, the Group 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 2023, the Group actively fulfilled social responsibilities to provide strong technical support and service guarantee for scientific and technological anti-epidemic and resumption of work and production. We made every effort to ensure the smooth operation of inventory control system services, computer reservation system services and airport passenger processing system services, 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 two Conferences (i.e. the National People’s Congress and the Chinese People’s Political Consultative Conference), China-Central Asia Summit, Chengdu World University Games, Hangzhou Asian Games, Hangzhou Asian Para Games, the Belt and Road Summit and other activities.

In 2023, the Group continuously enhanced its intrinsic safety capabilities and fundamental protection capabilities. Passed the assessment for “Domestic Advanced Level of DevOps Continuous Operation” for the first time; Completed 5G private network deployment tests for three major operators and conducted network verification at multiple airports nationwide, effectively ensuring network communication for the Hangzhou Asian Games departure; designed and developed a comprehensive monitoring and fault location software for departure fundamental systems, enhancing our ability to quickly locate faults and respond to emergencies; reconstructed the civil aviation passenger service system’s account security management system, achieving industry-level real-name authentication for the world’s first cross-civil aviation large-scale mainframe system and open system, with over 120,000 individuals completing real-name identity authentication. On the other hand, we continuously strengthened our data security management standards. We were certified at level four in the Data Management Capability Maturity Model (DCMM) and level three in the Data Security Capability Maturity Model (DSMM), both national-level standards. We were honored with the title of “Top Ten Data Management Brand Enterprises of 2023” and received the “One Hundred Excellent Data Management Cases of 2023” award.

## **Technological Innovation**

In 2023, the Group remained committed to implementing an innovative development strategy that focused on independent innovation of key technologies while relying on technological projects and innovation platforms in order to effectively enhance our scientific and technological innovation capabilities and lead the in-depth integrated development of the industry and property. The level of autonomy and controllability improved tremendously. Projects such as core systems bypassing foreign mainframes and cloudification has made significant breakthroughs. At the same time, we have completed the selection of new primary and auxiliary technology stacks, developed an industry-based basic software and hardware adaptation service support, and realized independent and controllable applications under multiple scenarios. Our scientific and technological innovation capabilities significantly improved, becoming the first national enterprise technology center in the civil aviation industry to be recognized by the National Development and Reform Commission and other five ministries. We were approved to establish a national postdoctoral research workstation and participate in innovation unions led by central enterprises such as China Electronics Corporation and China Mobile Communications Group. The Sugon Joint Laboratory of China Science and Technology was officially launched. We achieved significant progress in scientific and technological innovation and were certified as a national high-tech enterprise for 23 consecutive years. Additionally, we won the first prize of the Civil Aviation Science and Technology Award for 5 consecutive years. We were granted 118 patents throughout the year, including 1 technical invention patent that was awarded the 24th China Patent Excellence Award. Meanwhile, the Group was awarded 13 different industry and social technology awards and the title of the “2022 China Blockchain Technology Innovation Exemplar Enterprise” from the Ministry of Industry and Information Technology. We actively promoted the transformation towards green and low-carbon initiatives. The “Civil Aviation Data Center Green Intelligent Technology Research and Application” project was included in the advanced low-carbon technology pilot project in Beijing and won the second prize of the Science and Technology Innovation Award of the China Energy Conservation Association.

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION 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 announcement. 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 2023**

As stated in the announcement of the Company dated January 16, 2024, the Company recorded a year-on-year increase in profitability because of the significant year-on-year increase in the number of civil aviation passengers in 2023.

The revenue and operating results of the Group mainly came from the Group's operations in China. For Year 2023, profit before taxation of the Group was approximately RMB1,612.1 million, representing an increase of approximately 119.3% over that in the year ended December 31, 2022 (“**Year 2022**”). Net profit attributable to shareholders of the parent was approximately RMB1,399.0 million, representing an increase of approximately 123.1% over that in Year 2022.

The basic and diluted earnings per share of the Group in Year 2023 were RMB0.48.

### **TOTAL REVENUE**

The total revenue of the Group in Year 2023 amounted to approximately RMB6,983.8 million, representing an increase of approximately RMB1,773.7 million, or 34.0%, from approximately RMB5,210.1 million in Year 2022. The increase in total revenue is reflected as follows:

- Aviation information technology service revenue represented 55.1% of the Group's total revenue in Year 2023, as compared to 29.7% for Year 2022. Aviation information technology service revenue increased by 149.0% from RMB1,546.6 million in Year 2022 to RMB3,850.8 million in Year 2023. 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 increase of the revenue was mainly due to the period-on-period increase in system processing capacity.

- Accounting, settlement and clearing services revenue accounted for 6.4% of the Group's total revenue in Year 2023, as compared to 5.6% for Year 2022. Accounting, settlement and clearing services revenue increased by 52.1% from RMB294.2 million in Year 2022 to RMB447.3 million for Year 2023. 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 increase of the revenue was primarily due to the period-on-period increase in the business volume of accounting, settlement and clearing services.
- System integration service revenue accounted for 14.2% of the Group's total revenue in Year 2023, as compared to 32.6% for Year 2022. System integration service revenue decreased by 41.4% from RMB1,697.8 million in Year 2022 to RMB994.3 million for Year 2023. 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 decrease of the revenue was primarily due to the period-on-period decrease in the number of projects meeting the completion acceptance conditions.
- Data network revenue accounted for 5.6% of the Group's total revenue in Year 2023, as compared to 7.9% for Year 2022. Data network revenue decreased by 5.2% from RMB411.6 million in Year 2022 to RMB390.0 million for Year 2023. The main source of the revenue was distribution information technology service provided by the Group to agencies. The decrease of the revenue was mainly due to the period-on-period decrease in the business volume of distribution information technology services.
- Other revenue accounted for 18.6% of the Group's total revenue in Year 2023, as compared to 24.2% for Year 2022. Other revenue increased by 3.3% from RMB1,259.9 million in Year 2022 to RMB1,301.4 million for Year 2023. 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 period-on-period increase in payment business.

## **TOTAL OPERATING EXPENSES**

Total operating expenses for Year 2023 amounted to RMB5,300.8 million, representing an increase of RMB571.3 million or 12.1%, as compared to RMB4,729.5 million for Year 2022. The changes in total operating expenses are reflected as follows:

- Staff costs increased by 14.4% mainly due to the period-on-period increase in staff remuneration and social insurance cost;

- Depreciation and amortization decreased by 0.9% mainly due to the slight decrease in depreciation and amortization resulted by the period-on-period decrease in fixed assets and intangible assets of the Group;
- Selling costs of software and hardware decreased by 52.2% mainly due to the period-on-period decrease in business volume of contracted projects of the Group;
- Technical support and maintenance fees increased by 12.6% mainly due to the period-on-period increase in demand for the business of the Group;
- Commission and promotion expenses increased by 212.6% mainly due to significant increase in the volume of passengers year-on-year; and
- Other operating expenses increased by 39.9% mainly due to the year-on-year increase of the Group's daily operating expenses after the epidemic.

As a result of the above-mentioned changes in revenue and total operating costs, the operating profit of the Group increased by approximately RMB905.0 million, or approximately 129.4%, from approximately RMB699.6 million in Year 2022 to approximately RMB1,604.6 million in Year 2023.

## **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 recognized 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 November 2023, 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 2023 to Year 2025 as a "High and New Technology Enterprise". Hence, the Company has calculated the expenses on corporate income tax for Year 2023 using the preferential tax rate of 15%.

In addition to the recognised identification of "High and New Technology Enterprise" and entitlement of a preferential income tax rate of 15%, if an enterprise is approved and certified by relevant regulatory authorities as the "Key Software Enterprise", it can further enjoy a preferential tax rate of 10%. According to the relevant regulations, the difference between the tax amount paid at the rate of 15% and the tax amount calculated at the preferential corporate income tax rate of 10% will be refunded to the relevant enterprises after the relevant period, and will be correspondingly reflected in the profit or loss account of the enterprise when it is refunded. The Company obtained the certificate for "Key Software Enterprise" from Year 2006 to Year 2022.

For details of corporate income tax of the Group for Year 2023, 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 123.1% from approximately RMB627.1 million in Year 2022 to approximately RMB1,399.0 million in Year 2023.

## **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.

### **Discretionary Surplus Reserve Fund**

In Year 2023, the discretionary surplus reserve fund for Year 2022 approved to appropriate at the annual general meeting held on June 15, 2023 and the statutory surplus reserve fund for Year 2023 that should be appropriated have been accounted for in the financial statements of the Group for Year 2023.

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 RMB117.0 million to the discretionary surplus reserve fund for Year 2023 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, 2024.

### **Distribution Proposal of Final Cash Dividend for Year 2023**

On March 27, 2024, the Board of the Company proposed the distribution of a final cash dividend of RMB468.2 million, representing RMB0.16 per share (tax inclusive) for Year 2023 (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 announcement.

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 2023 is expected to be paid on or before September 30, 2024. 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, 2023 amounted to RMB8,200.3 million (as at December 31, 2022: RMB7,419.5 million).

## LIQUIDITY AND CAPITAL STRUCTURE

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

	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2023</b>	2022
	<b><i>RMB'million</i></b>	<i>RMB'million</i>
Net cash flow generated from operating activities	<b>137.4</b>	1,336.3
Net cash flow used in investing activities	<b>-796.2</b>	-142.2
Net cash flow used in financing activities	<b>449.4</b>	-97.6
Net increase in cash and cash equivalents	<b>-199.3</b>	1,136.2
Effect of foreign exchange rate changes on cash and cash equivalents	<b>10.0</b>	39.7
	<b><u>10.0</u></b>	<u>39.7</u>

The Group's working capital for Year 2023 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB137.4 million. As at December 31, 2023, the Group did not use any financial instruments for hedging purpose. As at December 31, 2023, cash and cash equivalents of the Group amounted to RMB7,276.5 million, of which 97.12%, 2.53% and 0.21% were denominated in Renminbi, U.S. dollar and Euro, respectively.

## **RESTRICTED BANK DEPOSITS**

As at December 31, 2023, restricted bank deposits in the amount of RMB91.0 million (as at December 31, 2022: RMB101.6 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, 2023, 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 2023, the Group had the following major financial assets:

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

As at December 31, 2023, the Group held structural bank deposits issued by China Construction Bank, Bank of Beijing, Bank of Communications and Industrial and Commercial Bank of China of RMB1,100 million, RMB1,100 million, RMB1,100 million, and RMB200 million, with total structural bank deposits of RMB3,500 million (floating yield). The annual interest rate of such structural bank deposits varied from 1.20% to 3.00%. Such structural bank deposits have a maturity period ranging from 179 to 185 days and are non-cancellable before maturity.

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

As at December 31, 2023, the Group held certificates of deposit for more than three months issued by China Construction Bank, Minsheng Bank and Bank of Communications of RMB500 million, RMB90 million and RMB60 million, with total certificates of deposit for more than three months of RMB650 million. The annual interest rate of such bank deposits varied from 2.10% to 3.55%. Such bank deposits have a maturity period ranging from 365 to 1,097 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	Fair value	Gain for the	Gain for the
		shareholding as at December 31, 2023 %	shareholding as at December 31, 2022 %	as at December 31, 2023 RMB'000	as at December 31, 2022 RMB'000	year ended December 31, 2023 RMB'000	year ended December 31, 2022 RMB'000
Unlisted equity (measured at fair value) — CMRH Life	Life insurance	13.26	13.26	830,474	835,827	-5,354	-14,796

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

As at December 31, 2023, the Group invested a fair value of approximately RMB830.5 million in CMRH Life, accounting for 3.0% of the total assets of the Group.

- f. **The performance in Year 2023:**

According to the information provided by CMRH Life to the Company, it recorded a loss of RMB527.0 million in Year 2023. The main reason is the impact of the external objective environment, the continuous decline in government bond yields has led to a downward trend in the 750 curve, resulting in a significant increase in insurance contract reserves for CMRH Life.

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

According to the information provided by CMRH Life to the Company, as China's financial industry continues to develop with high quality, the prospects for the life insurance industry in health, wealth, and risk management are broad. CMRH Life will adhere to the development laws of the financial insurance industry and the principle of "insurance-oriented," following a path of market-oriented, professional, and differentiated innovation-driven development. Focusing on the transformation of the business model around "building a digital platform for risk management, health management, and wealth management, the preferred choice for central state-owned enterprises and employee's families", will continue to promote the optimization of operational mechanisms and capabilities, strictly focus on reducing costs and increasing efficiency, adhere to stable operations, continue to improve the ability to overcome cycles, and strive to construct itself into 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 Xiong'an) 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 at December 31, 2023, the Company has actually contributed (including the fund management fee) RMB684.3 million pursuant to the Agreement. Please refer to Note 5.c) to the financial statements for details.

**CHARGE ON ASSETS**

As at December 31, 2023, the Group had no charge on its assets.

**CONTINGENT LIABILITIES**

As at December 31, 2023, the Group had no material contingent liabilities.

## **GEARING RATIO**

As at December 31, 2023, the gearing ratio of the Group was 23.6% (as at December 31, 2022: 21.8%), which was computed by dividing the total liabilities by the total assets of the Group as at December 31, 2023.

## **MAJOR INVESTMENT OR FINANCING PLAN**

As at December 31, 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures, or have any major investment or plan to acquire major capital assets. The Board estimates that the sources of funding of the Group in 2023 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 RMB1,227.8 million for Year 2023 (2022: RMB713.6 million), mainly used in the Company's daily operation.

As at December 31, 2023, the Group's capital expenditure commitment amounted to approximately RMB1,141.1 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.

As at December 31, 2023, the total number of employees of the Group was 6,620.

Staff costs of the Group amounted to approximately RMB2,063.7 million for Year 2023 (2022: RMB1,804.3 million), representing approximately 38.9% of the total operating expenses of the Group for Year 2023, among which, the aggregate corporate annuity expenses of the Group amounted to approximately RMB82.9 million for Year 2023 (2022: RMB68.2 million).

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

During the year ended December 31, 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

## **CORPORATE GOVERNANCE REPORT**

The Board has adopted the code provisions as stipulated in the Corporate Governance Code (the “**Code Provision(s)**”) in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 be made in good faith and in accordance with the principles of transparency, fairness and integrity. With necessary and effective counterbalance, the Group improves its corporate governance structure in a sustained way, so as to raise the quality of supervision and management and meet the expectations of its shareholders and the relevant parties.

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”. As stated in the announcement of the Company dated May 2, 2022, Mr. Huang Rongshun, the chairman of the Company, was appointed as the General Manager of the Company. 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.

The Company has deviated from the Code Provision B.2.2 “every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years”. As stated in the announcement of the Company dated February 27, 2023, the term of the seventh session of the Board expired on February 26, 2023. Given that the nomination process of candidates for the directors of the new session of the Board has not been completed, the re-election and appointment of members of the Board will be postponed as appropriate, and the term of office of each committee of the seventh session of the Board of the Company will be extended accordingly. The Company will endeavor to complete the re-election and appointment of members of the Board as soon as possible, and fulfill respective information disclosure obligations in a timely manner. All members of the seventh session of the Board of the Company will continue to fulfill their respective duties and responsibilities of directors in accordance with the laws, administrative regulations and the articles of association until the re-election work is completed. The normal operation of the Company will not be affected by the postponement of re-election of the members of the Board.

Except for the deviation from Code Provision C.2.1 and B.2.2, the Company fully complied with the Code Provisions in 2023.

#### **AUDIT AND RISK MANAGEMENT COMMITTEE (SUPERVISORY COMMITTEE)**

The Audit and Risk Management Committee (Supervisory Committee) 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 2023.

#### **AUDITORS**

Pursuant to the resolution passed at the annual general meeting held on June 15, 2023, BDO China SHULUN PAN Certified Public Accountants LLP was engaged as the Company’s PRC auditor for Year 2023. The Board proposed to re-appoint BDO China SHU LUN PAN Certified Public Accountants LLP as the PRC auditor of the Company for year 2024 and such engagement proposal will be submitted for consideration at the forthcoming AGM.

## **SUBSEQUENT EVENTS**

The Company increased its capital to Yunnan TravelSky Airport Network Co., Ltd. with 100% equity interest in Yunnan Civil Aviation Cares Information Co., Ltd. held by its subsidiary, with the appraised value of the increased equity interest amounting to RMB61,435 thousand, and completed the registration of industrial and commercial changes of the equity interest invested on March 1, 2024, and Yunnan Civil Aviation Cares Information Co., Ltd. has no longer been included in the scope of the Company's consolidation as of the date. As at the date of this announcement, in addition to the above matters, the Group had no significant events since December 31, 2023 which need to be disclosed.

## **2024 OUTLOOK**

The year 2024 is the 75th anniversary of the founding of the People's Republic of China, which is the critical year for the implementation of the "14th Five-Year Plan". The long-term positive fundamentals of China's economy have remained unchanged. As factors and conditions supporting high-quality economic development continue to increase, China's civil aviation industry will enter a new cycle of sustained, rapid and healthy development, comprehensively entering the stage of improving quality and efficiency. We will comprehensively promote aviation market demand by coordinating the expansion of domestic demand, accelerating the restoration of the international market and supply-side structural reform; and further promote the construction of smart civil aviation and expand fixed asset investment in the industry. The above measures will bring important opportunities to the development of the Group.

At the same time, the Group is also facing complex challenges and the external environment is grim. China's economic recovery is still at a critical stage. The development of China's civil aviation industry continues to require higher safety levels, and the diversified aviation needs of civil aviation passengers continue to increase. The growth potential of the company's emerging businesses has not yet been fully realized. In this regard, the Group will focus on its main responsibilities, consolidate its principal business, focus on the interests of all shareholders, and promote the production operation to realise effective improvement in quality and reasonable increase of quantity. The Group is making unremitting efforts to further promote the Group's high quality development to a new level.

In 2024, the Group will continue to focus on the following six aspects: firstly, to increase the level of aviation safety, strengthen the establishment of safety production system, enhance network security maintenance capabilities, and strengthen high quality development protection. Secondly, to enhance the operational quality and revenue, consolidate the position of the core business, consolidate the potential of the growth of emerging business, and consolidate the high quality momentum. Thirdly, to accelerate the layout of the future emerging business, optimize internal and external resources relocation, Explore and cultivate industrial remarkable projects, and build high-quality development advantages. Fourthly, to strengthen the effort of science and technology innovation, promote the breakthrough of important core technology, promote the low carbon cycle green growth and enhance high-quality development momentum. Fifthly, to carry action to deepen reform, improve the incentive mechanism for core talents, adjust business structure and optimize layout, and revitalize high quality development. Sixthly, to increase corporate management effectiveness, build a closed loop of compliance risk management and control, shape the brand image of China TravelSky, and consolidate the foundation of high quality development.

## **ONLINE PUBLICATION OF ANNUAL RESULTS**

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)), and the website of the Company ([www.travelskyir.com](http://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 contact the investor relations team at [ir@travelsky.com.cn](mailto:ir@travelsky.com.cn).

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

Beijing, the People's Republic of China

March 27, 2024

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

*Executive Director:* **Mr. Huang Rongshun (Chairman);**

*Non-executive Directors:* **Mr. Sun Yuquan, Mr. Qu Guangji and Mr. Xi Sheng;**

*Independent non-executive Directors:* **Mr. Liu Zehong, Mr. Chan Wing Tak Kevin and Mr. Xu Hongzhi.**