



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)



**INTERIM
REPORT
2024**

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BUSINESS REVIEW FOR THE FIRST HALF OF 2024

The board of directors (the “**Board**”) of TravelSky Technology Limited (the “**Company**”) hereby presents the unaudited interim report of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2024.

BUSINESS REVIEW FOR THE FIRST HALF OF 2024

In the first half of 2024, as the global economy has recovered moderately, coupled with the generally stable and improving economy in China, the civil aviation market has achieved steady and relatively rapid growth. The scale of domestic air passenger traffic surpassed the level of the same period in 2019, while the scale of international air passenger traffic recovered to 80% of the level of the same period in 2019. As the dominant provider of information technology solutions for China’s aviation and travel industry, the Group grasped the opportunities presented by industry recovery. The safety foundation continued to be strengthened, while production and operation progressed steadily. Scientific and technological innovation has been accelerated, as enterprise reform has been deepened with gradual improvement on management efficiency. Certain progress has been made in the main business sectors including aviation information technology services, accounting, settlement and clearing services, distribution of information technology services, airport information technology services, and other information technology services.

In the first half of 2024, the Group’s 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 airlines was approximately 352.0 million passengers, representing an increase of approximately 24.0% over the same period in 2023. Among them, the system processing capacity on airlines in China increased by approximately 24.0% year-on-year; the system processing capacity on foreign and regional airlines increased by approximately 26.9% 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 204, with approximately 5.06 million departure passengers processed in 48 airports. The number of foreign and regional commercial airlines with direct links to the CRS system of the Group remained at 142, and the percentage of sales through direct links reached approximately 99.9%.

In the first half of 2024, responding to the new changes and demands in the market, the Group promoted the optimization of the layout of its product system and provided comprehensive, intelligent and innovative solutions for aviation digital products. 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 used in 235 major domestic and overseas airports, and the online check-in service was applied to 335 domestic and overseas airports. Such products, together with the mobile check-in products and SMS check-in products, processed a total of approximately 221 million departure passengers. Airline Total Operation Management System (ATOMS) continued to carry out the upgrade and promotion of its core capabilities, signed customers reaching 4 airlines, helped the airlines realize the digital management and control of operation and security, and enhanced the efficiency and safety level of ground security. Airline Data Aggregation (ADA), a platform product that provides airlines with data integration services, has deployed for 19 airlines including Hainan Airlines, Xiamen Airlines and Sichuan Airlines, offering a comprehensive support for the digital transformation of airlines and empowering airline service governance.

BUSINESS REVIEW FOR THE FIRST HALF OF 2024

In the first half of 2024, 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 transportation revenue management platform that complies with the development trend of New Distribution Capabilities (NDC) and ONE ORDER has been accelerated, promoted and put into operation for airlines such as Shandong Airlines, Shenzhen Airlines and Colorful Guizhou Airlines. The Group accelerated the development of overseas low-cost airlines in the field of passenger transportation settlement. The first phase of the low-cost airline settlement system project has been completed and put into operation in the first customer, Scoot of Singapore. The market share of travel business account products in China's travel business payment market has continually increased, and the Group successfully signed contracts with China Telecom, CETC, etc., and put the products into operation. In the first half of 2024, there were approximately 606.1 million transactions processed with the Group's accounting, settlement and clearing system, representing a year-on-year increase of 36.0%. The amount of agency settlement for passengers, cargo and mail transport, miscellaneous fees, and international and domestic clearing fees exceeded RMB29.67 billion, representing a year-on-year increase of 66.6%.

In the first half of 2024, the Group continued to expand the distribution information technology services market, optimize business policies, and enhance distribution capabilities. The AggSky (天驷平台), tailored for foreign and regional airlines, has been implemented for clients including Cathay Pacific and Emirates. The Group strengthened overseas market expansion, increased market coverage in countries along the Belt and Road, with 27 out of a total of 30 completed certified Billing and Settlement Plan ("**BSP**") for overseas markets successfully put into production. The Group accelerated the digital transformation of the entire process and industry chain of the distribution business, fully completing the implementation of electronic itineraries for sales agents and key enterprises. Additionally, the Group enriched the content of salable ancillary products by launching 6 new ancillary products such as airport lounges, fast security checks, and luggage delivery with a number of partner airlines, including Xiamen Air, Hebei Airlines, Jiangxi Air, and others.

In the first half of 2024, the Group, as a smart airport comprehensive solution provider, closely aligned with the "14th Five-Year Plan" for high-quality development in civil aviation and actively participated in the construction of smart airports. The Group signed contracts for projects such as Xi'an Airport T5 Terminal and Lanzhou Airport Phase III, providing information-based, digital, and intelligent solutions. **In respect of smart airport products**, the Civil Aviation Transfer Passenger Platform has been deployed at 252 airports. The Transit Passenger Service Link mini-program was launched at 58 airports, aiming to achieve comprehensive connectivity within the aviation network and piloting the aviation + tourism model to expand service scope. The Airport Collaborative Decision-Making (A-CDM) system products won bids for Qiqihar and Nanchong airports, while the national common passenger service platform won bids for Hefei, Qiqihar, and Bayinbuluke airports. Additionally, the smart airport middle platform products won bids for Haikou, Zhuhai and other airports, and was deployed at Haikou Airport. **In respect of airport front-end systems**, the departure front-end system of the APP dominates domestic large and medium-sized airports and assists airlines at 165 overseas or regional airports in providing services such as boarding, transiting, and connecting flights for passengers. The number of departing passengers receiving such services reached approximately 19.47 million, accounting for about 95.9% of the number of passengers returning from overseas of such airlines in China.

BUSINESS REVIEW FOR THE FIRST HALF OF 2024

In the first half of 2024, the Group seized new opportunities arising from the development of Digital China, promoting further integration between the digital economy and the real economy. **In public information technology services**, the Group leveraged the value of data elements to continuously expand business and enrich application scenarios in fields such as public safety, smart marketing, and finance-related areas, serving a total of 42 clients in aggregate. The Group deepened its focus on data center infrastructure services, winning the bids for projects of China National Aviation Fuel Group Limited and China National Biotech Group Company Limited. The Group actively developed comprehensive lifecycle service solutions for data center infrastructure, expanded cross-industry data center value-added services, and signed new contracts such as the unified maintenance project with Nam Kwong (Group) Company Limited. In response to the Civil Aviation Administration of China's "link main routes and branch routes and connect the whole network" initiative, the Group promoted check-in and departure services at airports and signed a contract with Huma Civil Airport in Heilongjiang. **In aviation cargo logistics information technology services**, the Group strengthened the deployment and upgrading of products such as cargo station production systems, cargo security inspection systems, and cargo ground operation service systems. It signed contracts with 5 new clients and won the bid for and launched the Hubei Ezhou Airport cargo system project. **In exploring innovative business scenarios**, the Group's blockchain-based "Asset Traceability Management System" supports clients in the full lifecycle and refined management of operational assets, winning a bid for Shenzhen Airlines. The "Digital Payment Pass" service platform, based on digital currency services, won the contracts with 7 airports, providing digital RMB marketing services across multiple scenarios. The "Reconciliation Pass" product offers a data-sharing and operation-coordinating reconciliation platform to multiple entities within the civil aviation industry, signing contracts with 2 pilot airports, thus aiding in financial operations and integrated management of finance and business for airports.

In the first half of 2024, as the "central nervous system" of China's civil aviation, the Group actively fulfilled its social responsibilities by comprehensively strengthening the stability of core systems, intelligent operation and maintenance, and security capabilities. **On one hand**, the Group ensured the smooth operation of the mainframe system and major open platform systems, achieving a utilization rate of over 99.99%. We successfully guaranteed the safe operation of civil aviation passenger information system during the Spring Festival travel rush, the two Conferences (i.e. the National People's Congress and the Chinese People's Political Consultative Conference), the Boao Forum, and the China-Russia Expo. **On the other hand**, the Group steadily improved its technical capabilities by advancing the resource independence and multi-path deployment of open departure software, enhancing the departure software from dual-active to triple-active clusters, which further increased availability. The Group also actively explored the validation and application of intelligent operation and maintenance tools, completing the testing and validation of intelligent network analyzers and the intelligent operation and maintenance platform for digital map networks, contributing to the enhancement of network intelligence levels. Additionally, the Group completed the construction of disaster recovery IT infrastructure and established a sound data governance system to realize all-round and full coverage of travelers' data security management and conducted multiple rounds of disaster recovery system switch-over drills, gradually strengthening both availability and security.

BUSINESS REVIEW FOR THE FIRST HALF OF 2024

In the first half of 2024, the Group steadfastly implemented its innovation-driven development strategy, accelerating efforts to tackle critical core technologies and continuously enhancing its technological innovation capabilities. **The Group accelerated its deployment in strategic emerging industries**, increasing efforts in areas such as critical civil aviation software and artificial intelligence. The Group actively developed key projects including the development of airline operation control systems, air cargo systems, civil aviation vertical large models, and intelligent connected vehicles for airports. **The Group made significant strides in building new productivity capabilities** and accelerated the deployment of the construction as an original technology source. The Group officially joined several central enterprise innovation alliances in cloud computing, advanced computing, and computing power networks, and deeply participated in the construction and technical planning of the next-generation internet innovation alliance. **The Group significantly improved its level of autonomy and control**, completing the milestone construction target of core system's de-mainframe and cloudification projects. **Continuous achievements in technological innovation were made**, the Group continuously promoted the construction of "national-provincial-corporate" science and innovation platforms, facilitating the integration of industry, academia and research, and the transformation of scientific and technological achievements. The Group won 12 technology awards at various levels and obtained 92 patent authorizations (including 87 invention patents). The Group was recognized as a key software enterprise for 18th consecutive year and, for the first time, received a U.S. invention patent, marking a breakthrough in overseas patents. **The Group actively promoted green and low-carbon development**. Its "Intelligent Comprehensive Energy Consumption Management Platform and Comprehensive Renovation Technology" for data centers was included in the "National Energy-Saving and Carbon-Reduction Technology Equipment Recommended Catalogue (2024 Edition)".

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024

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 2024, the Group achieved total profits of RMB1,605.7 million, representing an increase of approximately 19.2% compared to RMB1,346.9 million in the first half of 2023. Net profit attributable to shareholders of the parent of the Company was RMB1,367.2 million, representing an increase of approximately 13.9% compared to RMB1,200.4 million in the first half of 2023.

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 RMB0.47 for the first half of 2024.

Total Revenue

The total revenue of the Group in the first half of 2024 amounted to RMB4,041.8 million, representing an increase of RMB734.2 million, or 22.2%, from RMB3,307.6 million in the first half of 2023. The increase in total revenue is reflected as follows:

- Aviation information technology service revenue represented 56.0% of the Group's total revenue in the first half of 2024, as compared to 57.1% in the first half of 2023. Aviation information technology service revenue increased by 19.8% from RMB1,890.1 million in the first half of 2023 to RMB2,265.0 million in the first half of 2024. 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 increase in revenue was primarily due to the 24.0% year-on-year increase of total system capacity, but domestic airline international segment, foreign and regional airline capacity has not yet returned to the same level as the same period in 2019.
- Accounting, settlement and clearing services revenue accounted for 6.9% of the Group's total revenue in the first half of 2024, as compared to 5.6% in the first half of 2023. Accounting, settlement and clearing services revenue increased by 50.0% from RMB185.4 million in the first half of 2023 to RMB278.0 million in the first half of 2024. 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 increase in revenue was primarily due to the factors such as gradual recovery of clearing and settlement business volume, especially international business volume, and expansion of system and product service.
- System integration service revenue accounted for 16.8% of the Group's total revenue in the first half of 2024, as compared to 9.7% in the first half of 2023. System integration service revenue increased by 111.9% from RMB320.9 million in the first half of 2023 to RMB679.8 million in the first half of 2024. 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 year-on-year increase in the scale and number of projects that met the completion and acceptance requirements as a result of the orderly progress of construction and acceptance.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)****Total Revenue (Continued)**

- Data network revenue accounted for 5.4% of the Group's total revenue in the first half of 2024, as compared to 6.1% in the first half of 2023. Data network revenue increased by 7.3% from RMB201.7 million in the first half of 2023 to RMB216.4 million in the first half of 2024. 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 year-on-year increase in distribution information technology services business volume.
- Other revenue accounted for 14.9% of the Group's total revenue in the first half of 2024, as compared to 21.5% in the first half of 2023. Other revenue decreased by 15.1% from RMB709.5 million in the first half of 2023 to RMB602.5 million in the first half of 2024. The sources of the revenue were other technical services, payment business, machine room tenancy and other services provided by the Group. The decrease in revenue was mainly due to adjustments in business strategies, payment business revenue and costs decreased simultaneously in the first half of the year.

Total Operating Expenses

Total operating expenses in the first half of 2024 amounted to RMB2,535.3 million, representing an increase of RMB357.1million or 16.4% as compared to RMB2,178.2 million in the first half of 2023. The changes in total operating expenses are also reflected as follows:

- Staff costs increased by 31.7%, mainly due to the year-on-year decrease in the capitalization of the Group's research and development expenses, the increase in relevant expenses such as employee social security, and the optimization of the payment schedule of some salaries in the first and second half of the year;
- Depreciation and amortisation increased by 14.1%, mainly due to the year-on-year increase in amortization of intangible assets carried forward by the Group's independent research and development;
- Selling costs of software and hardware increased by 142.1%, mainly due to the year-on-year increase in the scale and number of projects that met the completion and acceptance requirements as a result of the orderly progress of construction and acceptance, and the recognition of the cost of sales of software and hardware and corresponding system integration service revenue at the same time;
- Technical support and maintenance fees increased by 8.5%, mainly due to the year-on-year increase in demand related to the Group's research and development projects; and
- Commission and promotion fees increased by 3.9%, mainly due to the impact of year-on-year growth in departure service guarantee fees and agent foreign airline booking rewards, and their corresponding progress of reconciliation confirmation.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)

Credit impairment losses

The credit impairment losses in the first half of 2024 amounted to RMB-65.7 million, mainly due to the improvement in the collection of historical debts from third-party customers and the decrease by a certain extent in the balance of provisions for accounts receivable and bad debt on a combined basis as compared with the end of 2023.

Corporate Income Tax

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 China 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 status of "High and New Technology Enterprise" in accordance with relevant regulatory requirements. The latest review was completed in November 2023 and the Company remained the status of "High and New Technology Enterprise" and was confirmed to be entitled to a 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 the first half of 2024 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 provisions, 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 relevant enterprises after the relevant period, and will be reflected in the profit or loss account of the enterprises when it is refunded. The Company obtained the certificate for "Key Software Enterprise" from Year 2006 to Year 2023.

For details of the corporate income tax of the Group for the first half of 2024, please refer to 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 from RMB1,200.4 million in the first half of 2023 to RMB1,367.2 million in the first half of 2024, representing an increase of RMB166.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)****Liquidity and Capital Structure**

The Group's working capital in the first half of 2024 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB1,287.4 million.

As at June 30, 2024, the Group had a total of RMB1,352.2 million of borrowings, including short-term bank borrowing of RMB1,152.0 million and of RMB200.2 million entrusted loans, of which the fixed rate borrowings totaled RMB200.2 million. The Group did not use any financial instruments for hedging purpose.

As at June 30, 2024, cash and cash equivalents of the Group amounted to RMB9,562.5 million, of which 97.85%, 1.83% and 0.16% were denominated in Renminbi, U.S. Dollar and HK Dollar, respectively.

Restricted Bank Deposits

As at June 30, 2024, restricted bank deposits in the amount of RMB47.1 million (as at December 31, 2023: RMB91.0 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, 2024, the Group did not have any trust deposits and irrecoverable overdue time deposits. All 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)

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 2024, the Group had the following major financial assets:

(1) Trading Financial Assets

As at June 30, 2024, the Group held structural bank deposits (floating yield) issued by China Construction Bank, Bank of Beijing and Industrial and Commercial Bank of China of RMB1,100.0 million, RMB1,100.0 million and RMB500.0 million, totaling RMB2,700.0 million. The annual interest rate of such structural bank deposits varied from 1.20% to 2.70% with 183 days and are non-cancellable before maturity.

(2) Financial Assets at Amortised Cost

As at June 30, 2024, the Group held certificates of deposit for more than three months issued by China Construction Bank, China Minsheng Bank, Bank of Communications and Ping An Bank of RMB500.0 million, RMB70.0 million, RMB60.0 million and RMB20.0 million, totaling RMB650.0 million. The annual interest rate of such bank deposits varied from 2.00% to 3.55% with a term of 365 to 1,097 days, of which, RMB500.0 million in time deposits issued by China Construction Bank are non-cancellable before maturity.

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

Name of investment	Business nature	Percentage of shareholding as at June 30, 2024 %	Percentage of Shareholding as at December 31, 2023 %	Fair value as at June 30, 2024 RMB'000	Fair value as at December 31, 2023 RMB'000	Gain as of June 30, 2024 RMB'000	Gain as of December 31, 2023 RMB'000
Unlisted equity, measured at fair value – CMRH Life	Life insurance	13.26	13.26	882,453	830,474	51,979	-5,354

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)

Financial Assets Invested (Continued)

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

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 former 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 June 30, 2024, the Group invested a fair value of approximately RMB882.5 million in CMRH Life, accounting for 2.9% of the total assets of the Group.
- f. The performance in the first half of 2024:
According to the information provided by CMRH Life to the Company, it recorded a profit of RMB88.8 million in the first half of 2024. This was mainly attributable to the CMRH Life’s ability to seize on market opportunities and achieve better returns in the equity and fixed-income markets, as well as its active promotion of reducing costs and improving efficiency, which resulted in a significant reduction in fee and commission expenses.
- 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 “building a digital platform for risk management, health management and wealth management, the preferred choice for central and state-owned enterprises and employees’ 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 become a boutique insurance service provider with innovative characteristics.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)****Financial Assets Invested (Continued)****(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責任公司) (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 the enterprises related to 5G industry application and information communication industry chain, ecosystem and empowerment industry.

As at June 30, 2024, the Company has actually contributed (including the fund management fee) RMB684.3 million pursuant to the Agreement. Please refer to Note 14.1 the consolidated financial statements for details.

Charge on Assets

As at June 30, 2024, the Group had no charge on its assets.

Contingent Liabilities

As at June 30, 2024, the Group had no material contingent liabilities.

Gearing Ratio

As at June 30, 2024, the gearing ratio of the Group was 26.5% (as at December 31, 2023: 23.6%), which was computed by dividing the total liabilities by the total assets of the Group as at June 30, 2024.

Advancement of data resource assetization within the Company

According to the Ministry of Finance’s Interim Provisions on Accounting Treatment Related to Data Resources of Enterprises (Caikuai [2023] No. 11), starting from January 1, 2024, enterprises should recognize data resources that meet the confirmation conditions as intangible assets or inventory, based on the purpose of holding the data resources, the method of formation, the business model, and the expected manner of economic benefit consumption related to the data resources.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)****Advancement of data resource assetization within the Company (Continued)**

As of December 31, 2023, the research and development projects such as the TravelSky big data technology platform, Domestic Fare Calculation System, and Open Data Capabilities, have completed the R&D acceptance process. The Company has determined that these products meet the conditions for capitalization and have been transferred to intangible assets accounting. The business model of these products primarily involves utilizing data resources to provide services to customers. In accordance with the relevant regulations of the Ministry of Finance, the Company will report these products under “Intangible assets — Including: Data resources” starting from January 1, 2024, with a total amount of approximately RMB39.2 million.

As of June 30, 2024, the Aviation Data Platform, Airport Data Channels, Fare Data Products, and other related projects are newly added data resource-related R&D projects for 2024. Based on the actual investment situation, the Company has reported these projects in the interim financial statements for 2024 under “Development expenditure — Including: Data resources,” with a total amount of approximately RMB9.6 million.

Major Investment or Financing Plan

As at June 30, 2024, the Group had no any major 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 2024 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 RMB141.5 million for the first half of 2024 (the first half of 2023: RMB363.1 million), which was mainly used in the Company’s daily operation, among which, the construction of the Beijing New Operation Center amounted to RMB0.8 million, existing system upgrade, maintenance, and others amounted to RMB140.7 million.

Additionally, the preliminary research for the second phase of the Beijing New Operation Center has commenced. As of June 30, 2024, a total of approximately RMB11.0 million has been incurred for feasibility studies, consulting, and surveying expenses.

As at June 30, 2024, the Group’s capital expenditure commitment amounted to approximately RMB1,302.1 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE FIRST HALF OF 2024 (CONTINUED)

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 education, 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 June 30, 2024, the total number of employees of the Group was 6,574. Staff costs of the Group amounted to approximately RMB937.8 million for the first half of 2024, representing approximately 37.0% of the total operating expenses of the Group for the first half of 2024, among which, the aggregate corporate annuity expenses of the Group amounted to approximately RMB40.9 million for the first half of 2024 (the first half of 2023: RMB39.4 million).

Subsequent Events

For the months of July through August 2024, the Company received a total of RMB68.2 million in tax refunds as the "Key Software Enterprise". Apart from that, as at the date of this report, the Group had no significant events since June 30, 2024 which need to be disclosed.

PROSPECTS FOR THE SECOND HALF OF 2024

In the second half of 2024, supported by the consistency of China's macroeconomic policies and the accumulated advantages of high-quality development support, the expectation that the global economy will continue its moderate recovery and the favorable conditions for development will be more dominant than the unfavorable factors suggests that China's economy will maintain a stable and improving momentum. Based on a comprehensive analysis of the internal and external development environment of civil aviation and the characteristics of the industry's recovery, the Civil Aviation Administration of China expects China's civil aviation market to maintain a steady and growing momentum together with the continuance of the natural growth in domestic air routes passenger transportation market and the further recovery in international air routes passenger transportation market. As the principal driving force for the construction of civil aviation informatization and the national representative in the field of information services, the Group will insist on seeking progress with stability and promoting stability through progress, while focusing on the priority of high-quality development, and devoting itself to scientific and technological innovation, industrial control, and security support for the rapid construction of a world-class enterprise. In addition, the Group will continuously enhance its intrinsic safety capabilities and improve its safety system while organizing safety and development at a high level. The Group will strive to increase market development, steadily improve its international operation capability, and accomplish its business goals and tasks with quality. Moreover, the Group will endeavor to strengthen the momentum of scientific and technological innovation, tackle key core technologies, and promote scientific and technological self-reliance and self-improvement with a high standard while stimulating the vitality of enterprise reform, continuously increasing its reform efforts, and implementing the upgrade of state enterprise reform. Lastly, the Group will systematically optimize the corporate governance system, accelerate the improvement of the modern enterprise system, and efficiently facilitate management improvement and brand building.

OTHER INFORMATION

INTERIM DIVIDEND

The Board recommends the Company not to pay an interim dividend for the first half of 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

In the first half of 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities (including sale of treasury shares as defined under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). As at June 30, 2024, the Company did not hold any such treasury shares.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to make relevant amendments to meet the latest requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to the expansion of the paperless listing regime and the electronic dissemination of corporate communications by listed issuers, to delete or amend the provisions which are obsolete as a result of the repeal of the Special Regulations and the Mandatory Provisions, and to adjust the scope of operation of the Company to align with the text of the approved scope of operation as registered in the business license of the Company, in accordance with the Listing Rules and the latest amendments to the Company Law of the People’s Republic of China which has become effective on July 1, 2024, on March 27, 2024, the Board has resolved to propose to make amendments to the provisions of the Articles of Association of the Company (“**Articles of Association**”). The proposed amendments were considered and approved by the Shareholders at the annual general meeting held on June 20, 2024 by way of a special resolution. The latest version of the Articles of Association was published on the websites of the Company and the Stock Exchange on June 20, 2024. Please refer to the announcements of the Company dated March 27, 2024 and June 20, 2024, as well as the circular of the Company dated May 16, 2024 for details of such amendments.

SHARE CAPITAL STRUCTURE

The issued share capital of the Company as at June 30, 2024 amounted to 2,926,209,589 shares, with a par value of RMB1.00 each. As at June 30, 2024, the share capital structure of the Company is as follows:

Class of shares	Number of shares	Percentage to the total number of shares in issue [%]
Domestic shares	1,993,647,589	68.13
H shares	932,562,000	31.87
Total	2,926,209,589	100.00

OTHER INFORMATION

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

As at June 30, 2024, the interests and short positions of any persons (other than directors, supervisors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") are as follows:

Name of shareholder	Class and number of securities (Note 2)	Capacity	Approximate percentage of respective class of share capital (Note 3)	Approximate percentage of total share capital (Note 3)
China TravelSky Holding Company Limited	864,836,589 domestic shares of RMB1 each (L)	Beneficial owner	43.38%	29.55%
China Mobile Communications Group Co., Ltd.	292,100,000 domestic shares of RMB1 each (L) (Note 4)	Interest of controlled corporation	14.65%	9.98%
China National Aviation Holding Corporation Limited	260,690,500 domestic shares of RMB1 each (L)	Beneficial owner	13.08%	8.91%
	18,720,000 domestic shares of RMB1 each (L) (Note 5)	Interest of controlled corporation	0.94%	0.64%
	13,045,500 domestic shares of RMB1 each (L) (Note 6)	Interest of controlled corporation	0.65%	0.45%
China Southern Air Holding Company Limited	202,781,500 domestic shares of RMB1 each (L)	Beneficial owner	10.17%	6.93%
	65,773,500 domestic shares of RMB1 each (L) (Note 7)	Interest of controlled corporation	3.30%	2.25%
China Eastern Air Holding Company Limited	182,743,500 domestic shares of RMB1 each (L)	Beneficial owner	9.17%	6.25%
	25,155,000 domestic shares of RMB1 each (L) (Note 8)	Interest of controlled corporation	1.26%	0.86%
	3,900,000 domestic shares of RMB1 each (L) (Note 9)	Interest of controlled corporation	0.20%	0.13%

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Name of shareholder	Class and number of securities (Note 2)	Capacity	Approximate percentage of respective class of share capital (Note 3)	Approximate percentage of total share capital (Note 3)
Citigroup Inc.	83,828,314 H shares of RMB1 each (L) (Note 10)		8.98%	2.86%
	1,478,888 H shares (L)	Interest of corporation controlled by the substantial shareholder		
	82,349,426 H shares (L)	Approved lending agent		
	1,127,067 H shares of RMB1 each (S) (Note 10)	Interest of corporation controlled by the substantial shareholder	0.12%	0.03%
	82,349,426 H shares of RMB1 each (P) (Note 10)	Approved lending agent	8.83%	2.81%
FMR LLC	56,376,866 H shares of RMB1 each (L) (Note 11)	Interest of corporation controlled by the substantial shareholder	6.05%	1.92%

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Notes:

- (1) Interests and short positions in the shares and underlying shares of the Company disclosed in this section are based on the reasonable enquiries made by the Company and the data published on the website of Hong Kong Exchanges and Clearing Limited (“**HKEX**”) (www.hkexnews.hk). For the latest disclosure of interests filings of the substantial shareholders of the Company’s H shares, please refer to the “Disclosure of Interests” section on the website of HKEX (www.hkexnews.hk).
- (2) (L) — Long position; (S) — Short position; (P) — Lending pool.
- (3) The percentage is calculated by the amount of shares held by relevant person/the total amount of relevant shares issued as at June 30, 2024. Percentage in total share capital is based on 2,926,209,589 shares of the total issued share of the Company as at June 30, 2024; percentage in respective class of share capital is based on 1,993,647,589 domestic shares and 932,562,000 H shares of the Company as at June 30, 2024.
- (4) These shares were held by China Mobile Capital Holding Co.,Ltd., a subsidiary of China Mobile Communications Group Co., Ltd. China Mobile Communications Group Co., Ltd. was deemed to be interested in the shares held by China Mobile Capital Holding Co.,Ltd. pursuant to the SFO, of which 145,500,000 domestic shares (S) (accounting for approximately 4.97% of the total share capital) are deemed to be held through China Mobile Capital Holding Co.,Ltd. under the relevant agreements, based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by China Mobile Communications Group Co., Ltd. on February 6, 2024.
- (5) These shares were held by Shenzhen Airlines Company Limited, a subsidiary of China National Aviation Holding Corporation Limited. China National Aviation Holding Corporation Limited was deemed to be interested in the shares held by Shenzhen Airlines Company Limited pursuant to the SFO.
- (6) These shares were held by Shandong Airlines Company Limited, a subsidiary of China National Aviation Holding Corporation Limited. China National Aviation Holding Corporation Limited was deemed to be interested in the shares held by Shandong Airlines Company Limited pursuant to the SFO.
- (7) These shares were held by Xiamen Airlines Company Limited, a subsidiary of China Southern Air Holding Company Limited. China Southern Air Holding Company Limited was deemed to be interested in the shares held by Xiamen Airlines Company Limited pursuant to the SFO.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Notes: (Continued)

- [8] These shares were held by China Eastern Airlines Corporation Limited, a subsidiary of China Eastern Air Holding Company Limited. China Eastern Air Holding Company Limited was deemed to be interested in the shares held by China Eastern Airlines Corporation Limited pursuant to the SFO.
- [9] These shares were held by China Eastern Airlines Wuhan Company Limited, a subsidiary of China Eastern Air Holding Company Limited. China Eastern Air Holding Company Limited was deemed to be interested in the shares held by China Eastern Airlines Wuhan Company Limited pursuant to the SFO.
- [10] Based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by Citigroup Inc. on May 14, 2024, Citigroup Inc. was deemed to be interested in 83,828,314 H shares (L), 1,127,067 H shares (S) and 82,349,426 H shares (P). These shares were held by Citicorp LLC, Citibank, N.A., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc., Citigroup Global Markets Inc., Citigroup Global Markets Holdings Bahamas Limited, Citigroup Global Markets Limited, Citibank, N.A., Citicorp Trust Delaware, National Association and Citicorp Trust South Dakota, which were directly or indirectly controlled by Citigroup Inc. Citigroup Inc. was deemed to be interested in the shares held by such companies pursuant to the SFO.
- [11] Based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by FMR LLC on April 3, 2024, FMR LLC was deemed to be interested in 56,376,866 H shares (L). These shares were held by Fidelity Management & Research Company LLC, FMR Investment Management (UK) Limited, Fidelity Management & Research (Hong Kong) Limited, Fidelity Management & Research (Japan) Limited, FIAM Holdings LLC, Fidelity Institutional Asset Management Trust Company, FIAM LLC, Fidelity Canada Investors LLC, Bay Street Holdings LLC, 483A Bay Street Holdings LP, BlueJay Lux 1 S.a.r.l. and Fidelity Investments Canada ULC, which were directly or indirectly controlled by FMR LLC. FMR LLC was deemed to be interested in the shares held by such companies pursuant to the SFO.

Save as the above, to the best knowledge of the Company's directors, as at June 30, 2024, no person (other than directors, supervisors or chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company that are required to be recorded in the register kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

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

As at June 30, 2024, none of the directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange by the directors, supervisors or chief executives pursuant to the Model Code (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

None of the directors, supervisors or chief executives of the Company or their respective associates had been granted or had exercised any rights to subscribe for the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) for the six months ended June 30, 2024.

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 C1 to the Listing Rules as the Company’s code of corporate governance.

The Company has deviated from the Code Provision C.2.1 “the roles of chairman and chief executives should be separate and should not be performed by the same individual”. As stated in the announcement of Company dated May 2, 2022, Mr. Huang Rongshun, the chairman of the Company, has been 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 constitutes 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.

OTHER INFORMATION

CORPORATE GOVERNANCE (CONTINUED)

The Company has deviated from the Code Provision B.2.2 “every director (including those appointed for a specific term) shall 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 of the Company 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 deviations from Code Provision C.2.1 and Code Provision B.2.2, the Company has fully complied with the Code Provisions in the first half of 2024.

For the six-month period ended June 30, 2024, the Company has adopted 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-month period ended June 30, 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE (SUPERVISORY COMMITTEE)

The Audit and Risk Management Committee (Supervisory Committee) of the Company has discussed and reviewed the unaudited interim results of the Group for the six months ended June 30, 2024 with the Company’s management, and has also discussed matters relating to internal control, risk management and financial reporting.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND CHANGE IN INFORMATION

Change of Directors

As stated in the announcement of the Company dated January 25, 2024, on the Company's extraordinary general meeting held that date, Mr. Sun Yuquan and Mr. Qu Guangji have been elected and appointed as non-executive Directors of the seventh session of the Board and members of the Strategy and Investment Committee (Legal Compliance Committee) ("**Strategy and Investment Committee**"), respectively. At the same time, the general meeting approved that Mr. Zhao Xiaohang and Mr. Luo Laijun ceased to be non-executive Directors and members of the Strategy and Investment Committee of the Company.

As stated in the announcement of the Company dated August 28, 2024, Directors of the Company proposed to appoint Mr. Cheng Guowei as non-executive Director of the seventh session of the Board and members of the Strategy and Investment Committee of the Company. At the same time, Mr. Xi Sheng ceased to be a non-executive Director and member of the Strategy and Investment Committee of the Company, which will become effective subject to the Shareholders' approval at the general meeting of the Company.

Change of Supervisors

As stated in the announcement of the Company dated January 17, 2024, upon the approval at the Company's staff representative meeting held on January 17, 2024, Ms. Liang Shuang has ceased to serve as a staff representative supervisor of the Company due to adjustment of the internal working arrangement, Mr. Zhang Xin was appointed as a staff representative supervisor of the Company.

As stated in the announcement of the Company dated August 28, 2024, the Supervisory Committee of the Company proposed the appointment of Mr. Lyu Wei as the shareholder representative Supervisor of the seventh Supervisory Committee of the Company, at the same time, Mr. Yang Jun cease to be the shareholder representative supervisor of the Company, which will become effective subject to the Shareholders' approval at the general meeting of the Company.

Change of Senior Management

As stated in the announcement of Company dated January 31, 2024, Mr. Wang Jinping has ceased to serve as a vice general manager of the Company due to retirement.

OTHER INFORMATION

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND CHANGE IN INFORMATION (CONTINUED)

Change in Information of Directors and Supervisors

Change in the information of directors or supervisors of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2023 annual report is set out below:

Mr. Chan Wing Tak Kevin, an independent non-executive Director, was appointed as a member of the Chief Executive's Policy Unit (CEPU) Expert Group of the Hong Kong Special Administrative Region of the PRC in May 2024, with a term of one year. He was appointed as a member of the Hong Kong Independent Police Complaints Council in June 2024, with a term of two years. He was appointed as a member of the Stock Exchange Listing Review Committee in July 2024, with a term of one year.

Mr. Yang Jun, shareholder representative supervisor of the seventh session of the supervisory committee of the Company, has been the party secretary and vice general manager of Xiamen Airlines Company Limited* (廈門航空有限公司) since May 2024.

By order of the Board
Huang Rongshun
Chairman

August 28, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2024	As at December 31, 2023
Current assets:			
Cash and bank balances	5.1	9,609,663,328.73	7,367,554,453.37
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	2,702,068,287.67	3,504,856,849.32
Derivative financial assets			
Notes receivable	5.3	234,704,657.50	219,778,295.29
Accounts receivable	5.4	5,336,412,509.04	4,519,511,976.11
Receivables financing			
Advances to suppliers	5.5	192,824,697.09	131,724,745.10
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.6	2,203,695,429.13	1,967,334,228.40
Financial assets purchased under resale agreements			
Inventories	5.7	142,483,822.00	85,941,278.65
Including: Data resources			
Contract assets	5.8	180,833,348.11	32,869,548.08
Assets held for sale			
Non-current assets maturing within one year	5.9	88,121,611.09	107,231,444.45
Other current assets	5.10	205,120,461.33	189,402,222.38
Total current assets		20,895,928,151.69	18,126,205,041.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2024	As at December 31, 2023
Non-current assets:			
Disbursements of loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	5.11	854,123,550.07	741,789,319.20
Investments in other equity instruments	5.12	882,453,000.00	830,473,800.00
Other non-current financial assets	5.13	783,819,158.05	786,903,313.48
Investment properties	5.14	89,410,589.50	93,865,533.54
Fixed assets	5.15	3,029,696,046.44	3,192,828,763.30
Construction in progress	5.16	21,676,051.81	20,897,853.51
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.17	97,778,103.87	145,919,481.50
Intangible assets	5.18	2,198,296,804.59	2,447,136,686.49
Including: Data resources		39,249,819.84	
Development expenditures		40,256,017.04	25,559,215.96
Including: Data resources		9,589,351.05	
Goodwill	5.19	260,400.76	260,400.76
Long-term deferred expenses	5.20	3,541,900.24	4,323,367.68
Deferred tax assets	5.21	537,085,966.79	569,294,736.60
Other non-current assets	5.22	542,640,028.92	514,671,917.81
Total non-current assets		9,081,037,618.08	9,373,924,389.83
Total assets		29,976,965,769.77	27,500,129,430.98

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2024	As at December 31, 2023
Current liabilities:			
Short-term borrowings	5.24	1,151,999,999.00	751,589,902.50
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.25	2,335,434,595.89	2,245,559,174.77
Advances from customers			
Contract liabilities	5.26	813,893,486.29	890,290,731.73
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	5.27	193,537,551.29	240,297,916.39
Taxes payable	5.28	197,555,721.36	264,618,903.72
Other payables	5.29	2,880,689,693.02	1,647,405,374.72
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.30	288,428,831.18	109,423,596.99
Other current liabilities	5.31	28,295,367.63	44,307,925.16
Total current liabilities		7,889,835,245.66	6,193,493,525.98

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2024	As at December 31, 2023
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	5.32		200,213,888.89
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	5.33	21,718,164.33	50,581,025.30
Long-term payables	5.34	420,237.65	420,237.65
Long-term employee compensation payable			
Provisions	5.35	20,000.00	20,000.00
Deferred income	5.36	1,221,182.50	1,221,182.50
Deferred tax liabilities	5.21	35,849,015.81	35,585,239.45
Other non-current liabilities			
Total non-current liabilities		59,228,600.29	288,041,573.79
Total liabilities		7,949,063,845.95	6,481,535,099.77
Shareholders' equity:			
Share capital	5.37	2,926,209,589.00	2,926,209,589.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves	5.38	1,248,608,760.72	1,192,037,425.52
Less: Treasury stock			
Other comprehensive income	5.39	-7,843,093.80	-53,239,516.76
Special reserves			
Surplus reserves	5.40	4,338,775,790.54	4,221,794,668.50
General risk reserves	5.41	13,260,933.32	13,260,933.32
Retained earnings	5.42	12,953,115,714.94	12,171,069,311.04
Total equity attributable to shareholders of the Company		21,472,127,694.72	20,471,132,410.62
Non-controlling interests		555,774,229.10	547,461,920.59
Total shareholders' equity		22,027,901,923.82	21,018,594,331.21
Total liabilities and shareholders' equity		29,976,965,769.77	27,500,129,430.98

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2024	As at December 31, 2023
Current assets:			
Cash and bank balances		6,605,339,470.29	5,273,294,551.65
Financial assets held for trading		2,702,068,287.67	3,504,856,849.32
Derivative financial assets			
Notes receivable		224,897,986.69	217,860,615.29
Accounts receivable	17.1	4,914,797,958.29	4,000,617,002.34
Receivables financing			
Advances to suppliers		178,159,259.14	151,764,729.50
Other receivables	17.2	335,334,373.42	372,833,833.95
Inventories		936,829.83	904,971.42
Including: Data resources			
Contract assets		167,336,316.95	17,745,067.68
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		124,515,447.57	114,332,035.60
Total current assets		15,253,385,929.85	13,654,209,656.75

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2024	As at December 31, 2023
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	17.3	2,707,060,092.96	2,651,396,839.49
Investment in other equity instruments		882,453,000.00	830,473,800.00
Other non-current financial assets		783,819,158.05	786,903,313.48
Investment properties		80,697,815.13	84,819,635.79
Fixed assets		2,603,981,110.83	2,751,976,758.66
Construction in progress		21,775,108.41	20,996,910.11
Productive biological assets			
Oil and gas assets			
Right-of-use assets		69,360,169.73	110,492,853.36
Intangible assets		2,104,700,582.62	2,357,001,147.46
Including: Data resources		39,249,819.92	
Development expenditures		14,963,342.63	1,213,519.67
Including: Data resources		9,589,351.05	
Goodwill			
Long-term deferred expenses		2,617,932.13	3,108,165.81
Deferred tax assets		529,596,459.81	561,109,497.83
Other non-current assets			
Total non-current assets		9,801,024,772.30	10,159,492,441.66
Total assets		25,054,410,702.15	23,813,702,098.41

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2024	As at December 31, 2023
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		2,538,222,563.60	2,619,274,026.39
Advances from customers			
Contract liabilities		770,544,441.88	856,662,191.21
Employee compensation payables		97,197,021.13	171,177,968.70
Taxes payable		136,783,511.41	176,224,502.82
Other payables		3,649,853,290.39	2,884,236,096.54
Liabilities held for sale			
Non-current liabilities maturing within one year		269,923,142.94	89,754,098.76
Other current liabilities		25,418,341.39	42,208,789.49
Total current liabilities		7,487,942,312.74	6,839,537,673.91
Non-current liabilities:			
Long-term borrowings			200,213,888.89
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		4,970,024.84	29,386,642.67
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		221,182.50	221,182.50
Deferred tax liabilities		20,361,338.49	20,080,718.95
Other non-current liabilities			
Total non-current liabilities		25,552,545.83	249,902,433.01
Total liabilities		7,513,494,858.57	7,089,440,106.92

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2024	As at December 31, 2023
Shareholders' equity:			
Share capital		2,926,209,589.00	2,926,209,589.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves		1,347,347,774.50	1,298,570,506.29
Less: Treasury stock			
Other comprehensive income		9,741,560.44	-34,440,759.56
Special reserves			
Surplus reserves		4,333,269,598.34	4,216,288,476.30
Retained earnings		8,924,347,321.30	8,317,634,179.46
Total shareholders' equity		17,540,915,843.58	16,724,261,991.49
Total liabilities and shareholders' equity		25,054,410,702.15	23,813,702,098.41

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
I. Total operating income		4,041,791,212.19	3,307,555,567.64
Including: Operating income	5.43	4,041,791,212.19	3,307,555,567.64
Interest income			
Earned premium			
Fees and commission income			
II. Total operating costs		2,535,291,416.00	2,178,180,904.16
Including: Operating costs	5.43	1,634,123,093.42	1,438,785,384.49
Interest expenses			
Handling charges and Commissions Expenses			
Refunds of insurance premiums			
Net payments for insurance claims			
Net provisions for insurance liability reserves			
Commissions on insurance policies			
Cession charges			
Taxes and surcharges	5.44	44,667,989.61	36,221,069.60
Selling and distribution expenses	5.45	38,887,952.91	55,081,734.26
General and administrative expenses	5.46	464,305,780.97	444,718,760.63
Research and development expenses	5.47	431,960,329.68	275,217,130.34
Financial expenses	5.48	-78,653,730.59	-71,843,175.16
Including: Interest expenses		6,435,439.83	8,041,549.13
Interest income		73,390,563.96	63,976,022.05
Plus: Other income	5.49	7,677,627.21	35,775,912.66
Investment income ("-" for losses)	5.50	39,334,601.25	44,643,405.29
Including: Gains from investment in associates and joint ventures		2,121,237.91	7,691,927.64
Gains from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)			
Income from net exposure hedging ("-" for losses)			
Gains from the changes in fair value ("-" for losses)	5.51	484,501.76	6,800,160.88
Credit impairment losses ("-" for losses)	5.52	65,664,000.96	116,978,290.86
Asset impairment losses ("-" for losses)	5.53	-6,021,305.48	2,452,840.55
Gains from disposal of assets ("-" for losses)	5.54	16,487.46	2,654,935.35

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
III. Operating profits ("-" for losses)		1,613,655,709.35	1,338,680,209.07
Plus: Non-operating income	5.55	3,162,710.29	19,897,263.18
Less: Non-operating expenses	5.56	11,096,151.97	11,713,905.98
IV. Total profits ("-" for total losses)		1,605,722,267.67	1,346,863,566.27
Less: Income tax expenses	5.57	228,906,798.98	139,209,645.47
V. Net profit ("-" for net loss)		1,376,815,468.69	1,207,653,920.80
(I) Classified by operating continuity			
1. Net profit from continuing operations ("-" for net loss)		1,376,815,468.69	1,207,653,920.80
2. Net profit from discontinued operations ("-" for net losses)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company ("-" for net loss)		1,367,221,060.18	1,200,385,350.66
2. Net profit attributable to non-controlling interests ("-" for net loss)		9,594,408.51	7,268,570.14
VI. Other comprehensive income, net of tax		45,396,422.96	8,833,101.19
Other comprehensive income, net of tax attributable to shareholders of the Company		45,396,422.96	8,833,101.19
(I) Items that cannot be reclassified to profit or loss		44,182,320.00	3,240,523.68
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			3,240,523.68
3. Changes in fair value of other equity instruments investment		44,182,320.00	
4. Changes in the fair value of the Company's own credit risk			
(II) Items that may be reclassified to profit or loss		1,214,102.96	5,592,577.51
1. Other comprehensive income that may be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
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		1,214,102.96	5,592,577.51
7. Others			
Other comprehensive income, net of tax, attributable to non-controlling interests			

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2024
 (Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
VII. Total comprehensive income		1,422,211,891.65	1,216,487,021.99
Total comprehensive income attributable to shareholders of the Company		1,412,617,483.14	1,209,218,451.85
Total comprehensive income attributable to non-controlling interests		9,594,408.51	7,268,570.14
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.58	0.47	0.41
(II) Diluted earnings per share (RMB/share)	5.58	0.47	0.41

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE PARENT COMPANY

For the Six Months Ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
I. Operating income	17.4	3,313,339,303.36	2,576,766,662.83
Less: Operating costs	17.4	1,348,844,359.05	1,050,941,690.67
Taxes and surcharges		38,504,384.32	31,206,723.41
Selling and distribution expenses		19,495,787.36	5,524,501.85
General and administrative expenses		332,154,069.22	320,538,289.22
Research and development expenses		299,809,704.90	160,387,483.37
Financial expenses		-33,429,902.17	-24,923,579.23
Including: Interest expenses		5,731,135.69	7,170,186.61
Interest income		35,660,822.64	29,635,899.67
Plus: Other income		4,475,095.76	30,897,122.20
Investment income ("-" for loss)	17.5	37,760,939.76	46,048,627.27
Including: Gains from investment in associates and joint ventures		-14,518,585.49	9,097,149.62
Gains from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)		484,501.76	6,800,160.88
Credit impairment losses ("-" for losses)		60,767,890.23	118,756,411.84
Asset impairment losses ("-" for losses)		-4,910,271.37	2,344,523.77
Gains from disposal of assets ("-" for losses)		12,418.29	
II. Operating profits ("-" for loss)		1,406,551,475.11	1,237,938,399.50
Plus: Non-operating income		2,870,516.74	867,126.24
Less: Non-operating expenses		10,623,947.44	11,468,016.63
III. Total profits ("-" for total losses)		1,398,798,044.41	1,227,337,509.11
Less: Income tax expenses		206,910,246.29	121,889,856.38
IV. Net profit ("-" for net loss)		1,191,887,798.12	1,105,447,652.73
(I) Net profit from continuing operations ("-" for net loss)		1,191,887,798.12	1,105,447,652.73
(II) Net profit from discontinued operations ("-" for net loss)			

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE PARENT COMPANY

For the Six Months Ended June 30, 2024
 (Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
V. Other comprehensive income, net of tax		44,182,320.00	3,240,523.68
(I) Other comprehensive income that cannot be reclassified to profit or loss		44,182,320.00	3,240,523.68
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			3,240,523.68
3. Changes in fair value of other equity instruments investment		44,182,320.00	
4. Changes in the fair value of the Company's own credit risk			
(II) Items that may be reclassified to profit or loss			
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			
7. Others			
VI. Total comprehensive income		1,236,070,118.12	1,108,688,176.41
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		3,233,843,728.26	3,058,794,919.93
Net increase in customer deposits and deposits from other banks and financial institutions			
Net increase in borrowings from central banks			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges		4,913,626.94	6,813,901.88
Cash received from other operating activities	5.60	66,440,302,148.46	66,249,706,187.22
Sub-total of cash inflows from operating activities		69,679,059,503.66	69,315,315,009.03
Cash paid for goods purchased and services received		921,948,828.06	1,000,179,176.08
Net increase in customers' loans and advances			
Net increase in deposits with central bank and with banks and other financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		1,091,304,512.91	883,829,722.54
Cash paid for taxes and surcharges		437,525,592.15	377,254,018.73
Cash paid for other operating activities	5.60	65,940,844,612.54	66,042,829,140.19
Sub-total of cash outflows from operating activities		68,391,623,545.66	68,304,092,057.54
Net cash flows from operating activities		1,287,435,958.00	1,011,222,951.49

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
II. Cash flows from investing activities			
Cash received from disposal of investments		3,503,394,657.11	3,301,773,944.33
Cash received from returns on investments		60,733,861.17	54,082,438.35
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,389,793.25	5,485,025.45
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		37,250.00	
Sub-total of cash inflows from investing activities		3,565,555,561.53	3,361,341,408.13
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		175,530,830.23	208,867,974.30
Cash paid for investments		2,700,000,000.00	3,576,090,965.00
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		442,553.74	
Sub-total of cash outflows from investing activities		2,875,973,383.97	3,784,958,939.30
Net cash flows from investing activities		689,582,177.56	-423,617,531.17
III. Cash flows from financing activities			
Cash from absorption of investments			
Including: Cash received by subsidiaries from investment by minority shareholders			
Cash received from borrowings		1,961,999,998.00	1,484,578,932.02
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		1,961,999,998.00	1,484,578,932.02
Cash paid for debts repayments		1,561,589,901.50	931,389,039.63
Cash paid for distribution of dividends and profits or payment of interest		31,886,381.61	16,719,255.95
Including: Dividends and profits paid to minority shareholders by subsidiaries		4,648,760.44	7,052,234.16
Cash paid for other financing activities	5.60	66,290,329.14	48,817,689.32
Sub-total of cash outflows from financing activities		1,659,766,612.25	996,925,984.90
Net cash flows from financing activities		302,233,385.75	487,652,947.12

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		6,757,490.38	25,456,515.41
V. Net increase in cash and cash equivalents		2,286,009,011.69	1,100,714,882.85
Plus: Beginning balance of cash and cash equivalents		7,276,531,274.65	7,475,848,342.25
VI. Closing balance of cash and cash equivalents		9,562,540,286.34	8,576,563,225.10

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

For the six months ended June 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		2,379,222,194.46	2,290,310,906.03
Refund of taxes and surcharges			35,580.09
Cash received from other operating activities		435,744,814.73	218,151,973.01
Sub-total of cash inflows from operating activities		2,814,967,009.19	2,508,498,459.13
Cash paid for goods purchased and services received		842,678,310.00	818,092,430.87
Cash paid to and on behalf of employees		652,670,429.14	489,385,574.92
Cash paid for taxes and surcharges		350,353,459.48	243,500,314.80
Cash paid for other operating activities		204,046,864.10	239,807,432.35
Sub-total of cash outflows from operating activities		2,049,749,062.72	1,790,785,752.94
Net cash flows from operating activities		765,217,946.47	717,712,706.19
II. Cash flows from investing activities			
Cash received from disposal of investments		3,503,394,657.11	3,301,773,944.33
Cash received from returns on investments		60,583,861.17	84,037,431.05
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,371,243.25	2,585,277.50
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		3,565,349,761.53	3,388,396,652.88
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		238,172,970.93	200,125,342.38
Cash paid for investments		2,700,000,000.00	3,576,090,965.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		2,938,172,970.93	3,776,216,307.38
Net cash flows from investing activities		627,176,790.60	-387,819,654.50

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

For the six months ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	Notes	Six months ended June 30, 2024	Six months ended June 30, 2023
III. Cash flows from financing activities			
Cash from absorption of investments			
Cash received from borrowings			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities			
Cash paid for debts repayments			3,538,888.89
Cash paid for distribution of dividends and profits or payment of interest		3,558,333.33	41,998,543.53
Cash paid for other financing activities		56,110,115.63	
Sub-total of cash outflows from financing activities		59,668,448.96	45,537,432.42
Net cash flows from financing activities		-59,668,448.96	-45,537,432.42
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		-681,369.47	2,383,914.30
V. Net increase in cash and cash equivalents		1,332,044,918.64	286,739,533.57
Plus: Beginning balance of cash and cash equivalents		5,273,294,551.65	4,646,870,810.21
VI. Closing balance of cash and cash equivalents		6,605,339,470.29	4,933,610,343.78

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

Legal Representative: Huang Rongshun Chief Accountant: Li Jinsong Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

Item	Equity attributable to shareholders of the parent company										Total shareholders' equity		
	Share capital	Preferred stock	Perpetual bonds	Other equity instruments	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves		Undistributed profits	Sub-total
I. Balance as at December 31, 2023	2,926,209,589.00				1,192,037,425.52		-53,239,516.76	4,221,794,666.50	13,260,833.32	12,171,049,311.04	20,471,132,410.62	547,461,920.59	21,018,594,331.21
Plus: Changes in accounting policies													
Correction of accounting errors in prior periods													
Business combination under common control													
Others													
II. Balance as at January 1, 2024	2,926,209,589.00				1,192,037,425.52		-53,239,516.76	4,221,794,666.50	13,260,833.32	12,171,049,311.04	20,471,132,410.62	547,461,920.59	21,018,594,331.21
III. Increase/decrease in 2024 ("+" for increases)					56,571,335.20		45,394,422.96	116,981,122.04	782,046,403.90	1,000,995,284.10	-468,193,534.24	8,312,308.51	1,009,307,592.61
(1) Total comprehensive income							45,394,422.96						8,312,308.51
(2) Capital contributed or reduced by shareholders													
(i) Common stock contributions by shareholders													
(ii) Capital contributed by the holders of other equity instruments													
(iii) Amounts of share-based payments recognized in shareholders' equity													
(iv) Others													
(3) Profit distribution													
(i) Withdrawal of surplus reserves													
(ii) Withdrawal of general risk reserves													
(iii) Profit distribution to shareholders													
(iv) Others													
(4) Internal carry-forward of shareholders' equity													
(i) Conversion of capital reserves into paid-in capital													
(ii) Conversion of surplus reserves into paid-in capital													
(iii) Losses offset by surplus reserves													
(iv) Carry-forward of changes in the defined benefit plan for retained earnings													
(v) Carry-forward of other comprehensive income for retained earnings													
(vi) Others													
(5) Special reserves													
(i) Amount withdrawn in 2024													
(ii) Amount used in 2024													
(vi) Others													
IV. Balance as at June 30, 2024	2,926,209,589.00				1,248,608,760.72		-7,845,093.80	4,338,775,790.54	13,260,833.32	12,953,115,714.94	21,472,127,694.72	555,774,229.10	22,027,901,923.82

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	Other equity instruments				Equity attributable to shareholders of the parent company				Total shareholders' equity					
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves		Surplus reserves	General risk reserves	Undistributed profits	Sub-total	Minority interest
I. Balance as at December 31, 2023	2,926,209,589.00			1,192,037,455.52					4,065,899,430.72	9,863,800.26	11,085,010,718.71	19,229,493,393.32	512,657,310.75	19,741,155,710.07
Plus: Changes in accounting policies														
Correction of accounting errors in prior periods														
Business combination under common control														
Others														
II. Balance as at January 1, 2024	2,926,209,589.00			1,192,037,455.52					4,065,899,430.72	9,863,800.26	11,086,487,236.70	19,229,218,570.23	512,851,756.31	19,742,230,236.54
III. Increase/decrease in 2024 [- for decreases]														
(1) Total comprehensive income														
(2) Capital contributed or reduced by shareholders														
(i) Common stock contributions by shareholders														
(ii) Capital contributed by the holders of other equity instruments														
(iii) Amounts of share-based payments recognized in shareholders' equity														
(iv) Others														
(3) Profit distribution														
(i) Withdrawal of surplus reserves														
(ii) Withdrawal of general risk reserves														
(iii) Profit distribution to shareholders														
(iv) Others														
(4) Internal carry-forward of shareholders' equity														
(i) Conversion of capital reserves into paid-in capital (or share capital)														
(ii) Conversion of surplus reserves into paid-in capital (or share capital)														
(iii) Losses offset by surplus reserves														
(iv) Carry-forward of changes in the defined benefit plan for retained earnings														
(v) Carry-forward of other comprehensive income for retained earnings														
(vi) Others														
(5) Special reserves														
(i) Amount withdrawn in 2023														
(ii) Amount used in 2023														
(6) Others														
IV. Balance as at June 30, 2024	2,926,209,589.00			1,192,037,455.52					4,104,744,512.30	9,863,800.26	12,092,918,397.56	20,883,307,913.86	520,120,326.45	20,803,628,240.31

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

For the six months ended June 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

Item	For the Period from January 1, 2024 to June 30, 2024										Total shareholders' equity	
	Share capital	Preferred stock	Other equity instruments	Others	Capital reserves	Treasury stock	Less: comprehensive income	Other income	Special reserves	Surplus reserves		Undistributed profits
I. Balance as at December 31, 2023	2,926,209,589.00				1,298,570,506.29			-34,440,759.56		4,216,288,476.30	8,317,634,179.46	16,724,261,991.49
Plus: Changes in accounting policies												
Correction of accounting errors in prior periods												
Others												
II. Balance as at January 1, 2024	2,926,209,589.00				1,298,570,506.29			-34,440,759.56		4,216,288,476.30	8,317,634,179.46	16,724,261,991.49
III. Increase/decrease in 2024 ("-" for decreases)					48,777,268.21		44,182,320.00	44,182,320.00		116,981,122.04	606,713,141.84	816,653,852.09
(1) Total comprehensive income							44,182,320.00	44,182,320.00			1,191,887,798.12	1,236,070,118.12
(2) Capital contributed or reduced by shareholders					48,777,268.21							48,777,268.21
(i) Common stock contributions by shareholders												
(ii) Capital contributed by the holders of other equity instruments												
(iii) Amounts of share-based payments recognized in shareholders' equity												
(iv) Others												
(3) Profit distribution					48,777,268.21							48,777,268.21
(i) Withdrawal of surplus reserves										116,981,122.04	-585,174,656.28	-468,193,534.24
(ii) Profit distribution to shareholders										116,981,122.04	-116,981,122.04	
(iii) Others												
(4) Internal carry-forward of shareholders' equity												
(i) Conversion of capital reserves into paid-in capital (or share capital)												
(ii) Conversion of surplus reserves into paid-in capital (or share capital)												
(iii) Losses offset by surplus reserves												
(iv) Carry-forward of changes in the defined benefit plan for retained earnings												
(v) Carry-forward of other comprehensive income for retained earnings												
(vi) Others												
(5) Special reserves												
(i) Amount withdrawn in 2024												
(ii) Amount used in 2024												
(6) Others												
IV. Balance as at June 30, 2024	2,926,209,589.00				1,347,347,774.50		9,741,560.44	9,741,560.44		4,333,269,598.34	8,924,347,321.30	17,540,915,843.58

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

For the six months ended June 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

Item	For the Period from January 1, 2023 to June 30, 2023							Total shareholders' equity			
	Share capital	Preferred stock	Perpetual bonds	Others	Capital reserves	Less: treasury stock	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profits
I. Balance as at December 31, 2022	2,924,209,589.00				1,298,570,506.29				4,060,393,238.52	7,458,316,963.38	15,710,193,587.19
Plus: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Balance as at January 1, 2023	2,924,209,589.00				1,298,570,506.29				4,060,393,238.52	7,458,807,305.02	15,710,689,928.83
III. Increase/decrease in 2023 ("-" for decreases)											
(1) Total comprehensive income									1,144,312,734.31	911,493,462.93	2,059,046,720.92
(2) Capital contributed or reduced by shareholders									1,105,447,652.73	1,105,447,652.73	2,214,135,829.14
(i) Common stock contributions by shareholders											
(ii) Capital contributed by the holders of other equity instruments											
(iii) Amounts of share-based payments recognized in shareholders' equity											
(iv) Others											
(3) Profit distribution											
(i) Withdrawal of surplus reserves									38,865,081.58	-193,954,189.80	-155,089,108.22
(ii) Profit distribution to shareholders									38,865,081.58	-38,865,081.58	
(iii) Others											
(4) Internal carry-forward of shareholders' equity											
(i) Conversion of capital reserves into paid-in capital (or share capital)											
(ii) Conversion of surplus reserves into paid-in capital (or share capital)											
(iii) Losses offset by surplus reserves											
(iv) Carry-forward of changes in the defined benefit plan for retained earnings											
(v) Carry-forward of other comprehensive income for retained earnings											
(vi) Others											
(5) Special reserves											
(i) Amount withdrawn in 2023											
(ii) Amount used in 2023											
(6) Others											
IV. Balance as at June 30, 2023	2,924,209,589.00				1,298,570,506.29				5,204,705,972.83	8,370,300,767.95	17,769,730,649.75

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

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, with offering of 577,303,500 shares totaled share capital of RMB577,303,500.00 and par value of RMB1 per share at the time of establishment.

On February 7, 2001, the Company completed its initial offering of 310,854,000 H ordinary shares (par value RMB 1 per share) to overseas investors and listed on the Stock Exchange of Hong Kong Ltd. (the “**SEHK**”), increasing its total share capital to RMB888,157,500.00 after the offering.

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

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

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

As at June 30, 2024, the Company cumulatively issued share capital by the Company was 2,926,209,589 shares, and the registered share capital was RMB2,926,209,589.00.

The existing unified social credit code: 9111000071092729XP. Registered office: No. 7 Yumin Street, Houshayu Town, Shunyi District, Beijing. Legal representative: Huang Rongshun.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

1 COMPANY PROFILE (CONTINUED)

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

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

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

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

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

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

The financial statements have been approved by the Company's board of directors on August 28, 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

2 BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

2.1 Basis of preparation

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 on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited and with the applicable disclosure requirements of the Hong Kong Companies Ordinance.

2.2 Going concern

The financial statements are prepared on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated financial position and the parent company’s financial position as at June 30, 2024, and the consolidated operating results and the parent company’s operating results, the consolidated cash flows and the parent company’s cash flows for the period from January 1, 2024 to June 30, 2024.

3.2 Accounting period

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

3.3 Operating cycle

The Company’s operating cycle is 12 months.

3.4 Functional currency

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.6 Preparation method of consolidated financial statements**3.6.1 Scope of consolidation**

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

3.6.2 Procedures for consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(1) Increase of subsidiaries or business

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)**3.6.2 Procedures for consolidation (Continued)****(2) Disposal of subsidiaries****① General treatment methods**

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

② Disposal of subsidiaries by stages

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.6 Preparation method of consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(2) Disposal of subsidiaries (Continued)

② Disposal of subsidiaries by stages (Continued)

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

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

(3) Purchase of minority interest of subsidiaries

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.7 Recognition criteria of cash and cash equivalents

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

3.8 Foreign currency transactions and translation of foreign currency statements**3.8.1 Foreign currency transactions**

Foreign currency transactions are translated into CNY for accounting purpose at the spot exchange rate on the day when the transaction occurs.

The balance of foreign currency items on the balance sheet date are translated at the spot exchange rate on the balance sheet date. Except those arising from specific-purpose borrowings in foreign currencies related to assets eligible for capitalization that shall be measured in accordance with principle of capitalization of the borrowing costs, other exchange differences shall be recognized in profit or loss for the current period.

3.8.2 Translation of foreign currency financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.9 Financial instruments

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

3.9.1 Classification of financial instruments

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.9 Financial instruments (Continued)**3.9.1 Classification of financial instruments (Continued)**

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

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

3.9.2 Recognition basis and measurement method of financial instruments**(1) *Financial assets measured at amortized cost***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.9 Financial instruments (Continued)****3.9.2 Recognition basis and measurement method of financial instruments (Continued)****(2) *Financial assets (debt instruments) measured at fair value through the other comprehensive income***

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.9 Financial instruments (Continued)**3.9.2 Recognition basis and measurement method of financial instruments (Continued)****(5) Financial liabilities measured at fair value through profit or loss**

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

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

(6) Financial liabilities measured at amortized cost

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

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

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

3.9.3 Derecognition and transfer of financial assets

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

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.9 Financial instruments (Continued)

3.9.3 Derecognition and transfer of financial assets (Continued)

- The financial assets have been transferred, and the Company does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.9 Financial instruments (Continued)****3.9.3 Derecognition and transfer of financial assets (Continued)**

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

3.9.4 Derecognition of financial liabilities

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.9 Financial instruments (Continued)****3.9.5 Recognition methods of the fair value of financial assets and financial liabilities**

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

3.9.6 Test method and accounting treatment of impairment of financial assets

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

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Company calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, to determine the expected credit loss.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.9 Financial instruments (Continued)****3.9.6 Test method and accounting treatment of impairment of financial assets (Continued)**

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Company determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, once the period is overdue for over 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

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

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

For receivables and contract assets arising from the transactions specified in the Accounting Standards for Business Enterprises No. 14 — Revenue (2017), whether or not they contain significant financing components, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

For lease receivables, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.9 Financial instruments (Continued)****3.9.6 Test method and accounting treatment of impairment of financial assets (Continued)**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.9 Financial instruments (Continued)**3.9.6 Test method and accounting treatment of impairment of financial assets (Continued)**

For various types of margin, deposit and reserve borrowings, in principle, no provision for bad debts is made. However, if there is conclusive evidence that bad debts have been formed, corresponding bad debt provisions will be made based on the estimated bad debt losses that may occur.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

3.10 Inventories**3.10.1 Classification and cost of inventories**

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

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

3.10.2 Measurement method of dispatched inventories

The dispatched inventories are measured by individual identification method.

3.10.3 Inventory system

Perpetual inventory system is adopted.

3.10.4 Amortization methods for low-cost consumables and packaging materials

- (1) One-off write-off method is adopted for low-cost consumables;
- (2) The revolving packaging materials are included in the cost according to the expected number of times of use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.10 Inventories (Continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.11 Contract assets****3.11.1 Recognition method and criteria for contract assets**

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

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

See "3.9.6 Test method and accounting treatment of depreciation of financial assets", for the determination method and accounting treatment for the expected credit loss of contract assets.

3.12 Assets held for sale and discontinued operation**3.12.1 Assets held for sale**

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

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

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.12 Assets held for sale and discontinued operation (Continued)

3.12.1 Assets held for sale (Continued)

- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and has acquired the decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

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

3.12.2 Discontinued operation

A discontinued operation is a separately distinguishable component that meets one of the following conditions and that has been disposed of by the Company or classified by the Company as held for sale:

- (1) The component represents a separate major operation or a separate major operating area;
- (2) The component is part of a related plan for the proposed disposition of a separate principal business or a separate principal operating area;
- (3) The component is a subsidiary acquired exclusively for resale.

Gains and losses from continuing operations and gains and losses from discontinued operations are presented separately in the income statement. Operating gains and losses, such as impairment losses and reversal amount for discontinued operations, as well as gains and losses on disposals, are presented as gains and losses from discontinued operations. For discontinued operations reported in the current period, the Company restates the information that was previously reported as profit or loss from continuing operations as profit or loss from discontinued operations for the comparable accounting period in the financial statements of current period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.13 Long-term equity investments**3.13.1 Judgment criteria for joint control and significant influence**

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

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

3.13.2 Determination of initial investment cost**(1) Long-term equity investment acquired from business combination**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.13 Long-term equity investments (Continued)****3.13.3 Subsequent measurement and recognition of profits or losses****(1) Long-term equity investments accounted for under the cost method**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.13 Long-term equity investments (Continued)**3.13.3 Subsequent measurement and recognition of profits or losses (Continued)****(2) Long-term equity investments accounted for under equity method (Continued)**

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

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

(3) Disposal of long-term equity investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.13 Long-term equity investments (Continued)****3.13.3 Subsequent measurement and recognition of profits or losses (Continued)****(3) Disposal of long-term equity investments (Continued)**

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

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

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(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.14 Investment properties**

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

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

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

3.15 Fixed assets**3.15.1 Recognition criteria of fixed assets**

Fixed assets refer to tangible assets held for commodity production, rendering of services, renting or business management, with the useful lives over one year. Fixed assets are recognized when they simultaneously meet the following conditions:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.15 Fixed assets (Continued)****3.15.2 Depreciation method**

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

The depreciation life, residual value rates and annual depreciation rates of fixed assets are presented by category as follows:

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

3.15.3 Disposal of fixed assets

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

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(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.16 Construction in progress

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

The physical construction (including installation) of the fixed asset has been completed or substantially completed.

The amount of expenditure on fixed assets for this construction is very small or almost no longer occurs.

The fixed assets purchased and constructed have met the design or contract requirements, or are basically consistent with the design or contract requirements.

3.17 Borrowing costs**3.17.1 Recognition criteria of capitalization of borrowing costs**

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.17 Borrowing costs (Continued)

3.17.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs may be capitalized only when all the following conditions are met:

- (1) Asset expenses, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached their intended use or sale status.

3.17.3 Period of capitalization suspension

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, the constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

3.17.4 Measurement of capitalization rate and capitalized amounts of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.17 Borrowing costs (Continued)****3.17.4 Measurement of capitalization rate and capitalized amounts of borrowing costs (Continued)**

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

During the capitalization period, exchange differences of principal and interest on foreign currency special borrowings shall be capitalized and included in the cost of assets eligible for capitalization. Exchange differences arising from the principal and interest on foreign currency borrowings other than foreign currency special borrowings are recognized in the current profit or loss.

3.18 Intangible assets**3.18.1 Measurement of intangible assets****(1) The Company initially measures intangible assets at cost on acquisition**

The costs of externally acquired intangible assets comprise their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the assets for their intended use.

(2) Subsequent measurement

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

As for intangible assets with limited useful life, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful life and should not be amortized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.18 Intangible assets (Continued)****3.18.2 Estimate of the useful life of the intangible assets with definite useful lives**

Item	Estimated useful live (Year)	Amortization method	Residual rate (%)	Basis
Data resources	3-5	Straight-line	0.00	Period of benefit
Land use rights	40-50	Straight-line	0.00	Useful life
Software	3-5	Straight-line	0.00	Period of benefit
Non-patented technology	5	Straight-line	0.00	Period of benefit

3.18.3 Determination basis and procedure for review of useful life for intangible assets with indefinite useful life

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

3.18.4 Scope of collection of research and development expenditures

Expenditures incurred by the company during the research and development process include relevant employee salaries, consumed materials, related depreciation and amortization expenses and other related expenses for personnel engaged in research and development activities.

3.18.5 Specific criteria for classifying research and development stages

The Company's expenses for its internal research and development projects are classified into research expenses and development expenses.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.18 Intangible assets (Continued)****3.18.6 Criteria for capitalization of development expenditures**

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

- (1) It is feasible technically to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible asset;
- (3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the products made by using the intangible assets exist a market or that the intangible assets themselves have the market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;
- (4) It is able to finish the development of the intangible assets and to use or sell the same with the support of sufficient technologies, financial resources and other resources; and
- (5) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.19 Long-term assets impairment**

Where there are indications of impairment on long-term equity investments, investment property measured with cost model, fixed assets, construction in progress, intangible assets with definite useful lives, productive biological assets and other long-term assets at the end of the reporting period, impairment test should be made. Where the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made based on the differences and included in impairment loss. The recoverable amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. Provision for impairment of fixed assets is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset portfolio that the individual asset belongs to. The asset group is the minimum asset group that can independently generate the cash inflow.

For goodwill resulting from business combinations, intangible assets with uncertain useful lives, and intangible assets that have not yet reached serviceable condition, regardless of whether there are signs of impairment, at least at the end of each year, the impairment test is carried out at the end of each year.

The Company conducts goodwill impairment tests and apportions the carrying amount of goodwill resulting from business combinations to the relevant asset groups in a reasonable manner from the date of purchase; If it is difficult to allocate to related asset groups, it will be allocated to the related asset group combination. The associated asset group or combination of asset groups is the asset group or combination of asset groups that can benefit from the synergies of the business combination.

When conducting an impairment test on a group or combination of assets containing goodwill, if there are signs of impairment in the asset group or portfolio of asset groups related to goodwill, the impairment test is first carried out on the asset group or asset group combination that does not contain goodwill, the recoverable amount is calculated, and the corresponding impairment loss is recognized by comparing it with the relevant carrying value. Then, the impairment test is carried out on the asset group or asset group combination containing goodwill, and the carrying amount is compared with the recoverable amount, if the recoverable amount is lower than the book value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset group or asset group combination, and then the carrying value of the other assets is proportionally offset according to the proportion of the carrying value of the assets other than goodwill in the asset group or asset group combination. The losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.20 Long-term deferred expenses

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

3.21 Contract liabilities

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

3.22 Employee benefits**3.22.1 Accounting treatment of short-term compensation**

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in current profit or loss or costs associated with assets.

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

The employee welfare occurring in the Company shall be include in the current profit or loss or the related asset costs according to the actual amount when actually occurring. Among them, non-monetary benefits are measured at the fair value.

3.22.2 Accounting treatment of post-employment benefits**(1) Defined contribution plan**

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in current profit or loss or related asset costs. In addition, the Company also participates in the enterprise annuity plans approved by the relevant state authorities. The Company makes payments to the annuity plans/local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.22 Employee benefits (Continued)

3.22.2 Accounting treatment of post-employment benefits (Continued)

(2) Defined benefit plans

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.22 Employee benefits (Continued)****3.22.3 Accounting treatment of dismissal benefits**

Where the Company provides dismissal welfare to employees, employee benefits incurred from dismissal benefits are recognized as liabilities and recorded into the current profit and loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal; when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits.

3.23 Estimated liabilities

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.24 Share-based payments**

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees or other parties. The share-based payments of the Company consist of equity-settled share-based payments and cash-settled share-based payments.

3.24.1 Equity-settled share-based payment and equity instruments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.24 Share-based payments (Continued)**3.24.2 Cash-settled share-based payment and equity instruments**

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

The Company amends the terms and conditions of the cash-settled share-based payment agreement so that it is paid in equity-settled shares, and on the modification date (whether occurring during or after the end of the waiting period), the Company measures the equity-settled share payments at the fair value of the equity instrument on the date of grant, includes the services obtained in the capital reserve, and derecognizes the cash-settled share-based payment of the recognized liabilities on the modification date, the difference between which is recognized in profit or loss for the period. If the waiting period is extended or shortened due to the amendment, the Company will account for the revised waiting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.25 Revenue

3.25.1 Accounting policies adopted for revenue recognition and measurement

If the Company fulfills its performance obligations in a contract, it will recognize revenue when relevant customer obtains right of control over relevant goods or services. Obtaining the right of control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all of the economic benefits therefrom.

If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be amortized to individual performance obligation based on the relative proportion of the individual selling price of goods or services involved in the individual performance obligation. The Company measures revenue at the transaction price amortized to individual performance obligation.

The transaction price refers to the amount of consideration the Company is expected to have the right to take on account of the transfer of goods or services to the customer, excluding the payments charged by any third party and the payments expected to be refunded to the customer. The Company determines the transaction price according to the contract terms and in light of its previous regular practice, in the meantime, factors such as variable consideration, significant financing composition existing in the contract, non-cash consideration, and consideration payable to customers will be taken into account. The Company determines the transaction price involving the variable consideration at the amount that should not exceed the amount of accumulatively recognized revenue that is highly unlikely to have a major reversal when relevant uncertainty is eliminated. If the significant financing component is covered in the contract, the Company will determine the transaction price based on the amount of cash payable at once by the customer when the customer acquires the right of control over goods or services, as assumed, and amortize the difference between such transaction price and the contract price by the effective interest method during the contract period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.25 Revenue (Continued)****3.25.1 Accounting policies adopted for revenue recognition and measurement (Continued)**

The obligation performance belongs to certain period in case one of the following conditions is met; otherwise, it belongs to certain time-point:

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

For a performance obligation to be performed within a certain period, the Company recognizes the revenue according to the performance progress during such period, except for the case that the performance progress cannot be reasonably determined. The Company may determine the performance progress by the output method or input method based on the nature of goods or service. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the revenue will be recognized by the Company at the amount of the cost incurred until the performance progress can be reasonably determined.

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

- The Company enjoys the current right to collect the payment for such goods or service, i.e. the customer has the current payment obligation for such goods or service.
- The Company has transferred the legal ownership of such goods to the customer, i.e. the customer possesses the legal ownership of such goods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.25 Revenue (Continued)****3.25.1 Accounting policies adopted for revenue recognition and measurement (Continued)**

- The Company has transferred goods to the customer in kind, i.e. the customer has possessed such goods in kind.
- The substantial risks and rewards of the ownership of such goods have been transferred by the Company to the customer, i.e. the customer has acquired the substantial risks and rewards of the ownership of such goods.
- The customer has accepted such goods or services.

The Company determines whether its status is that of a principally liable person or an agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services prior to transferring them to the customer, the Company is the principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or fees it expects to be entitled to receive.

3.25.2 Disclosure of specific revenue recognition and measurement methods by type of business

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

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(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.26 Contract costs**

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.27 Government grants

3.27.1 Type

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

Asset-related government grants refer to government grants obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants excluding the asset-related government grants.

3.27.2 Timing of recognition

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

3.27.3 Accounting treatment

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

Income-related government grants to be used as compensation for future expenses or losses are recognized as deferred income and are recorded in current profit or loss where the relevant expenses or losses are recognized (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating income) or set off the related expenses or losses; those to be used as compensation for incurred expenses or losses are recorded in current profit or loss (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating income) or will set off the related expenses or losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.27 Government grants (Continued)****3.27.3 Accounting treatment (Continued)**

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

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

3.28 Deferred tax assets and deferred tax liabilities

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

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

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

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

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(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.28 Deferred tax assets and deferred tax liabilities (Continued)

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

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

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

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

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

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

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

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities by net amount;

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(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.28 Deferred tax assets and deferred tax liabilities (Continued)**

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

3.29 Lease

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

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

3.29.1 The Company as lessee***3.29.1.1 Right-of-use assets***

At the commencement date, the Company recognize the right-of-use asset for leases other than short-term leases and low-value asset leases. Right-of-use assets are initially measured at cost. This cost includes:

- the initial measurement amount of lease liabilities;
- in case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term;
- the initial direct costs incurred of the Company;

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(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.29 Lease (Continued)

3.29.1 The Company as lessee (Continued)

3.29.1.1 Right-of-use assets (Continued)

- the costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms, but excluding the cost incurred for inventory production.

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

The Company determines whether the right-to-use assets have been impaired or not according to the principle described in “3.19 Impairment of long-term assets” in this note, and make the accounting treatment for the identified impairment losses.

3.29.1.2 Lease liabilities

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

- for fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;
- variable lease payments depending on the index or ratio;
- the payments expected to be payable based on the residual value of the guarantee provided by the Company;

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.29 Lease (Continued)****3.29.1 The Company as lessee (Continued)****3.29.1.2 Lease liabilities (Continued)**

- exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;
- the amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period.

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

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

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

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

- In case of any change in the evaluation results of the purchase option, lease renewal option or termination option, or any inconsistency between the actual exercise of the aforesaid options and the original evaluation results, the Company will re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate;

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.29 Lease (Continued)****3.29.1 The Company as lessee (Continued)****3.29.1.2 Lease liabilities (Continued)**

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

3.29.1.3 Short-term leases and leases of low-value assets

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to leases that do not exceed 12 months on the commencement date of the lease period and do not include any purchase option. Low-value asset lease refers to the lease of a single lease asset with lower value when it is brand new. The company regards the lease of a single leased asset with a value of no more than RMB35,000.00 as a new asset as a low-value asset lease. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.

3.29.1.4 Lease changes

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

- where the lease change expands the scope of the lease by adding the right to use one or more leased assets;

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.29 Lease (Continued)****3.29.1 The Company as lessee (Continued)****3.29.1.4 Lease changes (Continued)**

- where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

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

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

3.29.2 The Company as lessor

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.29 Lease (Continued)****3.29.2 The Company as lessor (Continued)****3.29.2.1 Accounting treatment of operating leases**

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

3.29.2.2 Accounting treatment of finance lease

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

The Company calculates and recognizes the interest expenses in each lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with “3.9 Financial instruments” herein.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.29 Lease (Continued)****3.29.2 The Company as lessor (Continued)*****3.29.2.2 Accounting treatment of finance lease (Continued)***

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.29 Lease (Continued)

3.29.3 Sale-and-leaseback deals

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in “3.25 Revenue” herein.

3.29.3.1 As the lessee

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company as the lessee measures the right-of-use asset formed by the sale-leaseback according to the part related to the use-right obtained from the leaseback in the original book value of assets, and only recognizes the relevant gains and losses only for the rights transferred to the lessor.

If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessee, continues to confirm the transferred assets and recognizes a financial liability equivalent to the transfer income. Please refer to Note “3.9 financial instruments for the accounting treatment for financial liabilities”.

3.29.3.2 As the lessor

If the asset transfer in the sale-leaseback transaction belongs to sales, the Company, as the lessor, will make accounting treatment for the purchased assets, and for the asset lease according to the aforesaid policy in “2. The Company as the lessor”; If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessor, will not confirm the transferred assets but recognizes a financial asset equivalent to the transfer income. Please refer to Note “3.9 Financial instruments for the accounting treatment for financial assets”.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.30 Debt restructuring**3.30.1 The company as a creditor**

The Company terminates the recognition of claims when the contractual right to collect cash flows from the claims terminates. If debt is restructured by settling debts with assets or converting debts into equity instruments, the company will recognize the relevant assets when they meet their definition and recognition conditions.

If debt restructuring is carried out by repaying debts with assets, the transferred non-financial assets shall be measured at cost when the company initially recognizes them. The cost of inventory includes the fair value of the relinquished claims and other costs directly attributable to the asset such as taxes, transportation fees, loading and unloading fees, insurance premiums and other costs incurred to bring the asset to its current location and condition. The cost of an investment in an associate or joint venture includes the fair value of the relinquished claims and other costs such as taxes directly attributable to the asset. The cost of investment real estate includes the fair value of the relinquished claims and other costs such as taxes that are directly attributable to the asset. The cost of a fixed asset includes the fair value of the relinquished claim and other costs directly attributable to the asset such as taxes, transportation fees, loading and unloading fees, installation fees, professional service fees and other costs incurred before the asset reaches its intended usable condition. The cost of biological assets includes the fair value of the relinquished claims and other costs such as taxes, transportation fees, and insurance premiums that are directly attributable to the assets. The cost of intangible assets includes the fair value of the relinquished claims and other costs that are directly attributable to taxes and other costs incurred in bringing the asset to its intended use. If the debt restructuring by converting debt into equity instruments results in the creditor converting its claim into an equity investment in an associate or joint venture, the company shall measure it based on the fair value of the relinquished claim and taxes and other costs directly attributable to the asset. its initial investment cost. The difference between the fair value and the book value of the relinquished claims is included in the current profit and loss.

If debt restructuring is carried out by modifying other terms, the company shall confirm and measure the restructured claims in accordance with Note "3.9 Financial instruments".

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.30 Debt restructuring (Continued)

3.30.1 The company as a creditor (Continued)

If multiple assets are used to repay debts or a combination is used to restructure debt, the company will first confirm and measure the transferred financial assets and restructured claims in accordance with Note "3.9 Financial instruments", and then use The fair value ratio of each asset is divided into the net amount after deducting the confirmed amount of transferred financial assets and restructured claims from the fair value of the relinquished claims, and based on this, the cost of each asset is determined according to the aforementioned method. The difference between the fair value of the relinquished claim and its book value shall be included in the current profit and loss.

3.30.2 The company as the debtor

The Company derecognises a debt when its current obligations are discharged.

If debt reorganization is carried out by repaying debts with assets, the company will terminate the recognition when the relevant assets and the debts paid off meet the conditions for derecognition, and the difference between the book value of the debts paid off and the book value of the transferred assets shall be included in the current profit and loss.

If the debt is converted into equity instruments for debt restructuring, the company will derecognize the debt when the repaid debt meets the conditions for derecognition. When the company initially recognizes an equity instrument, it is measured based on the fair value of the equity instrument. If the fair value of the equity instrument cannot be reliably measured, it is measured based on the fair value of the debt repaid. The difference between the book value of the debt repaid and the recognized amount of the equity instrument shall be included in the current profit and loss.

If debt restructuring is carried out by modifying other terms, the company shall recognize and measure the restructured debt in accordance with Note "3.9 Financial instruments".

If multiple assets are used to repay debts or a combination is used to reorganize debts, the company shall confirm and measure equity instruments and restructured debts in accordance with the aforementioned methods. The book value of the debts repaid shall be the book value of the transferred assets and the confirmed amount of equity instruments and restructured debts. The difference between the sum and the profit and loss shall be included in the current profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.31 Key accounting estimates and judgments**3.31.1 Estimated useful life and residual value of property, plant and equipment**

The Group uses the straight-line method to depreciate property, plant and equipment according to their estimated useful life, and adopts a sufficient depreciation rate to offset the amount of their cost minus the accumulated impairment loss and the revaluation amount after the estimated remaining value. The Group reviews the useful lives of fixed assets on a regular basis to ensure that the depreciation method and depreciation rate are in line with the economic benefits of the relevant fixed assets.

The Group's estimation of the useful life of fixed assets is detailed in the "Note 3.15 Fixed assets", which is based on the historical experience of the Group in using similar assets and takes into account expected technological changes. If there is a significant change in the previous estimate, the future depreciation expense will be adjusted.

3.31.2 Impairment of goodwill and intangible assets

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

3.31.3 Income tax and deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.32 Changes in significant accounting policies and accounting estimates and correction of errors

3.32.1 Changes in significant accounting policies

(1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 17

On October 25, 2023, the Ministry of Finance promulgated “Interpretation No. 17 on Enterprise Accounting Standards” (Finance and Accounting [2023] No. 21, hereinafter referred to as “**Interpretation No. 17**”).

① On the division of current liabilities and non-current liabilities

Interpretation No. 17 clarifies:

- If an enterprise does not have a substantial right to defer settlement of a liability for more than one year after the balance sheet date, the liability should be classified as a current liability.
- For liabilities arising from an enterprise’s loan arrangement, the enterprise’s right to defer debt repayment for more than one year after the balance sheet date may depend on whether the enterprise has complied with the conditions specified in the loan arrangement (hereinafter referred to as the contractual conditions). When determining whether its substantive right to defer debt repayment exists, the enterprise should only consider the contractual conditions that should have been complied with on or before the balance sheet date, and should not consider the contractual conditions that the enterprise should have complied with after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.32 Changes in significant accounting policies and accounting estimates and correction of errors (Continued)****3.32.1 Changes in significant accounting policies (Continued)****(1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 17 (Continued)****① On the division of current liabilities and non-current liabilities (Continued)**

- Liabilities are settled when classifying the liquidity of liabilities. Liabilities are settled by the enterprise by transferring cash, other economic resources (such as goods or services) or the enterprise's own equity instruments to the counterparty. If the terms of a liability result in the enterprise settling the liability by delivering its own equity instruments at the option of the counterparty, the term does not affect the liquidity classification of the liability if the enterprise classifies the option as an equity instrument and recognizes it separately as the equity component of a compound financial instrument in accordance with Accounting Standard for Enterprises No. 37 — Presentation of Financial Instruments.

The interpretation will be implemented from January 1, 2024. When an enterprise first implements the interpretation, it shall adjust the information of the comparable period in accordance with the interpretation. The implementation of the provisions by the Company has no impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.32 Changes in significant accounting policies and accounting estimates and correction of errors (Continued)

3.32.1 Changes in significant accounting policies (Continued)

(1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 17 (Continued)

② Disclosures about supplier financing arrangements

Interpretation No. 17 requires that when enterprises make notes disclosures, they should summarize and disclose information related to supplier financing arrangements to help users of financial statements assess the impact of these arrangements on the liabilities, cash flows and liquidity risk exposure of the enterprise. The impact of supplier financing arrangements should also be considered when identifying and disclosing liquidity risk information. This disclosure provision only applies to supplier financing arrangements. Supplier financing arrangements refer to transactions with the following characteristics: one or more financing providers provide funds to pay the amount owed by the enterprise to its suppliers, and it is agreed that the enterprise will repay the financing providers on the day or after its suppliers receive the payment according to the terms and conditions of the arrangement. Compared with the original payment due date, the supplier financing arrangement extends the payment period of the enterprise or advances the collection period of the enterprise's suppliers.

This interpretation provision will take effect on January 1, 2024, and enterprises are not required to disclose the information required by this provision in the interim report that first implements this interpretation provision.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

3.32 Changes in significant accounting policies and accounting estimates and correction of errors (Continued)**3.32.1 Changes in significant accounting policies (Continued)****(1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 17 (Continued)****③ Accounting treatment of sale and leaseback transactions**

Interpretation No. 17 stipulates that when the lessee subsequently measures the lease liability formed by the sale and leaseback, the method of determining the lease payment amount or the changed lease payment amount shall not lead to the recognition of gains or losses related to the right of use obtained by the leaseback. When the enterprise first implements this provision, it shall make retrospective adjustments to the sale and leaseback transactions carried out after the first implementation date of "Enterprise Accounting Standard No. 21 — Lease".

The interpretation provisions will be implemented from January 1, 2024, and enterprises are allowed to implement them in advance from the year of issuance. The Company implement this provision from January 1, 2024, and the implementation of this provision by the Company will have no impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**(CONTINUED)****3.32 Changes in significant accounting policies and accounting estimates and correction of errors (Continued)****3.32.1 Changes in significant accounting policies (Continued)****(2) Implement the “Interim Provisions on Accounting Treatment of Enterprise Data Resources”**

On August 1, 2023, the Ministry of Finance issued the “Interim Provisions on Accounting Treatment of Enterprise Data Resources” [Accounting [2023] No. 11], which applies to data resources that are recognized as intangible assets or inventory and other assets in accordance with the relevant provisions of the Enterprise Accounting Standards, as well as data resources that are legally owned or controlled by the enterprise and are expected to bring economic benefits to the enterprise, but do not meet the conditions for asset recognition and are not recognized. The relevant accounting treatment, and put forward specific requirements for the disclosure of data resources.

This provision will take effect on January 1, 2024. enterprises should adopt the prospective application method. Data resource-related expenses that have been expensed and included in profit and loss before the implementation of this provision will no longer be adjusted. The implementation of this provision has no significant impact on the company’s financial position and operating results.

(3) Reclassification of warranty expenses

The Ministry of Finance issued the “Compilation of Guidance on the Application of Enterprise Accounting Standards 2024” in March 2024, stipulating that warranty expenses should be included in operating costs. The implementation of this regulation by the Company has no impact on the financial statements.

3.32.2 Changes in significant accounting estimates

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION**4.1 Major tax types and rates****4.1.1 During the reporting period, VAT rates adopted by the Company and its subsidiaries:**

Company	Tax rate (%)
TravelSky Technology Limited	13.00, 9.00, 6.00, 5.00, 3.00
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	13.00, 6.00
Hunan TravelSky Technology Limited	13.00, 6.00
Xi'an Civil Aviation Cares Technology Co., Ltd.	13.00, 6.00, 3.00
Hubei Civil Aviation Cares Co., Ltd.	13.00, 6.00
Xinjiang Civil Aviation Cares Technology Co., Ltd.	13.00, 6.00
Shenzhen Civil Aviation Cares Co., Ltd.	13.00, 6.00
Shanghai TravelSky Technology Limited	6.00
Xiamen Civil Aviation Cares Co., Ltd.	13.00, 6.00
Qingdao Civil Aviation Cares Co., Ltd.	13.00, 9.00, 6.00
Hainan Civil Aviation Cares Co., Ltd.	13.00, 6.00
Guangzhou TravelSky Technology Limited	13.00, 6.00, 5.00
Accounting Center of China Aviation	13.00, 6.00
Beijing Yake Technology Development Co., Ltd.	6.00
Infosky Information Technology Co., Ltd.	13.00, 6.00
TravelSky Cares (Beijing) Real Estate Co., Ltd.	13.00, 6.00
Beijing TravelSky Travel Agency Co., Ltd.	13.00, 6.00
TravelSky Southeast Data Center Co., Ltd.	13.00, 6.00
Inner Mongolia TravelSky Technology Limited	13.00, 6.00
Zhejiang TravelSky Technology Limited	13.00, 6.00
Henan TravelSky Technology Limited	13.00, 6.00
Beijing TravelSky Technology Limited	13.00, 6.00
Guangzhou Skyecho Information Technology Co., Ltd.	13.00, 6.00
TravelSky Digital Intelligence Technology (Beijing) Co., Ltd.	6.00
TravelSky Technology International Limited	Not Applicable
TravelSky Technology Singapore Pte. Ltd.	Not Applicable
TravelSky Technology (Europe) GMBH	19.00
OpenJaw Technologies Limited	23.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)**4.1 Major tax types and rates (Continued)****4.1.2 During the reporting period, enterprise income tax rates adopted by the Company and its subsidiaries:**

Company	Income tax rate [%]
TravelSky Technology Limited (Remark 1)	15.00
Chongqing Civil Aviation Cares Information Technology Co., Ltd. (Remark 2)	15.00
Xi'an Civil Aviation Cares Technology Co., Ltd. (Remark 2)	15.00
Hubei Civil Aviation Cares Co., Ltd. (Remark 1)	15.00
Shenzhen Civil Aviation Cares Co., Ltd. (Remark 1)	15.00
Shanghai TravelSky Technology Limited (Remark 3)	20.00
Xiamen Civil Aviation Cares Co., Ltd. (Remark 1)	15.00
Qingdao Civil Aviation Cares Co., Ltd. (Remark 1)	15.00
Hainan Civil Aviation Cares Co., Ltd. (Remark 1)	15.00
Guangzhou TravelSky Technology Limited (Remark 1)	15.00
Accounting Center of China Aviation (Remark 1)	15.00
Beijing Yake Technology Development Co., Ltd. (Remark 1)	15.00
Antu Jinxin Commercial Factoring Co., Ltd.	25.00
Infosky Information Technology Co., Ltd. (Remark 1)	15.00
TravelSky Cares (Beijing) Real Estate Co., Ltd. (Remark 3)	20.00
Beijing TravelSky Technology Limited (Remark 1)	15.00
Guangzhou Skyecho Information Technology Co., Ltd. (Remark 3)	20.00
TravelSky Digital Intelligence Technology (Beijing) Co., Ltd. (Remark 3)	20.00
Inner Mongolia TravelSky Technology Limited (Remark 3)	20.00
Xinjiang Civil Aviation Cares Technology Co., Ltd.	25.00
Hunan TravelSky Technology Limited	25.00
Beijing TravelSky Travel Agency Co., Ltd.	25.00
Travelsky Yunzhi Technology (Beijing) Co., Ltd.	25.00
Zhejiang TravelSky Technology Limited	25.00
Henan TravelSky Technology Limited	25.00
TravelSky Technology International Limited	16.50
TravelSky Technology Singapore Pte. Ltd.	17.00
TravelSky Technology (Europe) GMBH	15.00
OpenJaw Technologies Limited	12.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)**4.1 Major tax types and rates (Continued)****4.1.2 During the reporting period, enterprise income tax rates adopted by the Company and its subsidiaries are as below: (Continued)**

- Remark 1: TravelSky Technology Limited, Hubei Civil Aviation Cares Co., Ltd., Shenzhen Civil Aviation Cares Co., Ltd., Xiamen Civil Aviation Cares Co., Ltd., Qingdao Civil Aviation Cares Co., Ltd., Hainan Civil Aviation Cares Co., Ltd., Guangzhou TravelSky Technology Limited, Accounting Center of China Aviation, Beijing Yake Technology Development Co., Ltd., Infosky Information Technology Co., Ltd., and Beijing TravelSky Technology Limited have been assessed as high-tech enterprises, enjoying the preferential income tax rate of 15%.
- Remark 2: The main business of Chongqing Civil Aviation Cares Information Technology Co., Ltd. and Xi'an Civil Aviation Cares Technology Co., Ltd. conforms to Paragraph 5, Article 26 of the Encouraged Section in the Guiding Catalog for Industrial Restructuring (2011 Edition), stating that "aviation computer management and its network system development and construction"; thus, such company enjoys the preferential policy for income tax under the Great Western Development Strategy, paying tax at 15%.
- Remark 3: According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Income Tax Preferential Policies for Small and Micro Enterprises" (Announcement No. 13, 2022) and "Announcement of the Ministry of Finance and the State Administration of Taxation on Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households" (Announcement 2023 No. 6) stipulates that from January 1, 2023 to December 31, 2024, the part of the annual taxable income of small and low-profit enterprises not exceeding 3 million shall be included in the taxable income at a reduced rate of 25%, and 20% tax rate to pay corporate income tax. During this period, Shanghai TravelSky Technology Limited, TravelSky Cares (Beijing) Real Estate Co., Ltd., Guangzhou Skyecho Information Technology Co., Ltd., TravelSky Digital Intelligence Technology (Beijing) Co., Ltd., and Inner Mongolia TravelSky Technology Limited does not exceed 3 million, 25% of such taxable income was reduced, and enterprise income tax was paid at 20%, by which the actual tax burden was 5%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)**4.2 Tax incentives****4.2.1 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 re-certification application should be completed in 2023, and the Company has already started the relevant work of re-applying for the qualification of "high-tech enterprise". In accordance with relevant regulatory requirements, the Company accrues corporate income tax expenses for the first half of 2023 at a preferential tax rate of 15%.

4.2.2 Key software enterprises

Except that enterprises that have been assessed as "High and Technology 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.

This year, our company has submitted an application to the relevant departments for a 10% preferential tax rate for key software enterprises in 2023 and obtained approval.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and cash equivalents

Item	As at June 30, 2024	As at December 31, 2023
Cash on hand	13,686.53	16,950.85
Digital currency	2,242,273.23	1,321,820.12
Cash at bank	9,582,491,402.36	7,304,225,950.72
Other cash and cash equivalents	24,915,966.61	61,989,731.68
Deposit of money with the finance company		
Total	9,609,663,328.73	7,367,554,453.37
Including: The total amount deposited abroad	214,410,718.33	224,732,324.73
Amounts deposited overseas with restrictions on repatriation of funds		

5.2 Financial assets held for trading

Item	As at June 30, 2024	As at December 31, 2023
Financial assets measured at fair value through the current profit or loss	2,702,068,287.67	3,504,856,849.32
Including: Debt instrument investments	2,702,068,287.67	3,504,856,849.32
Total	2,702,068,287.67	3,504,856,849.32

Note: Investment in debt instruments is structured bank deposits (floating income) issued by China Construction Bank, Bank of Beijing and Industrial and Commercial Bank of China held by the Group, with an annual interest rate of 1.20%-2.70% and a maturity of 183 days, which cannot be withdrawn before maturity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.3 Notes receivable****5.3.1 Breakdown of the notes receivable**

Item	As at June 30, 2024	As at December 31, 2023
Bank acceptance bills	197,883,534.11	120,521,325.41
Commercial acceptance bills	38,416,588.05	108,643,612.44
Less: Provision for bad debts	1,595,464.66	9,386,642.56
Total	234,704,657.50	219,778,295.29

5.3.2 Disclosure of notes receivable under the methods of provision for bad debts by category

Category	As at June 30, 2024				Book value	As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis										
Provision for bad debts on portfolio basis of credit risk characteristics	236,300,122.16	100.00	1,595,464.66	0.68	234,704,657.50	229,164,937.85	100.00	9,386,642.56	4.10	219,778,295.29
Total	236,300,122.16	100.00	1,595,464.66		234,704,657.50	229,164,937.85	100.00	9,386,642.56		219,778,295.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.3 Notes receivable (Continued)

5.3.2 Disclosure of notes receivable under the methods of provision for bad debts by category (Continued)

Provision for bad debts on portfolio basis of credit risk characteristics:

Provision for bad debts accrued on a portfolio basis:

Name	As at June 30, 2024		Proportion of provision (%)
	Notes receivable	Provision for bad debts	
Non-related parties	236,300,122.16	1,595,464.66	0.68
Total	236,300,122.16	1,595,464.66	

5.3.3 Provision, reversal or recovery of provision for bad debts in 2024

Category	As at	Changes in the current period			As at	
	December 31, 2023	Provision	Reversal or recovery	Write-off or charge-off	Other changes	June 30, 2024
Non-related parties	9,386,642.56	-7,791,177.90				1,595,464.66
Total	9,386,642.56	-7,791,177.90				1,595,464.66

5.3.4 Notes receivable pledged as at June 30, 2024

None.

5.3.5 Notes receivable endorsed or discounted but undue as at June 30, 2024

None.

5.3.6 Notes receivable actually written off in the current period

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.4 Accounts receivable****5.4.1 Disclosure of accounts receivable (based on invoice date)**

	As at June 30, 2024	As at December 31, 2023
Aging		
Within 1 year	4,149,025,920.08	3,758,113,464.24
Including: Subitem within 1 year		
Within 6 months	2,858,687,758.75	2,650,364,807.68
7-12 months	1,290,338,161.33	1,107,748,656.56
1-2 years	1,447,220,566.00	976,939,270.45
2-3 years	248,713,476.03	330,305,514.11
3-4 years	129,521,942.88	147,989,677.69
4-5 years	98,892,910.07	126,510,793.40
Over 5 years	190,959,826.59	170,485,619.48
Sub-total	6,264,334,641.65	5,510,344,339.37
Less: Provision for bad debts	927,922,132.61	990,832,363.26
Total	5,336,412,509.04	4,519,511,976.11

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

Category	As at June 30, 2024					As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Book value	Amount	Proportion (%)	Amount	Proportion (%)	Book value
Provision for bad debts accrued on an individual basis	893,869,200.09	14.27	641,998,839.89	71.82	251,870,360.20	811,722,325.66	14.73	558,364,846.35	68.79	253,357,479.31
Provision for bad debts accrued on a portfolio basis of credit risk characteristics	5,370,465,441.56	85.73	285,923,292.72	5.32	5,084,542,148.84	4,698,622,013.71	85.27	432,467,516.91	9.20	4,266,154,496.80
Total	6,264,334,641.65	100.00	927,922,132.61		5,336,412,509.04	5,510,344,339.37	100.00	990,832,363.26		4,519,511,976.11

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.4 Accounts receivable (Continued)

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

Provision for bad debts accrued on an individual basis:

Name	As at June 30, 2024				As at December 31, 2023	
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision	Book balance	Provision for bad debts
Customer 1	316,576,520.47	122,390,425.99	38.66	Poor financial situation	283,453,191.25	84,417,348.93
Customer 2	183,912,665.44	183,048,986.24	99.53	Uncertainty about recoverability	183,048,986.24	183,048,986.24
Customer 3	132,318,954.94	127,221,532.43	96.15	Poor financial situation	147,687,647.49	142,872,847.14
Customer 4	58,515,108.11	52,812,626.72	90.25	Poor financial situation, involved in lawsuits	71,400,071.04	65,788,881.34
Customer 5	53,500,262.44	38,743,138.77	72.42	Poor financial situation	21,321,355.08	4,968,989.70
Customer 6	50,948,081.80	36,230,317.70	71.11	Poor financial situation	20,314,198.33	8,616,172.07
Customer 7	26,270,883.74	14,861,739.08	56.57	Poor financial situation	15,900,985.20	5,786,683.29
Customer 8	20,191,581.72	20,191,581.72	100.00	Company closed	20,047,782.79	20,047,782.79
Other customers	51,635,141.43	46,498,491.24	90.05		48,548,108.24	42,817,154.85
Total	893,869,200.09	641,998,839.89			811,722,325.66	558,364,846.35

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.4 Accounts receivable (Continued)****5.4.2 Disclosure of accounts receivable under the methods of provision for bad debts by category
(Continued)**

Provision for bad debts accrued on a portfolio basis of credit risk characteristics:

Item accrued on a portfolio basis:

Name	As at June 30, 2024		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Accounts receivable from third-parties	1,950,699,654.54	285,923,292.72	14.66
Accounts receivable from related parties	3,419,765,787.02		
Total	5,370,465,441.56	285,923,292.72	

5.4.3 Provision, reversal or recovery of provision for bad debts in 2024

Category	As at December 31, 2023	Changes in the current period				As at June 30, 2024
		Provision	Reversal/ Recovery	Resale/write-off	Effect of exchange rate "–" for losses	
Provision for bad debts accrued on an individual basis	558,364,846.35	83,955,902.34	563,914.09		-242,005.29	641,998,839.89
Provision for bad debts accrued on a portfolio basis	432,467,516.91	-141,264,811.31			-29,160.84	285,923,292.72
Total	990,832,363.26	-57,308,908.97	563,914.09		-271,166.13	927,922,132.61

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.4 Accounts receivable (Continued)****5.4.3 Provision, reversal or recovery of provision for bad debts in 2024 (Continued)**

Among them, the important accounts receivable reversal or recovery:

Name	Reversal/Recovery	Reason for reversal	Recovery method	The basis and rationality for determining the original bad debt provision
Customer 3	563,914.09	Receive payment	Customer Payment	Liquidity difficulties
Total	563,914.09			

5.4.4 Accounts receivable actually charged off in 2024

None.

5.4.5 Top five of accounts receivable as at June 31, 2024, presented by debtors

The sum amount of top five of accounts receivable and contract assets presented by debtors is RMB3,047,202,833.34, accounting for 47.20% of the ending balance of accounts receivable and contract assets, and the corresponding ending balance of provision for bad debts is RMB235,125,601.38.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.5 Advances to suppliers****5.5.1 Presentation of advances to suppliers by aging**

Aging	As at June 30, 2024		As at December 31, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	166,523,352.16	84.79	105,870,577.30	78.26
1 to 2 years	7,406,607.59	3.77	11,867,250.02	8.77
2 to 3 years	9,342,209.58	4.76	4,681,454.56	3.46
Over 3 years	13,115,283.33	6.68	12,868,218.79	9.51
Sub-total	196,387,452.66	100.00	135,287,500.67	100.00
Less: Provision for bad debts	3,562,755.57		3,562,755.57	
Total	192,824,697.09		131,724,745.10	

5.5.2 Top five of advances to suppliers as at June 30, 2024, presented by prepaid objects

The sum amount of top five advances to suppliers presented based on the concentration ratio of prepaid objects amounted to RMB86,884,060.52, accounting for 45.06% of total ending balance of advances to suppliers.

5.6 Other receivables

Item	As at June 30, 2024	As at December 31, 2023
Interest receivable		
Dividends receivable		56,000.00
Other receivables	2,203,695,429.13	1,967,278,228.40
Total	2,203,695,429.13	1,967,334,228.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.6 Other receivables (Continued)

5.6.1 Dividends receivable

Details of dividends receivable

Item (or investee)	As at June 30, 2024	As at December 31, 2023
Yantai TravelSky Airport Network Co., Ltd		56,000.00
Subtotal		56,000.00
Less: Provision for bad debts		
Total		56,000.00

5.6.2 Other receivables

(1) Disclosure by aging

Aging	As at June 30, 2024	As at December 31, 2023
Within 1 year	2,142,223,530.07	1,896,783,993.08
Including: Subitem within 1 year		
Within 6 months	2,105,388,460.66	1,888,894,891.87
7-12 months	36,835,069.41	7,889,101.21
1-2 years	11,793,566.41	18,305,772.32
2-3 years	10,705,116.36	27,004,333.35
3-4 years	25,095,342.44	9,657,274.97
4-5 years	8,674,565.35	8,334,155.88
Over 5 years	5,310,695.77	7,849,060.46
Sub-total	2,203,802,816.40	1,967,934,590.06
Less: Provision for bad debts	107,387.27	656,361.66
Total	2,203,695,429.13	1,967,278,228.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.6 Other receivables (Continued)****5.6.2 Other receivables (Continued)****(2) Disclosure of other receivables under the methods of provision for bad debts by category**

Category	As at June 30, 2024					As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on a portfolio basis						731,965.85	0.04	548,974.39	75.00	182,991.46
Provision for bad debts on portfolio basis of credit risk characteristics	2,203,802,816.40	100.00	107,387.27		2,203,695,429.13	1,967,202,624.21	99.96	107,387.27	0.01	1,967,095,236.94
Total	2,203,802,816.40	100.00	107,387.27		2,203,695,429.13	1,967,934,590.06	100.00	656,361.66		1,967,278,228.40

Provision for bad debts accrued on a portfolio basis of credit risk characteristics:

Item accrued on a portfolio basis:

Name	As at June 30, 2024		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Non-related parties	1,549,190,450.26	107,387.27	0.01
Related Parties	654,612,366.14		
Total	2,203,802,816.40	107,387.27	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.6 Other receivables (Continued)****5.6.2 Other receivables (Continued)****(3) Provision for bad debts**

	Phase 1	Phase 2	Phase 3	
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment)	Total
Provision for bad debts				
Balance as at December 31, 2023		107,387.27	548,974.39	656,361.66
Balance as at December 31, 2023 in the current year				
— Transfer to Phase 2				
— Transfer to Phase 3				
— Reversal from Phase 2				
— Reversal from Phase 1				
Provision in 2024				
Reversal in 2024				
Write-off in 2024				
Charge-off in 2024				
Other changes			-548,974.39	-548,974.39
Balance as at June 30, 2024		107,387.27		107,387.27

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.6 Other receivables (Continued)****5.6.2 Other receivables (Continued)****(3) Provision for bad debts (Continued)**

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

	Phase 1	Phase 2	Phase 3	
	Expected credit	Expected credit	Expected credit	
	losses in the	losses for the	losses for the	
	next 12 months	entire duration	entire duration	
		(no credit	(credit	
Provision for bad debts		impairment]	impairment]	Total
Balance as at December				
31, 2023	1,967,095,236.94	107,387.27	731,965.85	1,967,934,590.06
Balance as at				
December 31, 2023				
in the current year				
– Transfer to Phase 2				
– Transfer to Phase 3				
– Reversal from Phase 2				
– Reversal from Phase 1				
Increase in 2024	260,430,600.11			260,430,600.11
Derecognition in 2024				
Other changes	-23,830,407.92		-731,965.85	-24,562,373.77
Balance as at June 30,				
2024	2,203,695,429.13	107,387.27		2,203,802,816.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.6 Other receivables (Continued)

5.6.2 Other receivables (Continued)

(4) Provision, reversal or recovery of provision for bad debts in 2024

Category	As at December 31, 2023	Changes in the current period			As at June 30, 2024
		Provision	Reversal/ Recovery	Resale/ write-off Change in scope of consolidation	
Accrued on an individual basis	548,974.39			-548,974.39	
Accrued on a portfolio basis	107,387.27				107,387.27
Total	656,361.66			-548,974.39	107,387.27

(5) Classification of other receivables by the nature of payment

Nature	As at June 30, 2024	As at December 31, 2023
Various margin, deposit and loan of reserve fund	34,124,830.35	25,326,971.44
Current loan	103,724,235.07	131,981,901.88
Settlement and clearing payments	970,380,988.13	962,165,267.29
Factoring receivables	1,095,572,762.85	848,460,449.45
Total	2,203,802,816.40	1,967,934,590.06

(6) Top five of other receivable as at June 30, 2024, presented by debtors

The summary amount of top five of other receivables presented by debtors is RMB797,365,753.45, accounting for 36.19% of the total ending balances of other receivables. The corresponding provision for bad debts has a summary amount of RMB0.00 at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.7 Inventories****Classification of inventories**

Category	As at June 30, 2024			As at December 31, 2023		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Merchandise inventories	120,911,619.45		120,911,619.45	78,812,378.20		78,812,378.20
Contract performance cost	21,572,202.55		21,572,202.55	7,128,900.45		7,128,900.45
Total	142,483,822.00		142,483,822.00	85,941,278.65		85,941,278.65

5.8 Contract assets**5.8.1 Contract assets**

Item	As at June 30, 2024			As at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
System integration service contracts	191,496,893.46	10,663,545.35	180,833,348.11	37,512,917.95	4,643,369.87	32,869,548.08
Total	191,496,893.46	10,663,545.35	180,833,348.11	37,512,917.95	4,643,369.87	32,869,548.08

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

Item	Changed amount	Reason for change
System integration service contracts	147,963,800.03	Amount increased due to changes in performance progress measurement
Total	147,963,800.03	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

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

5.8 Contract assets (Continued)

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

Category	As at June 30, 2024					As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Book value	Amount	Proportion (%)	Amount	Proportion (%)	Book value
Provision for impairment accrued on an individual basis	70,000.00	0.04	70,000.00	100.00		700,045.00	1.87	113,376.00	16.20	586,669.00
Provision for impairment accrued on a portfolio basis of credit risk characteristics	191,426,893.46	99.96	10,593,545.35	5.53	180,833,348.11	36,812,872.95	98.13	4,529,993.87	12.31	32,282,879.08
Total	191,496,893.46	100.00	10,663,545.35		180,833,348.11	37,512,917.95	100.00	4,643,369.87		32,869,548.08

Provision for impairment accrued on an individual basis:

Name	As at June 30, 2024				As at December 31, 2023	
	Amount	Provision for impairment	Proportion of provision (%)	Reason for provision	Amount	Provision for impairment
Customer A	70,000.00	70,000.00	100.00	Expected to be unrecoverable	378,000.00	106,437.45
Customer B					320,915.00	5,808.55
Customer C					1,130.00	1,130.00
Total	70,000.00	70,000.00			700,045.00	113,376.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.8 Contract assets (Continued)****5.8.3 Classification disclosure of contract assets under method of provision for impairment (Continued)**

Provision for impairment accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at June 30, 2024		
	Contract assets	Provision for impairment	Proportion of provision (%)
Non-related parties	167,887,425.97	10,593,545.35	6.31
Related Parties	23,539,467.49		
Total	191,426,893.46	10,593,545.35	

5.8.4 Provision for impairment of contract assets in 2024

Item	Balance as at December 31, 2023	Change of the			Balance as at June 30, 2024
		Provision in 2024	Reversal in 2024	consolidation scope	
System integration service contracts	4,643,369.87	6,021,305.48		1,130.00	10,663,545.35
Total	4,643,369.87	6,021,305.48		1,130.00	10,663,545.35

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.9 Non-current assets maturing within one year

Item	As at June 30, 2024	As at December 31, 2023
Time deposits and interest within one year	88,121,611.09	107,231,444.45
Total	88,121,611.09	107,231,444.45

Note: The time deposits are RMB time deposit certificates held by China Minsheng Bank Co., Ltd. and Bank of Communications Co., Ltd., of which: the principal of China Minsheng Bank Co., Ltd. is RMB40,000,000.00, the annual interest rate of the deposit certificate is 3.55%, and the term is 1,097 days; the principal of Bank of Communications Co., Ltd. is RMB40,000,000.00, the annual interest rate of the certificate of deposit is 3.55%, and the term is 1,097 days.

5.10 Other current assets

Item	As at June 30, 2024	As at December 31, 2023
Creditor's right investment	50,482,444.44	50,392,277.77
Retained for VAT	140,133,701.10	130,778,954.49
Prepaid taxes	14,504,315.79	8,230,990.12
Total	205,120,461.33	189,402,222.38

Note: Time deposits are RMB time deposit certificates held within one year of China Minsheng Bank Co., Ltd. and Bank of Communications Co., Ltd., of which: the principal of China Minsheng Bank Co., Ltd. is RMB30,000,000.00, the annual interest rate of the certificate of deposit is 2.10%, and the term is 365 days; the principal of Bank of Communications Co., Ltd. is RMB20,000,000.00, the annual interest rate of the certificate of deposit is 2.00%, and the term is 365 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.11 Long-term equity investments****Details of long-term equity investments**

Investees	Balance of provision for impairment as at		Increase in investments	Decrease in investments	Gain/loss on investments recognized under equity method	Increase/decrease in 2024			Others	Balance of provision for impairment as at	
	As at December 31, 2023	December 31, 2023				Adjustment to other comprehensive income	Change in other equity change	Cash dividends or profits declared to be distributed		Provision for impairment	As at June 30, 2024
1. Joint ventures											
Heilongjiang TravelSky Airport Network Co., Ltd.											
	22,726,937.99				1,915,487.92						24,642,425.91
Dalian TravelSky Airport Network LLC											
	28,655,181.25				567,391.55						29,222,572.80
Hebei TravelSky Airport Network Co., Ltd.											
	14,531,132.69				1,398,166.77						15,929,299.46
Shanghai Dongmei Online Travel Agency Co., Ltd.											
	12,966.80				-12,966.80						
Xinjiang TravelSky E-surfing Science and Technology Co., Ltd.											
	20,397,570.68				-6,338,111.89						14,059,458.79
Yunnan TravelSky Airport Network Co., Ltd.											
		112,973,157.18			212,916.04						113,186,073.22
Sub-total	86,323,789.41		112,973,157.18		-2,257,116.41						197,039,830.18
2. Associates											
Beijing TravelSky Birun Technology Co., Ltd.											
	54,619,338.39				2,473,923.96						57,093,262.35
TravelSky Mobile Technology Limited											
	202,003,109.79				-7,252,511.30		48,777,268.21				243,527,866.70
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.											
	94,586,238.86				-2,515,394.75						92,070,844.11
Shenyang Civil Aviation Northeast Cares Co., Ltd.											
	150,363,265.30				4,307,550.52						154,670,815.82
Chengdu Civil Aviation Southwest Cares Co., Ltd.											
	87,975,470.75				6,921,903.94						94,897,374.69
Yunnan TravelSky Airport Network Co., Ltd.											
	51,537,432.43		-51,537,432.43								
Guangzhou Skyecho Information Technology Co., Ltd.											
	7,138,082.86				402,671.06						7,540,753.92
Yantai TravelSky Airport Network Co., Ltd.											
	7,242,591.41				40,210.89						7,282,802.30
Sub-total	655,465,529.79		-51,537,432.43		4,378,354.32		48,777,268.21				657,083,719.89
Total	741,789,319.20		61,435,724.75		2,121,237.91		48,777,268.21				854,123,550.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.12 Investments in other equity instruments

Details of other equity instrument investments

Item	As at June 30, 2024	As at December 31, 2023	Profit recognized in other comprehensive income for the period	Loss charged to other comprehensive income for the period	Accumulated profit in other comprehensive income at the end of the period	Accumulated losses in other comprehensive income at the end of the period	Dividend income recognized during the period	Reasons for designation as fair value through other comprehensive income
China Merchants RenHe Life Insurance Company Limited	882,453,000.00	830,473,800.00	51,979,200.00		7,453,000.00			Investment held by the Company for non-trading purposes
Total	882,453,000.00	830,473,800.00	51,979,200.00		7,453,000.00			

5.13 Other non-current financial assets

Item	As at June 30, 2024	As at December 31, 2023
Financial assets measured at fair value through the current profit or loss	783,819,158.05	786,903,313.48
Including: equity instrument investments	783,819,158.05	786,903,313.48
Total	783,819,158.05	786,903,313.48

Note: The equity instrument investment is the equity of China Mobile Equity Fund (Hebei Xiong'an) Partnership (Limited Partnership) held by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.14 Investment properties****5.14.1 Investment properties measured at cost**

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) As at December 31, 2023	142,507,802.11	92,427,128.90	234,934,931.01
(2) Increase in 2024			
(3) Decrease in 2024	513,948.64		513,948.64
— Change of the consolidation scope	513,948.64		513,948.64
(4) As at June 30, 2024	141,993,853.47	92,427,128.90	234,420,982.37
2. Accumulated depreciation			
(1) As at December 31, 2023	106,942,971.49	34,126,425.98	141,069,397.47
(2) Increase in 2024	3,296,097.18	1,143,428.40	4,439,525.58
— Provision	3,296,097.18	1,143,428.40	4,439,525.58
(3) Decrease in 2024	498,530.18		498,530.18
— Change of the consolidation scope	498,530.18		498,530.18
(4) As at June 30, 2024	109,740,538.49	35,269,854.38	145,010,392.87
3. Provision for impairment			
(1) As at December 31, 2023			
(2) Increase in 2024			
(3) Decrease in 2024			
(4) As at June 30, 2024			
4. Book value			
(1) As at June 30, 2024	32,253,314.98	57,157,274.52	89,410,589.50
(2) As at December 31, 2023	35,564,830.62	58,300,702.92	93,865,533.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.14 Investment properties (Continued)****5.14.2 Investment properties with pending certificate of title**

None.

5.15 Fixed assets**5.15.1 Fixed assets and disposal of fixed assets**

Item	As at June 30, 2024	As at December 31, 2023
Fixed assets	3,029,481,354.68	3,192,752,325.85
Disposal of fixed assets	214,691.76	76,437.45
Total	3,029,696,046.44	3,192,828,763.30

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.15 Fixed assets (Continued)****5.15.2 Breakdown of fixed assets**

Item	Buildings and constructions	Machinery equipment	Motor vehicles	Electronic equipment	Office equipment	Others	Total
1. Original book value							
(1) As at December 31, 2023	3,008,269,799.21	1,679,239,407.34	69,997,115.02	2,573,097,120.05	299,308,753.42	26,895,175.80	7,656,807,370.84
(2) Increase in 2024				33,125,467.70	4,032,352.35	76,506.91	37,234,326.96
— Purchase				33,125,467.70	4,032,352.35	76,506.91	37,234,326.96
(3) Decrease in 2024	10,065,419.20	661,899.69	4,652,433.67	19,842,129.45	3,770,274.08	-6,628.18	38,985,527.91
— Disposal or scrapping		661,899.69	2,330,186.69	19,676,222.04	1,931,406.18	2,374.00	24,602,088.60
— Effect of foreign exchange				165,907.41	110,835.72	-9,002.18	267,740.95
— Change of the consolidation scope	10,065,419.20		2,322,246.98		1,728,032.18		14,115,698.36
(4) As at June 30, 2024	2,998,204,380.01	1,678,577,507.65	65,344,681.35	2,586,380,458.30	299,570,831.69	26,978,310.89	7,655,056,169.89
2. Accumulated depreciation							
(1) As at December 31, 2023	818,741,644.26	1,251,521,774.93	62,273,826.48	2,049,413,693.49	245,524,119.22	23,366,464.57	4,450,841,522.95
(2) Increase in 2024	19,146,131.23	67,220,641.50	947,842.20	100,305,224.96	8,367,679.02	670,592.78	196,658,111.69
— Provision	19,146,131.23	67,220,641.50	947,842.20	100,305,224.96	8,367,679.02	670,592.78	196,658,111.69
(3) Decrease in 2024	7,932,434.34	64,204.27	4,512,827.10	19,240,646.04	3,393,018.05	-6,136.83	35,136,992.97
— Disposal or scrapping		64,204.27	2,260,281.36	19,085,906.29	1,872,712.31	2,302.78	23,285,407.01
— Effect of foreign exchange				154,739.75	110,119.99	-8,439.61	256,420.13
— Change of the consolidation scope	7,932,434.34		2,252,545.74		1,410,185.75		11,595,165.83
(4) As at June 30, 2024	829,955,341.15	1,318,678,212.16	58,708,841.58	2,130,478,272.41	250,498,780.19	24,043,194.18	4,612,362,641.67
3. Provision for impairment							
(1) As at December 31, 2023		6,322,675.59		6,890,846.45			13,213,522.04
(2) Increase in 2024							
(3) Decrease in 2024				1,348.50			1,348.50
— Disposal or scrapping				1,348.50			1,348.50
(4) As at June 30, 2024		6,322,675.59		6,889,497.95			13,212,173.54
4. Book value							
(1) As at June 30, 2024	2,168,249,038.86	353,576,619.90	6,635,839.77	449,012,687.94	49,072,051.50	2,935,116.71	3,029,481,354.68
(2) As at December 31, 2023	2,189,528,154.95	421,394,956.82	7,723,288.54	516,792,580.11	53,784,634.20	3,528,711.23	3,192,752,325.85

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.15 Fixed assets (Continued)

5.15.3 Details of fixed assets leased under operating lease

Item	Buildings and constructions	Office equipment	Total
1. Original book value			
(1) As at December 31, 2023	179,379,269.21	5,319,202.87	184,698,472.08
(2) Increase in 2024			
(3) Decrease in 2024			
(4) As at June 30, 2024	179,379,269.21	5,319,202.87	184,698,472.08
2. Accumulated depreciation			
(1) As at December 31, 2023	16,788,101.90	4,320,959.30	21,109,061.20
(2) Increase in 2024	1,413,443.09	335,227.56	1,748,670.65
— Provision	1,413,443.09	335,227.56	1,748,670.65
(3) Decrease in 2024			
(4) As at June 30, 2024	18,201,544.99	4,656,186.86	22,857,731.85
3. Provision for impairment			
(1) As at December 31, 2023			
(2) Increase in 2024			
(3) Decrease in 2024			
(4) As at June 30, 2024			
4. Book value			
(1) As at June 30, 2024	161,177,724.22	663,016.01	161,840,740.23
(2) As at December 31, 2023	162,591,167.31	998,243.57	163,589,410.88

5.15.4 Fixed assets without certificate of title

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Houses and constructions in TravelSky Industrial Park	1,775,585,238.35	Procedures not completed

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.15 Fixed assets (Continued)****5.15.5 Disposal of fixed assets**

Item	As at June 30, 2024	As at December 31, 2023
Scrapping of fixed assets to be approved	214,691.76	76,437.45
Total	214,691.76	76,437.45

5.16 Construction in progress**5.16.1 Construction in progress and project materials**

Item	As at June 30, 2024			As at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	21,676,051.81		21,676,051.81	20,897,853.51		20,897,853.51
Project materials						
Total	21,676,051.81		21,676,051.81	20,897,853.51		20,897,853.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

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

5.16 Construction in progress (Continued)

5.16.2 Breakdown of construction in progress

Item	As at June 30, 2024			As at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
China Aviation Information Technology Industrial Park Construction Project (Phase II) (Yuzhuang) Second Road Electricity Project	10,591,468.69		10,591,468.69	9,813,270.39		9,813,270.39
	11,084,583.12		11,084,583.12	11,084,583.12		11,084,583.12
Total	21,676,051.81		21,676,051.81	20,897,853.51		20,897,853.51

5.16.3 Changes in major items of construction in progress in 2024

Project name	Budget	As at December 31, 2023	Increase in 2024	Transfer into fixed assets in 2024	Other decreases in 2024	As at June 30, 2024	Proportion of the project's cumulative investment in the budget (%)	Project progress	Of which: the amount of			Sources of funds
									Cumulative amount of interest capitalization	interest capitalized in the current period	Current interest capitalization rate (%)	
China Aviation Information Technology Industrial Park Construction Project (Phase II) (Yuzhuang) Second Road Electricity Project	938,492,800.00	9,813,270.39	778,198.30			10,591,468.69	1.13	Under construction				Own capital
	44,290,000.00	11,084,583.12				11,084,583.12	25.03	Under construction				Own capital
Total		20,897,853.51	778,198.30			21,676,051.81						

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.17 Right-of-use assets**

Item	Buildings and constructions	Others	Total
1. Original book value			
(1) As at December 31, 2023	336,371,363.58	35,616.01	336,406,979.59
(2) Increase in 2024	7,109,939.73		7,109,939.73
— New lease	8,001,179.78		8,001,179.78
— Re-evaluation adjustment	-891,240.05		-891,240.05
(3) Decrease in 2024	10,466,770.56		10,466,770.56
— Expiration of lease	8,973,671.49		8,973,671.49
— Effect of foreign exchange	690,533.70		690,533.70
— Change of the consolidation scope	124,373.16		124,373.16
— Early termination	678,192.21		678,192.21
(4) As at June 30, 2024	333,014,532.75	35,616.01	333,050,148.76
2. Accumulated depreciation			
(1) As at December 31, 2023	188,179,205.81	28,196.19	188,207,402.00
(2) Increase in 2024	54,553,577.38	5,936.04	54,559,513.42
— Provision	55,070,480.61	5,936.04	55,076,416.65
— Re-evaluation adjustment	-516,903.23		-516,903.23
(3) Decrease in 2024	9,717,668.30		9,717,668.30
— Expiration of lease	8,921,060.93		8,921,060.93
— Effect of foreign exchange	493,626.61		493,626.61
— Change of the consolidation scope	41,457.72		41,457.72
— Early termination	261,523.04		261,523.04
(4) As at June 30, 2024	233,015,114.89	34,132.23	233,049,247.12
3. Provision for impairment			
(1) As at December 31, 2023	2,280,096.09		2,280,096.09
(2) Increase in 2024			
(3) Decrease in 2024	57,298.32		57,298.32
— Effect of foreign exchange	57,298.32		57,298.32
(4) As at June 30, 2024	2,222,797.77		2,222,797.77
4. Book value			
(1) As at June 30, 2024	97,776,620.09	1,483.78	97,778,103.87
(2) As at December 31, 2023	145,912,061.68	7,419.82	145,919,481.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

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

5.18 Intangible assets

5.18.1 Breakdown of intangible assets

Item	Land use rights	Patents	Non-patented technology	Data resource		Software	Total
				Obtained from outsourcing	Self-developed and obtained other means		
1. Original book value							
(1) As at December 31, 2023	2,061,569,129.00	1,189,751.32	68,400,477.42			3,241,307,134.06	5,372,466,491.80
(2) Increase in 2024	12,603,743.81				67,384,518.63	-52,629,127.04	27,359,135.40
– Purchase	12,603,743.81					7,900,856.55	20,504,600.36
– Internal R&D						6,854,535.04	6,854,535.04
– Split of data resource					67,384,518.63	-67,384,518.63	
(3) Decrease in 2024						4,677,251.03	4,677,251.03
– Disposition						2,440,226.62	2,440,226.62
– Effect of foreign exchange						2,237,024.41	2,237,024.41
(4) As at June 30, 2024	2,074,172,872.81	1,189,751.32	68,400,477.42		67,384,518.63	3,184,000,755.99	5,395,148,376.17
2. Accumulated depreciation							
(1) As at December 31, 2023	698,681,105.73	225,114.00	53,192,030.28			2,173,231,555.30	2,925,329,805.31
(2) Increase in 2024	41,834,948.50	59,487.60	2,650,039.57		28,134,698.71	202,370,638.82	275,049,813.20
– Provision	41,834,948.50	59,487.60	2,650,039.57		20,021,149.36	210,484,188.17	275,049,813.20
– Split of data resource					8,113,549.35	-8,113,549.35	
(3) Decrease in 2024						3,528,046.93	3,528,046.93
– Disposition						2,440,226.62	2,440,226.62
– Effect of foreign exchange						1,087,820.31	1,087,820.31
(4) As at June 30, 2024	740,516,054.23	284,601.60	55,842,069.85		28,134,698.71	2,372,074,147.19	3,196,851,571.58
3. Provision for impairment							
(1) As at December 31, 2023							
(2) Increase in 2024							
(3) Decrease in 2024							
(4) As at June 30, 2024							
4. Book value							
(1) As at June 30, 2024	1,333,656,818.58	905,149.72	12,558,407.57		39,249,819.92	811,926,608.80	2,198,296,804.59
(2) As at December 31, 2023	1,362,888,023.27	964,637.32	15,208,447.14			1,068,075,578.76	2,447,136,686.49

Intangible assets formed through in-house research and development accounted for 24.56% of the intangible asset balance at the end of the period.

5.18.2 Intellectual property with uncertain useful life

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.19 Goodwill****Changes in goodwill**

Name of the investee or matters forming goodwill	As at December 31, 2023	Increase in 2024		Decrease in 2024		As at June 30, 2024
		Formed from the business combination	Others	Disposal	Others	
Original book value						
Guangzhou Skyecho Information Technology Limited	260,400.76					260,400.76
OpenJaw Technologies Limited	152,334,357.62					152,334,357.62
Sub-total	152,594,758.38					152,594,758.38
Provision for impairment						
Guangzhou Skyecho Information Technology Limited						
OpenJaw Technologies Limited	152,334,357.62					152,334,357.62
Subtotal	152,334,357.62					152,334,357.62
Book value	260,400.76					260,400.76

5.20 Long-term deferred expenses

Item	As at December 31, 2023	Increase in 2024	Amortization in 2024	Other decreases	As at
					June 30, 2024
Various types of renovation and transformation works	4,323,367.68	321,019.91	1,102,487.35		3,541,900.24
Total	4,323,367.68	321,019.91	1,102,487.35		3,541,900.24

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.21 Deferred tax assets and deferred tax liabilities

5.21.1 Deferred tax assets before offset

Item	As at June 30, 2024		As at December 31, 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	908,505,604.21	136,415,008.12	972,313,450.49	146,529,416.97
Amortization of intangible assets	931,741,195.41	139,762,891.10	904,987,192.12	135,749,790.61
Fixed assets depreciation	184,776.18	30,488.07	183,460.24	30,270.94
Employee compensation payable accrued more than actually paid	140,100,008.33	21,015,001.25	148,392,851.11	22,258,927.67
Accrued expenses	1,149,614,871.13	172,442,230.67	1,274,308,625.39	191,146,293.81
Deductible losses	1,716,602.30	429,150.58		
Lease liabilities	109,884,921.88	16,269,806.60	154,478,997.39	23,250,110.69
Changes in the fair value of investments in other equity instruments			42,216,878.06	6,297,891.88
Contract liabilities	434,012,684.07	65,101,902.61	434,153,064.08	65,122,959.61
Number of offsets	-97,051,709.39	-14,380,512.21	-140,606,170.53	-21,090,925.58
Total	3,578,708,954.12	537,085,966.79	3,790,428,348.35	569,294,736.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.21 Deferred tax assets and deferred tax liabilities (Continued)****5.21.2 Deferred tax liabilities before offset**

Item	As at June 30, 2024		As at December 31, 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of financial assets held for trading and other non-current financial assets	103,641,921.75	15,546,288.26	108,014,269.31	16,202,140.40
Temporary difference arising from accelerated depreciation of fixed assets	38,070,538.05	6,453,499.74	36,918,619.89	6,140,442.12
Taxable difference arising from asset evaluation increment	29,593,105.94	7,245,559.17	31,479,791.23	7,649,911.62
Temporary differences in right-of-use assets	97,673,812.76	14,505,109.51	140,285,150.24	21,184,352.87
Amortization of intangible assets	42,888,970.72	5,361,121.34	43,994,544.16	5,499,318.02
Changes in the fair value of investments in other equity instruments	7,453,000.00	1,117,950.00		
Number of offsets	-97,051,709.39	-14,380,512.21	-140,606,170.53	-21,090,925.58
Total	222,269,639.83	35,849,015.81	220,086,204.30	35,585,239.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.21 Deferred tax assets and deferred tax liabilities (Continued)

5.21.3 Details of unrecognized deferred tax assets

Item	As at June 30, 2024	As at December 31, 2023
Deductible temporary differences		
Deductible losses	43,755,842.18	25,286,096.14
Total	43,755,842.18	25,286,096.14

5.21.4 Deductible losses from unrecognized deferred tax assets will be expired in the following years

Year	As at June 30, 2024	As at December 31, 2023	Remark
2026	71,307.84	3,845,181.67	
2027	4,267,524.96	2,073,366.07	
2028	4,931,070.14	4,931,070.14	
2029	24,345,742.18	3,144,399.65	
2030	2,485,606.98	2,485,606.98	
2031		415,383.77	
2032		2,194,158.89	
2033	6,196,928.97	6,196,928.97	
2034	1,457,661.11		
Total	43,755,842.18	25,286,096.14	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.22 Other non-current assets**

Item	As at June 30, 2024			As at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Bank deposits over one year	542,640,028.92		542,640,028.92	514,671,917.81		514,671,917.81
Total	542,640,028.92		542,640,028.92	514,671,917.81		514,671,917.81

Note: Time deposits held with China Construction Bank and Ping An Bank for more than one year, of which RMB500,000,000.00 in China Construction Bank, certificates of deposit bear interest at 3.1% per annum for 1,097 days and are not revocable prior to maturity; Ping An Bank, RMB20,000,000.00, the interest rate of which is 2.6 per cent per annum and the term is 1,097 days.

5.23 Assets with restricted ownership or use

Item	As at June 30, 2024				As at December 31, 2023			
	Book balance	Book value	Type of restriction	Restrictions	Book balance	Book value	Type of restriction	Restrictions
Cash and cash equivalents	47,123,042.39	47,123,042.39	Other	Performance bonds, property preservation, access deposits for payments	91,023,178.72	91,023,178.72	Other	Performance bonds, property preservation, access deposits for payments
Other non-current assets	522,421,917.81	522,421,917.81	Other	Ring-fenced funds and interest thereon	514,671,917.81	514,671,917.81	Other	Ring-fenced funds and interest thereon
Total	569,544,960.20	569,544,960.20			605,695,096.53	605,695,096.53		

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.24 Short-term borrowings****5.24.1 Classification of short-term borrowings**

Item	As at June 30, 2024	As at December 31, 2023
Credit borrowings	1,151,999,999.00	751,589,902.50
Total	1,151,999,999.00	751,589,902.50

The Company's subsidiary, Antu Jinxin Commercial Factoring Co., Ltd., borrowed RMB500.00 million from CITIC Bank Beijing Branch, of which RMB300.00 million was borrowed for the period from March 20, 2024 to March 20, 2025; RMB200.00 million was borrowed for the period from April 28, 2024 to April 28, 2025; and the interest rate of the loan is floating.

The Company's subsidiary, Antu Jinxin Commercial Factoring Co., Ltd., borrowed RMB250.00 million from Bank of Shanghai Corporation, Beijing Shunyi sub-branch, of which 50.00 million was borrowed for the period from June 25, 2024 to September 25, 2024; RMB50.00 million was borrowed for the period from June 27, 2024 to September 27, 2024; RMB150.00 million The term of the loan is from June 28, 2024 to September 28, 2024; the interest rate is floating.

The Company's subsidiary, Antu Jinxin Commercial Factoring Co., Ltd., borrowed RMB400.00 million from the sales department of Pudong Development Bank Tianjin Free Trade Pilot Zone Branch, of which RMB118.6972 million was borrowed for the period from March 27, 2024 to September 27, 2024; RMB6.3028 million was borrowed for the period from March 28, 2024 to September 28, 2024; RMB40.5982 million was borrowed for the period from April 16, 2024 to October 16, 2024; RMB7.4018 million was borrowed for the period from April 17, 2024 to October 17, 2024; RMB19.8233 million was borrowed for the period from April 24, 2024 to October 24, 2024; RMB7.1767 million was borrowed for the period from April 25, 2024 to October 25, 2024; RMB200.00 million was borrowed for period from May 28, 2024 to November 28, 2024; the interest rate is floating.

The Company's subsidiary, OpenJaw Technologies (Dalian) Co., Ltd., borrowed RMB2.00 million from China Merchants Bank Co., Ltd., Dalian Heping Square sub-branch, for the period from June 21, 2024 to February 22, 2025, with a floating rate of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.24 Short-term borrowings (Continued)****5.24.2 Short-term borrowings that have been due but not paid**

None.

5.25 Accounts payable**5.25.1 Presentation of accounts payable (based on invoice dates)**

Item	As at June 30, 2024	As at December 31, 2023
Within 1 year (including 1 year)	1,525,519,773.33	1,352,452,862.59
1-2 years (including 2 years)	562,172,005.13	490,747,069.40
2-3 years (including 3 years)	114,367,048.61	240,435,788.72
Over 3 years	133,375,768.82	161,923,454.06
Total	2,335,434,595.89	2,245,559,174.77

5.25.2 Significant account payables with aging over one year

Item	As at June 30, 2024	Reason for no payment or carry-forward
Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	79,467,661.99	Business is conducted on a continuous rolling basis
Xinjiang TravelSky E-surfing Science and Technology Co., Ltd	13,999,963.62	Business is conducted on a continuous rolling basis
Heilongjiang TravelSky Airport Network Co., Ltd.	16,002,714.21	Business is conducted on a continuous rolling basis
Chengdu Civil Aviation Southwest Cares Co., Ltd.	17,989,471.32	Business is conducted on a continuous rolling basis
Total	127,459,811.14	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.26 Contract liabilities

5.26.1 Details of contract liabilities

Item	As at June 30, 2024	As at December 31, 2023
System integration service contract	813,893,486.29	890,290,731.73
Total	813,893,486.29	890,290,731.73

5.26.2 Significant contractual liabilities aged over one year

Item	As at December 31, 2024	Reasons for non-reimbursement or carry-over
China Eastern Airlines Corporation Limited	93,718,685.97	Performance obligations not yet completed
Air China Limited	72,317,028.14	Performance obligations not yet completed
China Southern Airlines Company Limited	62,858,608.44	Performance obligations not yet completed
Shanghai Airlines Co., Ltd.	57,212,629.44	Performance obligations not yet completed
Total	286,106,951.99	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.26 Contract liabilities (Continued)****5.26.3 Amount from significant change in book value and reason therefor during the reporting period**

Item	Changed amount	Reason for change
System integration service contract	-76,397,245.44	Revenue recognised on acceptance of projects during the period
Total	-76,397,245.44	

5.27 Employee compensation payable**5.27.1 Presentation of employee benefits payable**

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	Of which: the change in the scope of consolidation has decreased	As at June 30, 2024
Short-term compensation	220,600,180.42	814,788,725.22	865,235,107.41	54,953.80	170,153,798.23
Post-employment benefits — defined contribution plans	14,457,365.64	147,856,081.27	143,768,818.73		18,544,628.18
Dismissal benefits	39,532.24	1,006,644.72	985,287.82		60,889.14
Other benefits due within one year					
Others	5,200,838.09	6,302,076.35	6,724,678.70		4,778,235.74
Total	240,297,916.39	969,953,527.56	1,016,713,892.66	54,953.80	193,537,551.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.27 Employee compensation payable (Continued)

5.27.2 Presentation of short-term compensation

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	Of which: the change in the scope of consolidation has decreased	As at June 30, 2024
(1) Salaries, bonuses, allowances and subsidies	124,227,243.13	572,033,840.22	636,835,451.36		59,425,631.99
(2) Employee welfare		46,282,361.64	46,282,361.64	25,620.00	
(3) Social insurance premiums	2,343,057.95	96,285,727.61	96,466,682.11		2,162,103.45
Including: Medical insurance premium	1,252,715.17	91,025,780.38	91,205,958.44		1,072,537.11
Work-related injury insurance premium	122,753.66	2,197,653.41	2,195,341.97		125,065.10
Maternity insurance premium	967,589.12	3,062,293.82	3,065,381.70		964,501.24
(4) Housing provident funds	2,964,416.68	75,061,485.46	69,075,327.46		8,950,574.68
(5) Labor union expenditures and employee education funds	91,065,462.66	25,125,310.29	16,575,284.84	29,333.80	99,615,488.11
(6) Short-term compensated absences					
(7) Short-term profit sharing plan					
Total	220,600,180.42	814,788,725.22	865,235,107.41	54,953.80	170,153,798.23

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.27 Employee compensation payable (Continued)****5.27.3 Presentation of defined contribution plans**

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	Of which: the change in the scope of consolidation has decreased	As at June 30, 2024
Basic endowment insurance premium	2,931,920.61	103,533,922.69	102,946,324.45		3,519,518.85
Unemployment insurance premium	-220,973.40	3,398,243.30	3,238,560.60		-61,290.70
Enterprise annuity payment	11,746,418.43	40,923,915.28	37,583,933.68		15,086,400.03
Total	14,457,365.64	147,856,081.27	143,768,818.73		18,544,628.18

5.28 Taxes payable

Taxes and surcharges item	As at June 30, 2024	As at December 31, 2023
Value-added tax	10,068,993.81	15,203,893.76
Corporate income tax	140,837,260.33	155,385,237.30
Individual income tax	36,091,917.50	83,887,997.99
Urban maintenance and construction tax	4,512,433.98	4,473,796.18
House property tax	1,606,519.73	1,304,637.49
Educational surcharge	3,673,724.75	3,463,343.01
Land use tax	142,770.48	144,183.28
Others	622,100.78	755,814.71
Total	197,555,721.36	264,618,903.72

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.29 Other payables

Item	As at June 30, 2024	As at December 31, 2023
Interest payable		
Dividends payable	491,660,310.58	26,683,436.78
Other payables	2,389,029,382.44	1,620,721,937.94
Total	2,880,689,693.02	1,647,405,374.72

5.29.1 Dividends payable

Item	As at June 30, 2024	As at December 31, 2023
Ordinary share dividends	491,660,310.58	26,683,436.78
Total	491,660,310.58	26,683,436.78

5.29.2 Other payables

(1) Presentation in terms of nature

Item	As at June 30, 2024	As at December 31, 2023
E-commerce payment business	1,933,930,507.11	1,165,956,391.00
Settlement and clearing business payment	334,494,700.33	343,392,553.18
Current amounts	51,319,090.91	48,863,736.59
Social insurance and provident funds	27,599,294.38	17,120,953.34
Guaranteed deposits and deposits, etc.	41,685,789.71	45,388,303.83
Total	2,389,029,382.44	1,620,721,937.94

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.29 Other payables (Continued)****5.29.2 Other payables (Continued)***(2) Important other payables with aging over one year*

Item	As at June 30, 2024	Reasons for non-reimbursement or carry-over
Enterprise Business Online (Beijing) Data Technology Co.	6,698,103.66	Rental deposit

5.30 Non-current liabilities maturing within one year

Item	As at June 30, 2024	As at December 31, 2023
Long-term borrowing due within one year	200,213,888.89	
Lease liabilities due within one year	88,214,942.29	109,423,596.99
Total	288,428,831.18	109,423,596.99

Note: The loan is a credit loan received by the parent company of the Company in the form of an entrusted loan in the form of an entrusted loan in accordance with the requirements of the relevant documents of the State-owned Assets Supervision and Administration Commission of the State Council, with a loan principal of RMB200,000,000.00, and the loan period is from March 22, 2022 to March 21, 2025, with an annual interest rate of 3.50%, with quarterly interest payment and one-time repayment of principal at maturity.

5.31 Other current liabilities

Item	As at June 30, 2024	As at December 31, 2023
Output tax to be carried forward	28,295,367.63	44,307,925.16
Total	28,295,367.63	44,307,925.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.32 Long-term borrowings

Item	As at June 30, 2024	As at December 31, 2023
Credit borrowings		200,213,888.89
Total		200,213,888.89

5.33 Lease liabilities

Item	As at June 30, 2024	As at December 31, 2023
Lease payments	24,058,701.43	56,446,451.17
Less: Financing charges unrecognized	2,340,537.10	5,865,425.87
Total	21,718,164.33	50,581,025.30

5.34 Long-term payables

Item	As at June 30, 2024	As at December 31, 2023
Long-term payables		
Special payables	420,237.65	420,237.65
Total	420,237.65	420,237.65

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.34 Long-term payables (Continued)****Special payables**

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	As at June 30, 2024
Item 1	395,709.35			395,709.35
Item 2	24,528.30			24,528.30
Total	420,237.65			420,237.65

5.35 Provisions

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	As at June 30, 2024	Forming reason
Payment of business risk reserve	20,000.00			20,000.00	
Total	20,000.00			20,000.00	

Note: Beijing Yake Technology Development Co., Ltd., a subsidiary of the Group, accrues payment business risk reserves according to its internally issued Yakefa "2020" No. 21 "Payment Business Risk Reserve Management Measures". According to the management measures, The company withdraws a risk reserve of RMB5,000.00 every six months, with a maximum limit of RMB20,000.00. The management measures were promulgated in July 2020 and will be implemented from the date of promulgation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.36 Deferred income**

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	As at June 30, 2024
Government grants	1,221,182.50			1,221,182.50
Total	1,221,182.50			1,221,182.50

5.37 Share capital

Item	As at December 31, 2023	Changes in 2024 ("+" for increase and "-" for decrease)					As at June 30, 2024
		New shares issued	Share donation	Conversion of reserves into share	Others	Sub-total	
Total shares	2,926,209,589.00						2,926,209,589.00

5.38 Capital reserves

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	As at June 30, 2024
Capital (share capital) premium	833,156,399.12			833,156,399.12
Other capital reserves	358,881,026.40	56,571,335.20		415,452,361.60
Total	1,192,037,425.52	56,571,335.20		1,248,608,760.72

Note: During the period, due to the capital increase of the joint venture TravelSky Mobile Technology Co., Ltd., the dilution of the company's equity led to an increase of RM48,777,268.21 in other capital reserves; Due to the transfer of the equity of Yunnan Civil Aviation Cares Information Co., Ltd., a subsidiary of the Company, the other capital reserve formed by the acquisition of minority shareholders' equity in the previous year was reversed to RMB7,794,066.99.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.39 Other comprehensive income**

Item			2024				As at June 30, 2024
	As at December 31, 2023	Amount before income tax in the current period	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	
1. Other comprehensive income that cannot be reclassified into profit or loss	-34,440,759.56	51,979,200.00		7,796,880.00	44,182,320.00		9,741,560.44
Including: Other comprehensive income that cannot be converted under the equity method	3,406,510.44						3,406,510.44
Changes in fair value of other equity instrument investments	-37,847,270.00	51,979,200.00		7,796,880.00	44,182,320.00		6,335,050.00
2. Other comprehensive income that will be reclassified into profit or loss	-18,798,757.20	1,214,102.96			1,214,102.96		-17,584,654.24
Including: Translation differences of foreign currency financial statements	-18,798,757.20	1,214,102.96			1,214,102.96		-17,584,654.24
Total of other comprehensive income	-53,239,516.76	53,193,302.96		7,796,880.00	45,396,422.96		-7,843,093.80

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.40 Surplus reserves

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	As at June 30, 2024
Statutory surplus reserves	2,327,572,927.77			2,327,572,927.77
Discretionary surplus reserves	1,894,221,740.73	116,981,122.04		2,011,202,862.77
Total	4,221,794,668.50	116,981,122.04		4,338,775,790.54

Note: According to the resolution of the annual general meeting of the Company held on June 20, 2024, the discretionary surplus reserve shall be calculated at 10% of the net profit of the parent company.

5.41 General risk reserves

Item	As at December 31, 2023	Increase in 2024	Decrease in 2024	As at June 30, 2024
General risk reserves	13,260,933.32			13,260,933.32
Total	13,260,933.32			13,260,933.32

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.42 Retained earnings**

Item	Six months ended June 30, 2024	Six months ended June 30, 2023
Retained profit at the end of the previous year before adjustment	12,171,069,311.04	11,085,610,718.71
Total adjustment to retained profit at the beginning of the year (“+” for increase and “-” for decrease)		876,517.99
Retained profit at the beginning of the year after adjustment	12,171,069,311.04	11,086,487,236.70
Plus: Net profit attributable to shareholders of parent company	1,367,221,060.18	1,200,385,350.66
Less: Withdrawal of statutory surplus reserves	116,981,122.04	38,865,081.58
Common stock dividends payable	468,193,534.24	155,089,108.22
Retained profit at the end of the period	12,953,115,714.94	12,092,918,397.56

Note: As at June 20, 2024, the proposal to distribute the “2023 Final Cash Dividend” was approved at the annual general meeting of the Company, with a dividend of RMB0.16 per share (including tax), with a total distribution of RMB468,193,534.24.

5.43 Operating income and operating costs

Item	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Revenue	Cost	Revenue	Cost
Primary businesses	4,020,210,559.33	1,628,051,310.66	3,283,207,030.02	1,431,807,990.58
Other businesses	21,580,652.86	6,071,782.76	24,348,537.62	6,977,393.91
Total	4,041,791,212.19	1,634,123,093.42	3,307,555,567.64	1,438,785,384.49

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.43 Operating income and operating costs (Continued)

Details of operating income:

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Aviation information technology services	2,265,032,606.87	1,890,117,789.80
Settlement and clearing services	277,972,081.00	185,361,259.35
System integration services	679,848,621.92	320,895,315.50
Data network services	216,410,225.60	201,682,322.11
Other income	602,527,676.80	709,498,880.88
Including: Income from technical services	295,309,854.78	311,451,215.53
Payment business income	90,490,345.32	178,684,088.21
Income from leasing, operation, and maintenance services	108,048,612.95	107,490,883.66
Logistics business income	31,149,710.24	24,038,172.17
Data service income	44,667,206.01	35,103,514.82
Total	4,041,791,212.19	3,307,555,567.64

5.44 Taxes and surcharges

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Urban construction and maintenance tax	8,902,189.46	5,443,764.35
Educational surcharges	4,997,824.73	3,022,701.07
Local educational surcharges	3,331,882.45	2,016,271.56
Property tax	23,523,948.34	23,666,156.34
Land use tax	280,946.27	279,687.44
Vehicle and vessel tax	56,320.00	66,567.60
Stamp tax	3,457,849.29	1,653,263.33
Resource tax	26,166.80	1,672.00
Others	90,862.27	70,985.91
Total	44,667,989.61	36,221,069.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.45 Selling and distribution expenses**

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Labor costs	26,612,046.76	25,173,706.91
Technical support and maintenance fees	1,761,556.63	20,985,861.97
Payments of business costs	3,563,160.80	2,183,799.55
Business entertainment fees	1,573,481.02	1,981,070.28
Expenses for business trips	1,759,526.21	1,928,264.03
Advertising and publicity production cost	903,869.64	587,408.44
Depreciation expenses of fixed assets	281,917.88	423,769.05
Depreciation expenses of right-of-use assets	278,527.39	365,062.92
Vehicle fees	230,975.93	213,357.99
Line rental fees	130,090.16	178,100.92
Other costs	1,792,800.49	1,061,332.20
Total	38,887,952.91	55,081,734.26

5.46 General and administrative expenses

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Labor costs	272,653,026.46	231,605,340.61
Depreciation expenses of fixed assets	54,687,294.74	57,305,403.52
Depreciation expenses of right-of-use assets	29,547,464.21	29,009,406.73
Amortization of intangible assets	44,143,409.86	27,900,993.20
Technical support and maintenance fees	13,064,245.48	9,414,834.15
Utility bills	8,946,166.38	9,015,636.24
Consulting fees	2,471,531.16	6,234,949.61
Property management fees of office building	6,586,069.00	5,724,066.38
Expenses for business trips	6,775,130.79	5,285,586.39
Audit fees	662,055.80	2,871,259.01
Other costs	24,769,387.09	60,351,284.79
Total	464,305,780.97	444,718,760.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.47 Research and development expenses

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Labor costs	278,365,832.47	185,596,199.61
Technical support fees	109,606,899.36	71,881,696.90
Depreciation expenses of fixed assets	23,993,798.00	6,311,177.78
Amortization of intangible assets	12,921,267.03	5,194,336.24
Depreciation expenses of right-of-use assets	5,202,134.38	3,942,456.64
Amortization of renovation costs	517,596.70	513,634.87
Other costs	1,352,801.74	1,777,628.30
Total	431,960,329.68	275,217,130.34

5.48 Financial expenses

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Interest expenses	6,435,439.83	8,041,549.13
Including: Interest expenses of lease liabilities	2,877,106.50	4,493,568.68
Less: Interest income	73,390,563.96	63,976,022.05
Gains or losses on foreign currency exchange	-12,668,301.80	-16,659,641.99
Others	969,695.34	750,939.75
Total	-78,653,730.59	-71,843,175.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.49 Other income**

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Government grants	5,226,905.16	25,751,757.05
Additional deduction of input tax		7,998,161.75
Withholding of personal income tax fees	998,720.53	2,025,993.86
Others	1,452,001.52	
Total	7,677,627.21	35,775,912.66

5.50 Investment income

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Long-term equity investments income calculated under the equity method	2,121,237.91	7,691,927.64
Investment income from the disposal of long-term equity investments	7,672,908.84	
Investment income from financial assets held for trading during the holding period	29,540,454.50	36,951,477.65
Total	39,334,601.25	44,643,405.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.51 Gains from changes in fair value

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Sources of income from changes in fair value		
Financial assets held for trading	2,068,287.67	6,455,425.13
Other non-current financial assets	-1,583,785.91	344,735.75
Total	484,501.76	6,800,160.88

5.52 Losses from credit impairment

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Item		
Bad debts of notes receivable	-7,791,177.90	2,789,206.31
Bad debts of accounts receivable	-57,872,823.06	-119,767,497.17
Total	-65,664,000.96	-116,978,290.86

5.53 Losses from assets impairment

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Item		
Losses from impairment of contract assets	6,021,305.48	-2,452,840.55
Total	6,021,305.48	-2,452,840.55

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.54 Gains from disposal of assets**

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Amount included in non-recurring profit or loss in the current period
Disposal of right-of-use assets	16,487.46	4,956.92	16,487.46
Disposal of fixed assets		2,649,978.43	
Total	16,487.46	2,654,935.35	16,487.46

5.55 Non-operating income

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Amount included in non-recurring profit or loss in the current period
Gains from damage and scrapping of non-current assets	305,565.33	195,270.30	305,565.33
Indemnities		18,398,055.60	
Others	2,857,144.96	1,303,937.28	2,857,144.96
Total	3,162,710.29	19,897,263.18	3,162,710.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.56 Non-operating expenses

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Amount included in non-recurring profit or loss in the current period
Donations	9,604,804.43	9,602,139.03	9,604,804.43
Losses from the damage and scrapping of non-current assets	387,525.83	1,121,006.15	387,525.83
Others	1,103,821.71	990,760.80	1,103,821.71
Total	11,096,151.97	11,713,905.98	11,096,151.97

5.57 Income tax expenses

5.57.1 List of income tax expenses

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Current income tax expenses	205,178,667.96	108,804,827.14
Deferred income tax expenses	23,728,131.02	30,404,818.33
Total	228,906,798.98	139,209,645.47

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.57 Income tax expenses (Continued)****5.57.2 Adjustment process of accounting profits and income tax expenses**

Item	For the six months ended June 30, 2024
Total profits	1,605,722,267.67
Income tax expenses calculated at statutory or applicable tax rate	240,858,340.15
Effect of different tax rates applicable to subsidiaries	-792,423.09
Influence of adjustments to the income tax for the prior years	-10,704,740.70
Influence of non-taxable income	-1,305,748.05
Influence of non-deductible costs, expenses and losses	24,167,647.67
Influence of using the deductible losses related to deferred tax assets unrecognized in previous periods	-14,440.50
Influence of unrecognized deferred tax assets and deductible temporary differences or losses in current period	4,329,008.29
Additional deduction for research and development expenses	-27,630,844.79
Others	
Income tax expenses	228,906,798.98

5.58 Earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the Company by the weighted average of the Company's ordinary shares:

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Consolidated net profit attributable to the common stockholder of the Company	1,367,221,060.18	1,200,385,350.66
Weighted average of the Company's outstanding common stock	2,926,209,589.00	2,926,209,589.00
Basic earnings per share	0.47	0.41
Including: Basic earnings per share from continuing operations	0.47	0.41
Basic earnings per share from discontinued operations		

As at June 30, 2024 and June 30, 2023, the Company has no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.59 Supplementary information to the income statement with expenses classified by nature

Operating costs, selling and distribution expenses, general and administrative expenses, research and development expenses, and financial expenses in income statement are classified by nature and listed as below:

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Labor costs	937,784,697.11	712,201,805.70
Depreciation and amortization expenses	531,601,541.07	466,005,540.32
Costs of sales of software and hardware	418,795,447.39	173,018,228.64
Technical support and maintenance fees	286,074,482.24	263,617,920.04
Commission and promotion expenses	303,274,800.69	291,758,322.52
Internet usage fees	44,190,427.67	39,427,317.80
Financial expenses	-78,653,730.59	-71,843,175.16
Other operating costs	47,555,760.81	267,773,874.70
Total	2,490,623,426.39	2,141,959,834.56

5.60 Items of statement of cash flows**5.60.1 Cash flows from operating activities***5.60.1.1 Other cash receipts relating to operating activities*

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Government grants received	5,844,643.58	12,783,792.96
Interest income received from bank deposits	49,959,913.09	65,517,629.98
Guarantee funds and quality guarantee deposits received	11,220,816.05	6,254,092.29
Payments received from companies	38,922,652.01	71,945,365.18
Other non-operating income received	394,750.53	19,695,583.66
Collections and payments received	105,053,766.33	109,829,330.55
Others	66,228,905,606.87	65,963,680,392.60
Total	66,440,302,148.46	66,249,706,187.22

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

**5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)****5.60 Items of statement of cash flows (Continued)****5.60.1 Cash flows from operating activities (Continued)***5.60.1.2 Other cash payments relating to operating activities*

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
General and administrative expenses paid	68,639,356.06	62,572,951.89
Selling and distribution expenses paid	6,764,359.36	29,185,550.38
Research and development expenses paid	123,277,740.86	76,189,053.93
Bank charges paid	980,533.49	741,482.03
Non-operating expenses paid	520,337.37	53,553.43
Security deposit paid	6,802,432.47	3,217,123.54
Current accounts between entities paid	11,579,550.03	181,617,575.26
Others	65,722,280,302.90	65,689,251,849.73
Total	65,940,844,612.54	66,042,829,140.19

5.60.2 Cash flows from investing activities*5.60.2.1 Other cash receipts relating to financing activities*

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Recovery of fixed asset purchases	37,250.00	
Total	37,250.00	

5.60.2.2 Other cash payments relating to financing activities

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Net decrease in cash from disposal of subsidiaries	442,553.74	
Total	442,553.74	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

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

5.60 Items of statement of cash flows (Continued)

5.60.3 Cash flows from investing activities

5.60.3.1 Other cash payments relating to investing activities

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Lease liabilities paid	56,690,329.14	39,217,689.32
Donations	9,600,000.00	9,600,000.00
Total	66,290,329.14	48,817,689.32

Note: External donations represent funds are for poverty alleviation.

5.60.3.2 Changes in liabilities arising from investing activities

Item	As at December 31, 2023	Increase in 2024		Decrease in 2024		As at June 30, 2024
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term						
borrowings	751,589,902.50	1,961,999,998.00		1,561,589,901.50		1,151,999,999.00
Long-term						
borrowings	200,213,888.89		3,558,333.33	3,558,333.33		200,213,888.89
Lease						
liabilities	160,004,622.29		6,618,813.47	56,690,329.14		109,933,106.62

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.61 Supplementary information to the statement of cash flow****5.61.1 Supplementary information to the statement of cash flows**

Supplementary information	For the six months ended June 30, 2024	For the six months ended June 30, 2023
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,376,815,468.69	1,207,653,920.80
Plus: Losses from credit impairment	-65,664,000.96	-116,978,290.86
Provisions for impairment of assets	6,021,305.48	-2,452,840.55
Depreciation expenses of fixed assets	199,954,208.87	251,291,884.35
Amortization of right-of-use assets	55,076,416.65	54,766,283.43
Amortization of intangible assets	276,193,241.60	158,748,195.87
Amortization of long-term deferred expenses	1,102,487.35	1,045,143.31
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-16,487.46	-2,654,935.35
Losses from scrapping of fixed assets ("-" for gains)	81,960.50	925,735.85
Losses from changes in fair value ("-" for gains)	-484,501.76	-6,800,160.88
Financial expenses ("-" for gains)	-6,232,861.97	-136,887.87
Investment losses ("-" for gains)	-39,334,601.25	-44,643,405.29
Decreases in deferred tax assets ("-" for increases)	25,913,611.05	27,606,342.17
Increases in deferred tax liabilities ("-" for decreases)	-854,173.64	3,089,267.05
Decreases in inventories ("-" for increases)	-56,542,543.35	123,222.95
Decreases in operating receivables ("-" for increases)	-1,065,884,842.82	-1,090,775,329.14
Increases in operating payables ("-" for decreases)	581,291,271.02	570,414,805.65
Others		
Net cash flow from operating activities	1,287,435,958.00	1,011,222,951.49
2. Significant investing and financing activities not involving cash receipts and payments		
Debt transferred into capital		
Convertible corporate bonds maturing within one year		
Acquisition of right-of-use assets by assumption of lease liabilities		
3. Net change in cash and cash equivalents		
Closing balance of cash	9,562,540,286.34	8,576,563,225.10
Less: Opening balance of cash	7,276,531,274.65	7,475,848,342.25
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,286,009,011.69	1,100,714,882.85

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.61 Supplementary information to the statement of cash flow (Continued)

5.61.2 Net cash received for disposal of subsidiaries during the period

	Amount
Cash or cash equivalents received in the period from disposal of subsidiaries during the period	
Including : Yunnan Civil Aviation Cares Information Co., Ltd.	
Less: Cash and cash equivalents held by companies at the date of loss of control	442,553.74
Including : Yunnan Civil Aviation Cares Information Co., Ltd.	442,553.74
Net cash received for disposal of subsidiaries	-442,553.74

5.61.3 Breakdowns of cash and cash equivalents

Item	As at June 30, 2024	As at December 31, 2023
I. Cash	9,562,540,286.34	7,276,531,274.65
Including: Cash on hand	13,686.53	16,950.85
Unrestricted digital currency	2,242,273.23	1,321,820.12
Unrestricted bank deposit	9,559,166,366.53	7,274,343,086.82
Unrestricted other monetary asset	1,117,960.05	849,416.86
II. Cash equivalents		
Including: Investments in bonds maturing within three months		
III. Closing balance of cash and cash equivalents	9,562,540,286.34	7,276,531,274.65
Including: Cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group		

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.61 Supplementary information to the statement of cash flow (Continued)****5.61.3 Breakdowns of cash and cash equivalents (Continued)**

Monetary funds not classified as cash and cash equivalents:

Item	As at June 30, 2024	As at December 31, 2023	Reasons for not being cash and cash equivalents
Performance bond	35,841,459.42	79,742,110.37	Restricted and unable to use
Property preservation	10,775,011.90	10,775,011.90	Restricted and unable to use
Payment Gateway Margin	506,571.07	506,056.45	Restricted and unable to use
Total	47,123,042.39	91,023,178.72	

5.62 Foreign currency monetary items

Item	Foreign currency balance at end of period	Exchange rate	Converted RMB balance at the end of the period
Cash and bank balances			216,554,912.77
Including : USD	26,005,760.49	7.1268	185,337,853.86
EUR	1,847,440.33	7.6617	14,154,533.58
HKD	17,023,229.98	0.9127	15,537,102.00
Other Currencies	60,196,250.15		1,525,423.33
Accounts receivable			280,915,826.51
Including : USD	22,385,764.62	7.1268	159,538,867.30
EUR	4,988,291.97	7.6617	38,218,796.58
HKD	73,473,151.47	0.9127	67,058,945.35
Other Currencies	51,745,032.61		16,099,217.28

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

5.63 Lease**5.63.1 The company as the lessee**

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Interest expense arising from lease liabilities	2,877,106.50	4,493,568.68
Short-term lease expenses that are simplified treated to the cost of related assets or current profits and losses	67,695.74	680,318.99
Lease expenses for low value assets that are simplified treated to the cost of related assets or current profits and losses (exclude short-term lease for low value assets)	235,311.32	200,260.85
Cash outflows in relation to lease	57,093,304.39	39,417,950.17

The company's anticipated cash outflows from leases in future years, committed but not commenced, are as follows:

Remaining lease terms	Undiscounted lease payments
Within 1 year	90,025,953.62
1-2 year	16,951,592.37
2-3 year	4,617,326.52
Over 3 years	57,600.00
Total	111,652,472.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS**(CONTINUED)****5.63 Lease (Continued)****5.63.2 The company as the lessor****(1) Operating lease**

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Income from operating leases	22,553,876.60	23,438,398.79
Including: Income related to variable lease payments not included in lease receipts		

Undiscounted lease receipts to be received after the balance sheet date are as follows:

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Remaining lease terms		
Within 1 year	43,009,697.95	51,899,363.29
1-2 year	42,259,826.22	58,708,159.03
2-3 year	41,086,266.54	46,487,659.22
3-4 year	41,032,523.24	40,981,175.16
4-5 year	41,062,911.56	41,165,063.64
Over 5 years	12,907,778.26	50,193,288.42
Total	221,359,003.77	289,434,708.76

(2) Financial lease

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

6 RESEARCH AND DEVELOPMENT EXPENDITURES

6.1 Research and development expenditures

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Labor costs	295,221,402.64	268,788,516.06
Depreciation and Amortization expenses	42,642,573.40	15,966,866.44
Technical support fee	114,302,665.31	80,167,498.57
Others	1,345,024.45	2,325,333.88
Total	453,511,665.80	367,248,214.95
Including: Expensed R&D expenditure	431,960,329.68	275,217,130.34
Capitalized R&D expenditure	21,551,336.12	92,031,084.61

The Company's expensed data resource research and development expenditures for the current period were RMB0.00, and the capitalized data resource research and development expenditures were RMB9,589,351.05.

6.2 Development expenditures

Item	As at December 31, 2023	Increase in 2024		Decrease in 2024		As at June 30, 2024
		Internal development expenditures	Others	Recognized as an intangible asset	Others	
Item 1	1,213,519.67	4,160,471.91				5,373,991.58
Item 2		2,241,466.63				2,241,466.63
Item 3		2,113,255.65				2,113,255.65
Item 4		1,613,532.66				1,613,532.66
Item 5		881,283.24				881,283.24
Item 6		890,013.37				890,013.37
Item 7		937,178.94				937,178.94
Item 8		912,620.56				912,620.56
Item 9	6,952,135.01					6,952,135.01
Item 10	8,994,749.83					8,994,749.83
Item 11	4,409,677.50	946,978.12				5,356,655.62
Item 12	3,989,133.95					3,989,133.95
Item 13		6,854,535.04		6,854,535.04		
Subtotal	25,559,215.96	21,551,336.12		6,854,535.04		40,256,017.04
Less : Provisions for impairment						
Total	25,559,215.96	21,551,336.12		6,854,535.04		40,256,017.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

6 RESEARCH AND DEVELOPMENT EXPENDITURES (CONTINUED)**6.2 Development expenditures (Continued)****The situation of important capitalized R&D projects**

Item	End-of-period R&D progress	Estimated completion time	How economic benefits are expected to arise	The point at which the capitalization begins	The specific basis for determining the point at which capitalization begins
Item 1	37%	December, 2025	Reduce management and operating costs and bring economic benefits	September, 2023	The project was approved by the Company in September, 2023 and capitalization began
Item 2	50%	December, 2024	Reduce management and operating costs and generate economic benefits	March, 2024	The project was approved by the Company in March, 2024, and capitalization began
Item 3	55%	December, 2024	Reduce management and operating costs and bring economic benefits	March, 2024	The project was approved by the Company in March, 2024, and capitalization began
Item 4	50%	December, 2024	Develop corresponding products for subsequent market launch	February, 2024	The project was approved by the Company in February, 2024, and capitalization began
Item 9	The project has been completed, awaiting approval from the Company.	December, 2024	Develop corresponding products for subsequent market launch	January, 2023	The project was approved by the Company in January, 2023, and capitalization began
Item 10	The project has been completed, awaiting approval from the Company.	December, 2024	Develop corresponding products for subsequent market launch	January, 2023	The project was approved by the Company in January, 2023, and capitalization began
Item 11	The Company is still continuing to conduct research and development.	December, 2024	Develop corresponding products for subsequent market launch	January, 2023	The project was approved by the Company in January, 2023, and capitalization began
Item 12	86.15%	October, 2024	Develop corresponding products for subsequent market launch	January, 2023	The project was approved by the Company in January, 2023, and capitalization began

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

7 CHANGE OF THE CONSOLIDATION SCOPE

7.1 Disposal of subsidiaries

Transactions or events in which the control of subsidiaries was lost during the period

Name of subsidiaries	Disposal price at the time of control	Proportion of disposal at the time of loss of control (%)	Disposal method at the time of loss of control	Time of loss of control	Basis for determining when control is lost	The difference between the disposal price and the share of the net assets of the subsidiary in the consolidated financial statements corresponding to the disposal investment	The proportion of remaining equity on the date of loss of control	Book value of remaining equity interest in the consolidated financial statements on the date of loss of control	Fair value of remaining equity interest in the consolidated financial statements on the date of loss of control	Gains or losses arising from remeasurement of remaining equity to fair value	Method and main assumptions for determining the fair value of the remaining equity at the consolidated financial statements level on the date of loss of control	Amount of other comprehensive income related to equity investment in the former subsidiary transferred to investment profit or loss/retained earnings
Yunnan Civil Aviation Cares Information Co., Ltd.	61,435,724.75	100.00	Equity investment	2024/3/1	Complete the equity transfer and go through the industrial and commercial registration procedures for equity changes.	7,672,908.84	0.00	0.00	0.00	0.00	Not applicable	0.00

Note: According to the relevant provisions of the "Capital Increase Agreement on Yunnan TravelSky Airport Network Co., Ltd." signed between the Company and Yunnan Airport Group Co., Ltd., the Company increased the capital of Yunnan TravelSky Airport Network Co., Ltd. (hereinafter referred to as "Yunnan Airport") with its 100% equity in Yunnan Civil Aviation Cares Information Co., Ltd. (hereinafter referred to as "Yunnan Cares"). On March 1, 2024, the Company and Yunnan Airport completed the equity transfer and completed the equity industrial and commercial change registration procedures, and the Company no longer controls Yunnan Cares.

7.2 Changes in scope of consolidation for other reasons

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES**8.1 Equity in the subsidiaries Equity in joint venture arrangements or associates****8.1.1 Structure of the enterprise group**

Name of subsidiary	Principal place of business	Business type	Registered Capital (in ten thousand)	Nature of Business	Shareholding ratio (%)		Way of acquisition
					Directly	Indirectly	
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	Chongqing, China	Limited liability company (Stated controlled)	1,480.00	Provision of electronic travel distribution, airport passenger processing and cargo management services; and sales and installation of related information systems	51.00		Investment
Hunan TravelSky Technology Limited	Changsha, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	3,000.00	Planning and construction, operation management, technical support, product development and e-commerce of computer reservation, departure and freight transportation and other application systems	100.00		Investment
Xi'an Civil Aviation Cares Technology Co., Ltd.	Xi'an, China	Limited liability company	1,500.00	Computer software and hardware development and data network services	51.00		Investment
Hubei Civil Aviation Cares Co., Ltd.	Wuhan, China	Other limited liability companies	1,500.00	Provision of electronic travel distribution, airport passenger processing and cargo management services; and sales and installation of related information systems	62.50	7.68	Investment
Xinjiang Civil Aviation Cares Technology Co., Ltd.	Urumqi, China	Limited liability company (state-owned holding)	1,000.00	Computer software and hardware development and data network services	51.00		Investment
Shenzhen Civil Aviation Cares Co., Ltd.	Shenzhen, China	Limited liability company	6,100.00	Provision of e-tourism distribution and freight management services; and the sale and installation of relevant information systems	61.47		Investment
Shanghai TravelSky Technology Limited	Shanghai, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	400.00	Computer software and hardware development and data network services	100.00		Investment
Xiamen Civil Aviation Cares Co., Ltd.	Xiamen, China	Other limited liability companies	2,000.00	Computer software and hardware development and data network services	51.00		Investment
Qingdao Civil Aviation Cares Co., Ltd.	Qingdao, China	Other limited liability companies	5,000.00	Computer software and hardware development and data network services	51.00		Investment
Hainan Civil Aviation Cares Co., Ltd.	Haikou, China	Other limited liability companies	1,000.00	Provision of e-tourism distribution and freight management services; and the sale and installation of relevant information systems	68.94		Investment
Guangzhou TravelSky Technology Limited	Guangzhou, China	Limited liability company (sole proprietorship)	40,000.00	Computer software and hardware development and data network services	100.00		Investment
Accounting Center of China Aviation	Beijing, China	Limited liability company (sole proprietorship)	75,978.52	Settlement, liquidation services and related information system development and support services	100.00		Investment
Beijing Yake Technology Development Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	15,612.16	Technology promotion service, computer software technology development, computer system engineering design and installation	100.00		Investment

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)

8.1 Equity in the subsidiaries Equity in joint venture arrangements or associates (Continued)

8.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered Capital (in ten thousand)	Nature of Business	Shareholding ratio (%)		Way of acquisition
					Directly	Indirectly	
Antu Jinxin Commercial Factoring Co., Ltd.	Beijing, China Tianjin, China	Limited liability company (sole proprietorship)	13,000.00	Provision of trade financing in the form of transferring accounts receivable; receipt, payment, settlement, management and collection of accounts receivable; management of sales sub-account (ledger); customer credit investigation and evaluation; related consulting services; other businesses permitted by laws and regulations	100.00		Investment
Infosky Information Technology Co., Ltd.	Beijing, China	Limited liability company (Sino-foreign joint venture)	\$2,548.00	Provision of freight management services and related software and technology development; provision of technical support, training and information services	94.62	5.38	Investment
TravelSky Cares (Beijing) Real Estate Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	1,000.00	Real estate development and sales, self-developed commercial housing contracting, labor service subcontracting and investment management	100.00		Investment
Beijing TravelSky Travel Agency Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	7,200.00	Domestic travel business and inbound travel business	100.00		Investment
Travelsky Yunzhi Technology (Beijing) Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	5,000.00	Computer system services, data processing, computer and communication equipment leasing, technical services and technical consulting	100.00		Investment
Inner Mongolia TravelSky Technology Limited	Hohhot, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	500.00	Computer and auxiliary equipment, sales, leasing, maintenance and technical consulting; computer system services and tourist information consulting	100.00		Investment
Zhejiang TravelSky Technology Limited	Hangzhou, China	Limited liability company (foreign-invested enterprise and domestic-funded joint venture)	3,734.73	Contracting of computer software and hardware engineering, airport air traffic control engineering and building weak current system engineering, and computer software and hardware, sales, maintenance, leasing and technical consulting services	51.00		Business combination under common control
Henan TravelSky Technology Limited	Zhengzhou, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	1,000.00	Contracting of computer software and hardware engineering projects; technical consultation and service; system integration	100.00		Investment
Beijing TravelSky Technology Limited	Beijing, China	Limited liability company (sole proprietorship)	5,001.00	Technology development, technology services, and technology transfer; sales of computers, software and auxiliary equipment	100.00		Investment
Guangzhou Skyecho Information Technology Co., Ltd.	Guangzhou, China	Other limited liability companies	200.00	Software and information technology services	51.00		Business combination not under common control
TravelSky Digital Intelligence Technology (Beijing) Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	5,000.00	Technology development, technology consulting, technology services, technology transfer, technology promotion and software development	100.00		Investment
TravelSky International Limited	Hong Kong, China	Sole proprietorship	HK\$1,236.00	Commercial services	100.00		Investment
TravelSky Technology (Singapore) Pte. Ltd.	Singapore	Sole proprietorship	S\$7,158.08	Hardware consulting and system consulting	100.00		Investment
TravelSky Technology (Europe) GMBH	Frankfurt, Germany	Sole proprietorship	€50.00	Technology service and technology support	100.00		Investment
OpenJaw Technologies Limited	Dublin, Ireland	Sole proprietorship	€25.21	Technology service and technology support	100.00		Business combination not under common control

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)**8.1 Equity in the subsidiaries Equity in joint venture arrangements or associates (Continued)****8.1.2 Major non-wholly-owned subsidiaries**

Name of subsidiary	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in 2024	Dividends declared to be distributed to minority shareholders in 2024	Balance of minority interest as at June 30, 2024
Shenzhen Civil Aviation Cares Co., Ltd.	38.53	4,694,875.77		161,292,814.47
Xiamen Civil Aviation Cares Co., Ltd.	49.00	3,077,997.61		104,184,653.64
Qingdao Civil Aviation Cares Co., Ltd.	49.00	-5,898,265.31		57,059,842.41

8.1.3 Key financial information of major non-wholly-owned subsidiaries

Name of subsidiaries	Balance as at June 30, 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Civil Aviation Cares Co., Ltd.	401,124,696.01	46,167,175.34	447,291,871.35	28,595,843.25	71,155.36	28,666,998.61
Xiamen Civil Aviation Cares Co., Ltd.	197,747,263.21	57,706,779.98	255,454,043.19	42,757,320.67	74,980.39	42,832,301.06
Qingdao Civil Aviation Cares Co., Ltd.	266,466,862.05	18,387,221.12	284,854,083.17	156,507,048.16	11,898,377.03	168,405,425.19

Name of subsidiaries	Balance as at December 31, 2023					
	Current assets	Current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Civil Aviation Cares Co., Ltd.	421,765,013.34	47,885,025.10	469,650,038.44	63,056,465.15	153,941.28	63,210,406.43
Xiamen Civil Aviation Cares Co., Ltd.	206,814,797.55	60,326,741.31	267,141,538.86	60,679,143.47	122,281.04	60,801,424.51
Qingdao Civil Aviation Cares Co., Ltd.	274,417,265.72	22,467,445.07	296,884,710.79	155,453,284.61	12,945,492.05	168,398,776.66

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)**8.1 Equity in the subsidiaries Equity in joint venture arrangements or associates (Continued)****8.1.3 Key financial information of major non-wholly-owned subsidiaries (Continued)**

Name of subsidiaries	Amount for the six months ended 30, 2024			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Civil Aviation Cares Co., Ltd.	50,759,823.58	12,185,240.73	12,185,240.73	11,280,433.12
Xiamen Civil Aviation Cares Co., Ltd.	39,734,240.63	6,281,627.78	6,281,627.78	112,348.49
Qingdao Civil Aviation Cares Co., Ltd.	26,339,408.44	-12,037,276.15	-12,037,276.15	12,068,576.92

Name of subsidiaries	Amount for the six months ended 30, 2023			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Civil Aviation Cares Co., Ltd.	47,324,868.53	7,977,652.58	7,977,652.58	-1,047,752.68
Xiamen Civil Aviation Cares Co., Ltd.	43,843,652.32	667,566.48	667,566.48	352,673.36
Qingdao Civil Aviation Cares Co., Ltd.	101,719,937.50	5,957,326.06	5,957,326.06	-11,385,417.56

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)**8.2 Equity in joint venture arrangements or associates****8.2.1 Major joint ventures or associates**

Name of joint ventures or associates	Principal place of business and registration place	Business type	Shareholding ratio (%)		Accounting treatment method of the investments in joint ventures or associates	Whether Strategic for Company's activities
			Directly	Indirectly		
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shanghai, China	Information system integration services	41.00		Equity method	Yes
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Shenyang, China	Information system integration services	46.00		Equity method	Yes
Heilongjiang TravelSky Airport Network Co., Ltd.	Harbin, China	Information system integration services	50.00		Equity method	Yes
Dalian TravelSky Airport Network Co., Ltd.	Dalian, China	Information system integration services	50.00		Equity method	Yes
TravelSky Mobile Technology Co., Ltd.	Beijing, China	Technology development; technology promotion	20.66		Equity method	Yes
Yunnan TravelSky Airport Network Co., Ltd.	Kunming, China	Internet information service	50.00		Equity method	Yes

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)

8.2 Equity in joint venture arrangements or associates (Continued)

8.2.2 Principal financial information of major joint ventures

	As at June 30, 2024/ For the six months ended June 30, 2024			As at December 31, 2023/ For the six months ended June 30, 2023	
	Yunnan	Heilongjiang	Dalian	Heilongjiang	Dalian
	TravelSky	TravelSky	TravelSky	TravelSky	TravelSky
	Airport Network Co., Ltd.	Airport Network Co., Ltd.	Airport Network TravelSky Airport Network LLC	Airport Network Co., Ltd.	Airport Network TravelSky Airport Network LLC
Current assets	220,507,481.79	56,819,669.11	53,968,295.27	60,775,824.81	58,052,578.91
Including: Cash and cash equivalents	7,840,947.32	15,216,612.30	28,846,094.29	13,057,833.71	32,498,920.25
Non-current assets	52,579,474.23	1,370,674.76	9,477,728.27	1,069,669.51	9,993,681.71
Total assets	273,086,956.02	58,190,343.87	63,446,023.54	61,845,494.32	68,046,260.62
Current liabilities	45,344,781.38	8,397,893.17	5,000,760.85	16,247,343.64	10,735,898.13
Non-current liabilities	1,370,028.21	507,598.88		144,274.70	
Total liabilities	46,714,809.59	8,905,492.05	5,000,760.85	16,391,618.34	10,735,898.13
Non-controlling interest equity					
Equity attributable to the shareholders of the parent company	226,372,146.43	49,284,851.82	58,445,262.69	45,453,875.98	57,310,362.49
Net asset shares calculated according to the shareholding ratios	113,186,073.22	24,642,425.91	29,222,572.80	22,726,937.99	28,655,181.25
Adjustment matters					
— Goodwill					
— Unrealised profit on internal transactions					
— Others					
Book value of the equity investment in joint ventures	113,186,073.22	24,642,425.91	29,222,572.80	22,726,937.99	28,655,181.25
Fair value of the equity investment of joint ventures with public offer					
Operating income	31,641,324.19	11,145,261.08	3,049,944.99	20,920,872.99	16,728,903.21
Financial expenses	-395,586.98	-74,100.00	-13,364.54	-5,360.38	-12,164.62
Income tax expenses	276,524.44	1,276,991.95	228,096.77	1,014,667.73	909,824.80
Net profit	1,409,277.87	3,830,975.84	180,203.04	2,945,724.15	2,728,270.75
Net profits of discontinuing operations					
Other comprehensive income					
Total comprehensive income	1,409,277.87	3,830,975.84	180,203.04	2,945,724.15	2,728,270.75
Dividends received from joint ventures in the current period					

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)**8.2 Equity in joint venture arrangements or associates (Continued)****8.2.3 Key financial information of major associates**

	As at June 30, 2024/ For the six months ended June 30, 2024			As at December 31, 2023/ For the six months ended June 30, 2023			
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shenyang Civil Aviation Northeast Cares Co., Ltd.	TravelSky Mobile Technology Co., Ltd.	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shenyang Civil Aviation Northeast Cares Co., Ltd.	TravelSky Mobile Technology Co., Ltd.	
	Current assets	397,598,839.51	248,128,680.04	594,709,724.13	443,403,818.35	266,424,076.81	323,567,537.70
	Non-current assets	199,025,706.14	107,929,111.83	31,448,125.20	204,683,117.19	110,990,760.89	38,340,566.99
Total assets	596,624,545.65	356,057,791.87	626,157,849.33	648,086,935.54	377,414,837.70	361,908,104.69	
Current liabilities	233,595,793.68	14,392,136.84	279,423,328.10	278,009,768.35	45,009,530.98	227,352,894.90	
Non-current liabilities	36,843,700.04	5,424,751.05	22,668,147.35	36,661,513.29	5,528,643.03	15,699,415.47	
Total liabilities	270,439,493.72	19,816,887.89	302,091,475.45	314,671,281.64	50,538,174.01	243,052,310.37	
Non-controlling interest equity							
Equity attributable to the shareholders of parent company	326,185,051.93	336,240,903.98	324,066,373.88	333,415,653.90	326,876,663.69	118,855,794.32	
Net asset shares calculated according to the shareholding ratios	133,735,871.29	154,670,815.82	132,867,213.29	136,700,418.10	150,363,265.30	28,317,393.00	
Adjustment matters	-41,665,027.18		110,660,653.41	-42,114,179.24		173,685,716.80	
– Goodwill							
– Unrealized profit from internal trading	-41,665,027.18			-42,114,179.24			
– Others			110,660,653.41			173,685,716.80	
Book value of the equity investment in associates	92,070,844.11	154,670,815.82	243,527,866.70	94,586,238.86	150,363,265.30	202,003,109.79	
Fair value of equity investments in associates with publicly quoted prices							
Operating income	119,872,275.71	151,521,427.67	117,546,336.82	124,278,381.10	164,264,002.16	58,155,911.02	
Net profit	-7,230,601.97	9,364,240.29	-29,086,124.44	484,840.82	14,556,201.64	-42,918,368.06	
Net profits of discontinuing operations							
Other comprehensive income							
Total comprehensive income	-7,230,601.97	9,364,240.29	-29,086,124.44	484,840.82	14,556,201.64	-42,918,368.06	
Dividends received from associates in the current period							

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)**8.2 Equity in joint venture arrangements or associates (Continued)****8.2.4 Summary of financial information on insignificant joint ventures or associates**

	As at June 30, 2024/ For the six months ended 30, 2024	As at December 31, 2023/ For the six months ended 30, 2023
Joint venture:		
Total investment book value	29,988,758.25	34,941,670.17
Total amount calculated based on the following shareholding proportions		
— Net profit	-12,041,101.89	-9,435,353.28
— Other comprehensive income		
— Total comprehensive income	-12,041,101.89	-9,435,353.28
Associates:		
Total investment book value	166,814,193.26	208,512,915.84
Total amount calculated based on the following shareholding proportions		
— Net profit	11,738,624.36	20,695,963.97
— Other comprehensive income		
— Total comprehensive income	11,738,624.36	20,695,963.97

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

8 EQUITY IN OTHER ENTITIES (CONTINUED)**8.2 Equity in joint venture arrangements or associates (Continued)****8.2.5 Excess losses incurred by joint ventures or associates**

Name of joint ventures or associates	Accumulated unrecognized accumulated losses	Unrecognized loss for the period (or net profit shared for the period)	Accumulated unrecognized losses at the end of the period
Shanghai Dongmei Online Travel Agency Co., Ltd.		1,091,188.47	1,091,188.47

9 GOVERNMENT GRANTS**9.1 The type, amount and presentation of government subsidies****9.1.1 Government subsidies included in the profit or loss for the current period***Asset-related government grants*

Item listed on the statement of financial position	Amount of government grants	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		For the six months ended 30, 2024	For the six months ended 30, 2023	
Deferred income			14,733,333.33	Other income
Total			14,733,333.33	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

9 GOVERNMENT GRANTS (CONTINUED)

9.1 The type, amount and presentation of government subsidies (Continued)

9.1.1 Government subsidies included in the profit or loss for the current period (Continued)

Income-related government grants

Item included in the current profit or loss or used to offset the related costs or losses	Amount of government grants	Amount included in the current profit or loss or used to offset the related costs or losses	
		For the six months ended 30, 2024	For the six months ended 30, 2023
Enterprise support and subsidies	2,302,936.30	2,302,936.30	8,573,035.33
Tax refunds	752,768.86	752,768.86	445,388.39
Patent grants and awards	2,171,200.00	2,171,200.00	2,000,000.00
Total	5,226,905.16	5,226,905.16	11,018,423.72

9.1.2 Liabilities involving government subsidies

Liability items	As at December 31, 2023	The amount of new subsidy in this period	The amount of non-operating income transferred in the current period	The amount of other income transferred in the current period	Amounts charged to costs during the period	Other changes	As at June 30, 2024	
							Asset-related/ income-related	Income-related
Deferred earnings	1,221,182.50						1,221,182.50	Income-related

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

10 RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The financial risks and the risk management policies taken by the Company to mitigate these risks are set out as below:

The Board of directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by it. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the changes in the market environment and the Company's business activities to decide whether to update the risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with the policies approved by the board of directors. The Risk Management Committee identifies, evaluates and avoids relevant risks through close cooperation with other business departments of the Company. The Company's internal audit department regularly reviews the risk management controls and procedures, and reports the audit results to the Company's Audit Committee.

The Company diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

10 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)**10.1 Credit risk**

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company's credit risk arises mainly from cash and cash equivalents, notes receivable, accounts receivable, contract assets, other receivables, and debt instruments that are not included in the scope of impairment assessment and are measured at fair value and whose changes are included in current profit and loss Investments and derivative financial assets, etc. On the balance sheet date, the book value of the company's financial assets has represented its maximum credit risk exposure.

The Company's cash and cash equivalents are mainly bank deposits placed with reputable state-owned banks and other large and medium-sized listed banks with high credit ratings, which the Company believes that they have no significant credit risk and will almost never incur significant losses due to bank's defaults.

In addition, for notes receivable, accounts receivable, receivables financing, contract assets and other receivables, etc. the Company has set the relevant policies to control credit risk exposure. The Company, based on the customers' financial positions, the possibility of obtaining guarantees from the third party, credit records and other factors such as the current market conditions, evaluated the credit qualifications of customers and set credit term. The Company would monitor the customers' credit records periodically; as for the customers with bad credit records, the Company would adopt the methods including requesting a payment in writing or shortening or canceling credit term so as to keep the Company's overall credit risks within controllable scope.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

10 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)**10.2 Liquidity risk**

Liquidity risk refers to the risk of capital shortage arising when the enterprise performs the settlement obligation by way of the delivery of funds or other financial assets.

The policy of the Company is to ensure that there are sufficient cash for the payment of the matured debts. Liquidity risk is under centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction. Meanwhile, it monitors whether provisions of the borrowing agreement are satisfied, obtain commitments of main financial institutions for providing sufficient reserve funds to satisfy the demand for short-term and long-term funds.

Various financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	As at June 30, 2024					Total undiscounted contract amount	Book value
	Immediate repayment	Within one year	1-2 years	2-5 years	Over 5 years		
Short-term borrowings		1,176,617,236.50				1,176,617,236.50	1,151,999,999.00
Account payable		1,532,938,556.24	594,736,293.54	156,749,542.42	51,010,203.69	2,335,434,595.89	2,335,434,595.89
Other payables		2,194,352,745.90	46,374,965.54	65,280,434.56	83,021,236.44	2,389,029,382.44	2,389,029,382.44
Non-current liabilities maturing within one year (long-term borrowings)		203,772,222.22				203,772,222.22	200,213,888.89
Lease liabilities (including matured in one year)		91,159,716.25	16,477,164.76	5,300,924.84	19,200.00	112,957,005.85	109,933,106.62
Total		5,198,840,477.11	657,588,423.84	227,330,901.82	134,050,640.13	6,217,810,442.90	6,186,610,972.84

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

10 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

10.2 Liquidity risk (Continued)

Item	Immediate repayment	As at December 31, 2023				Total undiscounted contract amount	Book value
		Within one year	1-2 years	2-5 years	Over 5 years		
Short-term borrowings		759,667,559.68				759,667,559.68	751,589,902.50
Account payable		1,419,482,809.30	760,194,055.79	60,997,520.71	4,884,788.97	2,245,559,174.77	2,245,559,174.77
Other payables		1,452,030,857.87	20,750,684.62	72,216,465.61	75,723,929.84	1,620,721,937.94	1,620,721,937.94
Long-term borrowings		7,097,222.22	201,769,444.45			208,866,666.67	200,213,888.89
Lease liabilities (including matured in one year)		104,718,417.67	39,595,304.07	9,825,474.68		154,139,196.42	160,004,622.29
Total		3,742,996,866.74	1,022,309,488.93	143,039,461.00	80,608,718.81	4,988,954,535.48	4,978,089,526.39

The repayment period of bank borrowings and other financing is analysed as follows:

Item	As at June 30, 2024		As at December 31, 2023	
	Bank borrowing	Other financing	Bank borrowing	Other financing
Within one year	1,352,213,887.89	88,341,258.86	751,589,902.50	109,423,596.99
1-2 years		21,521,863.59	200,213,888.89	40,578,846.61
2-5 years		51,161.11		10,002,178.69
Over 5 years		18,823.06		
Total	1,352,213,887.89	109,933,106.62	951,803,791.39	160,004,622.29

10.3 Market Risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and price risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

10 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)**10.3 Market Risk (Continued)****10.3.1 Interest rate risk**

Interest rate risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Fixed-rate and floating-rate interest-bearing financial instruments make the Company expose to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed-rate instruments to floating-rate instruments based on market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular review and monitoring. When necessary, the Company uses interest rate swap instruments to hedge interest rate risk.

As at June 30, 2024, with other variables held constant, if the borrowing rate calculated at the floating rate increased or decreased by 100 basis points, the net profit of the Company would decrease or increase by RMB9,791,999.99 (December 31, 2023: RMB6,388,514.17).

10.3.2 Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in foreign exchange rate.

The Company continuously monitor the foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risk. In 2024 and prior period, the Company did not sign any forward foreign exchange contract or currency swap contract.

The exchange rate risk the Company is facing is mainly from the financial assets and liabilities denominated in U.S. dollars, and the foreign currency assets and liabilities are equivalent to the amount denominated in RMB indicated as below:

Item	As at June 30, 2024			As at December 31, 2023		
	U.S. Dollar	Other foreign currencies	Total	U.S. Dollar	Other foreign currencies	Total
Cash and cash equivalents	185,337,853.86	31,217,058.91	216,554,912.77	192,633,843.54	25,703,648.55	218,337,492.09
Accounts receivable	159,538,867.30	121,376,959.21	280,915,826.51	129,047,240.71	106,926,160.68	235,973,401.39
Total	344,876,721.16	152,594,018.12	497,470,739.28	321,681,084.25	132,629,809.23	454,310,893.48

As at June 30, 2024, if all other variables remain unchanged, if the RMB appreciates or depreciates against the U.S. dollars by 1%, the Company will decrease or increase its net profit by RMB4,228,501.28 (December 31, 2023 : RMB3,861,642.59).

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

10 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)**10.3 Market Risk (Continued)****10.3.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risk arises primarily from investments in various equity instruments. There is the risk of changes in the prices of equity instruments.

As at June 30, 2024, in the case that other variables remained the same, if the value of equity instruments increase or decrease by 2%, the Company will increase or decrease the net profits of RMB13,324,925.69 and other comprehensive income of RMB15,001,701.00 [December 31, 2023: Net profits of RMB13,377,356.33; other comprehensive income of RMB14,118,054.60].

11 DISCLOSURE OF FAIR VALUE

The input value used for measuring fair value is divided into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access on the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The level of the measurement result of fair value shall subject to the lowest level which the input that is great significance to the entire measurement of fair value belongs to.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

11 DISCLOSURE OF FAIR VALUE (CONTINUED)**11.1 Fair value of assets and liabilities measured at fair value as at June 30, 2024**

Item	Fair value as at June 30, 2024			Total
	Measurement of fair value at Level 1	Measurement of fair value at Level 2	Measurement of fair value at Level 3	
I. Continuous measurement of fair value				
◆ Financial assets held for trading		2,702,068,287.67		2,702,068,287.67
1. Specified as financial assets measured at fair value through the current profit or loss		2,702,068,287.67		2,702,068,287.67
(1) Debt instrument investment		2,702,068,287.67		2,702,068,287.67
◆ Investment in other equity instruments			882,453,000.00	882,453,000.00
◆ Other non-current financial assets			783,819,158.05	783,819,158.05
1. Financial assets measured at fair value through the current profit or loss			783,819,158.05	783,819,158.05
(1) Equity instrument investment			783,819,158.05	783,819,158.05
Total assets with continuous measurement of fair value		2,702,068,287.67	1,666,272,158.05	4,368,340,445.72

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

11 DISCLOSURE OF FAIR VALUE (CONTINUED)**11.2 Qualitative and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 2 on a going and non-going concern**

Item	Fair value as at June 30, 2024	Valuation techniques	Major parameters	
			Qualitative information	Quantitative information
Structured Deposits	2,702,068,287.67	Market approach	The applicable time deposit interest rate is determined based on the market exchange rate pricing issued as at June 30, 2024.	

11.3 Qualitative and quantitative information of valuation techniques and key parameters adopted for items measured at the fair value of Level 3 on a going and non-going concern

Item	Fair value as at June 30, 2024	Valuation techniques	Unobservable input value	Range interval
				(weighted average)
China Merchants RenHe Life Insurance Company Limited	882,453,000.00	Market approach	Price-to-book ratio	1.74
China Mobile Equity Fund (Hebei Xiong'an) Partnership	783,819,158.05	Market approach	Liquidity discount	30%

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

11 DISCLOSURE OF FAIR VALUE (CONTINUED)**11.4 Analysis on the measurement items measured at fair value of level 3 on a going concern, adjustment information between the book value as at the end of the last year and the book value as at the end of last period and sensitivity of unobservable parameters****11.4.1 Analysis on the measurements items measured at fair value of Level 3 reconciliation items**

Item	As at December 31, 2023	Transfer to Level 3	Transfer from Level 3	Current profit or loss		Purchases, issuances, sales, and settlements				As at June 30, 2024	For assets held at the end of the reporting period, current unrealized gains or changes included in profit or loss	
				Included in the current profit or loss	Included other comprehensive income	Purchases	Issuances	Sales	Settlements			
◆ Investment in other equity instruments	830,473,800.00					51,979,200.00					882,453,000.00	
◆ Other non-current financial assets	786,903,313.48				-1,583,785.91					1,500,369.52	783,819,158.05	
Financial assets measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss	786,903,313.48				-1,583,785.91					1,500,369.52	783,819,158.05	
– Equity instrument investment	786,903,313.48				-1,583,785.91					1,500,369.52	783,819,158.05	
Total	1,617,377,113.48				-1,583,785.91	51,979,200.00				1,500,369.52	1,646,272,158.05	
Including: Gains and losses related to financial assets					-1,583,785.91							
Gains and losses related to non-financial assets												

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS**12.1 Parent company of the Company**

Name of parent company	Registration place	Nature of business	Registered capital (in RMB10 thousand)	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
China TravelSky Holding Company Limited	No.7 Yumin Street, Houshayu Town, Shunyi District, Beijing, China	Manage all state-owned assets and state-own equity arising from the state investments in the group company and its investees.	300,000.00	29.55	29.55

The Company's ultimate controller: the State-owned Assets Supervision and Administration Commission of the State Council.

12.2 Subsidiaries of the Company

See the Note 8 "Equity in other entities" for the details of major subsidiaries the Company.

12.3 Joint ventures and associates of the Company

See the Note 8 "Equity in other entities" for the details of major joint ventures or associates of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)**12.4 Other related parties**

Name of other related party	Relationship with the Company
Air China Co., Ltd.	Subsidiaries of shareholders of the Company
Shenzhen Airlines Co., Ltd.	A shareholder of the Company
China Southern Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Xiamen Airlines Co., Ltd.	A shareholder of the Company
China Eastern Airlines Co., Ltd.	A shareholder of the Company
Shanghai Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
China United Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Hainan Airlines Holding Co., Ltd.	A shareholder of the Company
Sichuan Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Shandong Airlines Co., Ltd.	A shareholder of the Company
CCTS Co., Ltd.	Associated company of the shareholders of the Company
TravelSky Cloud Data Co., Ltd.	Same ultimate controlling party

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

12.5 Related-party transactions

12.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of labor services

Purchase of goods/receipt of labor services

Related party	Content of related-party transactions	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	Purchase of goods/ Technology support fee	29,399,034.33	37,840,109.87
Dalian TravelSky Airport Network LLC	Technology support fee	3,530,394.72	5,597,755.38
Hebei TravelSky Airport Network Co., Ltd.	Technology support fee	274,592.30	91,974.52
Heilongjiang TravelSky Airport Network Co., Ltd.	Purchase of goods/ Technology support fee	171,749.14	24,042,209.43
Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	Purchase of goods/ Technology support fee	92,158,142.08	31,655,383.69
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Technology support fee	104,569,579.54	69,295,842.54
Yunnan TravelSky Airport Network Co., Ltd. and its subsidiaries	Technology support fee	1,531,929.81	22,211,524.37
TravelSky Mobile Technology Limited	Purchase of goods/ Technology support fee	5,309,689.74	1,703,482.96
TravelSky Cloud Data Co., Ltd.	Technology support fee	1,534,891.12	3,645,610.39
Beijing TravelSky Borun Technology Co., Ltd.	Technology support fee	9,001,747.94	9,861,816.94
China Southern Airlines Company Limited and its subsidiaries	Technology support fee	313,903.49	47,453.78
Air China Co., Ltd. and its subsidiaries	Technology support fee	1,469,811.32	652,907.32
Guangzhou Airport Hangyi Information Technology Co., Ltd.	Purchase of goods		293,509.42
CCTS Co., Ltd.	Technology support fee	1,589,617.29	3,660,858.55

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)**12.5 Related-party transactions (Continued)****12.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of labor services (Continued)***Sales of goods/rendering of labor services*

Related party	Content of related-party transactions	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Air China Co., Ltd. and its subsidiaries	Aviation Information Technology Service	536,032,477.45	431,493,766.89
China Southern Airlines Company Limited and its subsidiaries	Aviation Information Technology Service	495,365,854.48	407,144,948.81
China Eastern Airlines Corporation Limited and its subsidiaries	Aviation Information Technology Service	412,695,099.87	388,410,833.72
Hainan Airlines Holding Co., Ltd. and its subsidiaries	Aviation Information Technology Service	226,842,888.45	214,199,029.67
Sichuan Airlines Co., Ltd.	Aviation Information Technology Service	125,323,881.08	115,745,358.73
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Information Technology Service, etc.	6,169,171.00	10,417,150.60
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Information Technology Service, etc.	1,875,702.14	726,799.98
Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	Information Technology Service, etc.	5,888,494.65	3,037,389.40
Yunnan TravelSky Airport Network Co., Ltd. and its subsidiaries	Information Technology Service, etc.	657,358.48	2,787,610.62
Heilongjiang TravelSky Airport Network Co., Ltd.	Information Technology Service, etc.	128,754.39	1,603.78
Dalian TravelSky Airport Network LLC.	Information Technology Service, etc.	1,906,893.84	2,721,578.13
Hebei TravelSky Airport Network Co., Ltd.	Information Technology Service, etc.	163,207.54	261,734.02
Shanghai Dongmei Online Travel Agency Co., Ltd.	Information Technology Service, etc.	31,549.05	11,977.36
Yantai TravelSky Airport Network Co., Ltd.	Information Technology Service, etc.	27,358.50	26,415.10
TravelSky Mobile Technology Co., Ltd.	Information Technology Service, etc.	13,349,538.70	10,551,526.41
CCTS Co., Ltd.	Information Technology Service, etc.		165,283.02
TravelSky Cloud Data Co., Ltd.	Information Technology Service, etc.	1,531,100.19	
Guangzhou Airport Hangyi Information Technology Co., Ltd.	Information Technology Service	85,840.71	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

12.5 Related-party transactions (Continued)

12.5.2 Related-party lease

The Company acted as lessee:

Name of lessor	Type of leased assets	For the six months ended June 30, 2024					For the six months ended June 30, 2023				
		Simplified treatment of rental costs for short-term leases and leases of low-value assets		Variable lease payments not included in the lease liabilities	Interest expenses incurred on lease liabilities	Increased right-of-use assets	Simplified treatment of rental costs for short-term leases and leases of low-value assets		Variable lease payments not included in the lease liabilities	Interest expenses incurred on lease liabilities	Increased right-of-use assets
		low-value assets	lease liabilities	Rent paid	liabilities	assets	low-value assets	lease liabilities	Rent paid	liabilities	assets
China TravelSky Holding Company Co., Ltd	Buildings			26,102,801.82	791,254.74	147,008,845.59			26,102,801.84	1,863,773.44	146,942,707.71
TravelSky Cloud Data Co., Ltd.	Buildings			21,009,662.10	1,203,582.02	96,748,173.70			17,135,899.05	1,960,489.81	65,993,923.55
TravelSky Cloud Data Co., Ltd.	Others								61,992.45	1,359.66	184,510.72

12.5.3 Loans from and to related parties

Related party	Amount of loans	Starting date	Due date	Remarks
Loans from related parties				
China TravelSky Holding Company Limited	200,213,888.89	2022/3/22	2025/3/21	Principal of long-term borrowings plus accrued interest

12.5.4 Asset transfer and debt restructuring of related parties

Related party	Content of related party transactions	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Yunnan TravelSky Airport Network Co., Ltd.	Capital contribution from equity of subsidiaries	61,435,724.75	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)**12.6 Receivables from and payables to related parties****12.6.1 Receivables**

Item	Related party	As at June 30, 2024		As at December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Air China Limited and its subsidiaries	1,029,054,683.11	5,541,671.33	885,574,329.73	5,268,985.83
	China Southern Airlines Company Limited and its subsidiaries	1,376,736,325.78	183,049,826.29	1,115,255,891.17	183,346,327.70
	China Eastern Airlines Corporation Limited and its subsidiaries	934,783,115.00	2,829,581.35	568,323,156.13	2,839,923.84
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	321,631,346.48	122,390,425.99	291,698,884.88	84,419,344.19
	Sichuan Airlines Co., Ltd.	54,720,423.12	1,373.96	46,904,529.76	4,768.53
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	42,966,322.02	2.93	48,813,877.54	11.07
	Yunnan TravelSky Airport Network Co., Ltd. and its subsidiaries	22,100,654.49		36,743,305.34	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	1,461,080.00		1,044,680.00	
	Dalian TravelSky Airport Network LLC	600,139.55		2,345,644.00	
	Hebei TravelSky Airport Network Co., Ltd.	4,352,240.00		4,213,440.00	
	Heilongjiang TravelSky Airport Network Co., Ltd.	115,600.00			
	Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	21,076,050.00		30,076,812.18	
	TravelSky Mobile Technology Limited	79,124,983.61		93,018,050.70	
	Shanghai Dongmei Online Travel Agency Co., Ltd.	3,454.00		12,885.00	
	Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	24,922,707.75		25,337,826.25	
	Yantai TravelSky Airport Network Co., Ltd.	5,900.00		9,800.00	
	Guangzhou Airport Hangyi Information Technology Co., Ltd.	85,840.71			
	TravelSky Cloud Data Co., Ltd.	5,604,608.17		5,606,099.17	
	CCTS Co., Ltd.			214,400.00	
Notes receivable					
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	153,914,229.00		110,854,021.41	
Advances to suppliers					
	China Southern Airlines Corporation Limited and its subsidiaries	25,039.90			
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	18,777,976.36		35,575,942.55	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	1,542,898.46		19,963,295.28	
	Chengdu Civil Aviation Southwest Cares Co., Ltd.	4,114,250.00		2,388,789.00	
	Yunnan TravelSky Airport Network Co., Ltd.	761,400.00		453,600.00	
	TravelSky Mobile Technology Limited	51,850.00		1,300.00	
	TravelSky Cloud Data Co., Ltd.	830,569.86			
	CCTS Co., Ltd.	450,000.00		622,494.51	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

12.6 Receivables from and payables to related parties (Continued)

12.6.1 Receivables (Continued)

Item	Related party	As at June 30, 2024		As at December 31, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables					
	China Southern Airlines Company Limited and its subsidiaries	91,129,645.04		88,648,129.15	
	China Eastern Airlines Corporation Limited and its subsidiaries	211,859,299.19		171,716,285.29	
	Air China Limited and its subsidiaries	337,233,415.21		262,764,820.12	
	Hainan Airlines Holding Co., Ltd.	21,150.00		9,545.02	
	Sichuan Airlines Co., Ltd.	7,126,716.62		6,927,871.22	
	TravelSky Mobile Technology Limited	2,641,800.34		2,641,800.34	
	Yunnan TravelSky Airport Network Co., Ltd.	189,541.14		684,401.14	
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	3,381,047.46		3,190,222.82	
	Shanghai Dongmei Online Travel Agency Co., Ltd.	1,019,254.39		1,019,254.39	
	China TravelSky Holding Company Limited	511,427.94		511,427.94	
	Chengdu Civil Aviation Southwest Cares Co., Ltd.			1,177,567.19	
	Guangzhou Airport Hangyi Information Technology Co., Ltd.	4,691.75		4,691.75	
	Hebei TravelSky Airport Network Co., Ltd.	5,805.00		229,243.68	
	Heilongjiang TravelSky Airport Network Co., Ltd.			220,566.81	
	TravelSky Cloud Data Co., Ltd.	1,602,887.39		4,153,874.39	
	CCTS Co., Ltd.	4,603,775.89		4,603,775.89	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.			1,232,866.76	
Contract assets					
	China Eastern Airlines Corporation Limited and its subsidiaries			1,130.00	1,130.00
	Air China Limited and its subsidiaries	524,190.00	9,405.74	404,190.00	8,863.66
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	6,060.00	252.04		
	Chengdu Civil Aviation Southwest Cares Co., Ltd.	2,547,835.20		2,557,357.20	
	Dalian TravelSky Airport Network LLC	97,500.00		82,500.00	
	Heilongjiang TravelSky Airport Network Co., Ltd.	32,400.00		32,400.00	
	Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	12,520.00		12,520.00	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)**12.6 Receivables from and payables to related parties (Continued)****12.6.2 Payables**

Item	Related party	As at June 30, 2024	As at December 31, 2023
Accounts payable			
	China TravelSky Holding Company Limited	968,475.59	968,475.59
	TravelSky Cloud Data Co., Ltd.	8,332,428.00	8,321,749.05
	CCTS Co., Ltd.	10,029,780.72	13,596,416.75
	China Southern Airlines Company Limited and its subsidiaries	146,036.47	43,332.19
	China Eastern Airlines Corporation Limited and its subsidiaries	33,048.00	
	Air China Limited and its subsidiaries	1,591,218.55	889,973.27
	Sichuan Airlines Co., Ltd.		14,000.00
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	101,461,973.80	140,389,470.57
	Hebei TravelSky Airport Network Co., Ltd.	1,124,322.62	3,393,829.04
	Yunnan TravelSky Airport Network Co., Ltd. and its subsidiaries	18,576,006.14	22,297,770.68
	Dalian TravelSky Airport Network LLC	536,958.46	1,889,607.52
	Heilongjiang TravelSky Airport Network Co., Ltd.	25,043,706.29	29,725,741.82
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	178,265,617.11	136,018,937.71
	Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	45,638,571.27	116,640,452.74
	Yantai TravelSky Airport Network Co., Ltd.	57,836.45	125,088.52
	Beijing TravelSky Borun Technology Co., Ltd.	12,999,617.12	8,636,915.63
	TravelSky Mobile Technology Limited	19,955,633.59	19,395,792.63
	Shanghai Dongmei Online Travel Agency Co., Ltd.		7,535.00
	Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	28,191,225.52	36,168,252.62
	Guangzhou Airport Hangyi Information Technology Co., Ltd.	11,667.00	11,667.00
Other payables			
	China Eastern Airlines Corporation Limited and its subsidiaries		27,208.80
	China Southern Airlines Company Limited and its subsidiaries	1,597,986.22	849,964.56
	Air China Limited and its subsidiaries	17,007.30	2,017.30
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	0.01	
	Beijing TravelSky Borun Technology Co., Ltd.	822,758.40	822,758.40
	TravelSky Mobile Technology Limited	851,200.00	851,200.00
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	1,131,600.83	
	China TravelSky Holding Company Limited	7,940,661.21	7,899,662.38
	Shanghai Dongmei Online Travel Agency Co., Ltd.	984.00	984.00
	CCTS Co., Ltd.	874,759.76	175,679.64
	Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries		20,973.45
	Yunnan TravelSky Airport Network Co., Ltd. and its subsidiaries	21,635,509.33	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)**12.6 Receivables from and payables to related parties (Continued)****12.6.2 Payables (Continued)**

Item	Related party	As at June 30, 2024	As at December 31, 2023
Contract liabilities			
	China Southern Airlines Company Limited and its subsidiaries	89,646,039.36	89,850,128.85
	Air China Limited and its subsidiaries	145,553,617.92	144,607,322.78
	China Eastern Airlines Corporation Limited and its subsidiaries	216,952,203.16	217,092,583.11
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	54,888,708.62	54,923,418.42
	Sichuan Airlines Co., Ltd.	51,319,649.63	51,319,649.63
	Dalian TravelSky Airport Network LLC		126,756.76
	Shanghai Dongmei Online Travel Agency Co., Ltd.	244,946.46	
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd		17,699.12
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	63,443.03	112,907.59
	China TravelSky Holding Company Limited	971,698.11	
Non-current liabilities due within one year			
	China TravelSky Holding Company Limited	200,213,888.89	
Long term borrowings			
	China TravelSky Holding Company Limited		200,213,888.89

13 SHARE-BASED PAYMENT

None.

14 COMMITMENTS AND CONTINGENCIES**14.1 Significant commitments**

On April 16, 2020, the Company, as a limited partner, signed the Agreement on China Mobile Equity Fund (Hebei Xiong'an) Partnership (Limited Partnership) with China Mobile Capital Holding Co., Ltd. and other companies, by which the Company subscribed for a capital contribution of RMB1 billion. As at June 30, 2024, the Company made the actual capital contribution(including fund management fee) of RMB684,305,761.81.

Except for the case mentioned above, the Group has no other commitments required to be disclosed.

14.2 Contingencies

As at June 30, 2024, the Group had no significant contingencies required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

15 POST BALANCE SHEET EVENTS**15.1 Significant non-adjusting events**

During July to August 2024, a total of RMB68,164,270.40 was received as tax rebate from key software enterprises.

15.2 Profit distribution

None.

16 OTHER SIGNIFICANT EVENTS**16.1 Correction of accounting errors in prior periods**

There were no corrections of accounting errors in previous periods made during the reporting period.

16.2 Annuity plan

All full-time employees of the group participate in the basic pension insurance formulated by the government in accordance with national policies. As at June 30, 2024, the Group paid the basic pension insurance premium according to the maximum 16% of the employees' basic salary not exceeding the upper limit specified by the government department, and the employees paid the basic pension insurance premium according to the proportion of their own salary specified by the government. After reaching the statutory retirement age, employees receive basic pension on a monthly basis. As at June 30, 2024, the Group's total basic endowment insurance premiums amounted to RMB103,533,922.69 (As at June 30, 2023: RMB90,493,069.97).

In addition, the Group has established an enterprise annuity plan. The expenses required for an enterprise annuity shall be jointly paid by the enterprise and the individual employees. Employees may voluntarily choose to join or not join the company's enterprise annuity plan. As at June 30, 2024, the total enterprise annuity expense of the Group was RMB40,923,915.28 (As at June 30, 2023: RMB39,433,769.95).

As at 30 June, 2024, the Group had no forfeited contributions to reduce its contributions to the defined contribution annuity plan managed by the group in future years.

16.3 Segment information

The Group's business is mainly located in China. The Group operates business only in one industry, i.e., providing aviation information technology and relevant services in China. The Group's revenues mainly come from its related parties and customers in China, and the revenue division made by the Group based on major product or service has been presented in Note 5.43. The Group did not prepare any segment balance sheet and income statement for period ended June 30, 2024 and June 30, 2023.

Meanwhile, as the Group's revenues mainly come from China, and its assets are also in China, there is no regional segment information presented in the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

17.1 Accounts receivable

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

Aging	As at June 30, 2024	As at December 31, 2023
Within 1 year	3,804,185,811.24	3,346,528,146.63
Including: Subitem within 1 year		
Within 6 months	2,646,008,529.73	2,332,336,415.06
7-12 months	1,158,177,281.51	1,014,191,731.57
1-2 years	1,345,334,631.26	852,245,158.67
2-3 years	177,908,407.31	259,453,447.66
3-4 years	125,931,790.82	149,825,773.92
4-5 years	105,945,058.39	125,268,958.38
Over 5 years	200,136,825.39	164,916,795.53
Sub-total	5,759,442,524.41	4,898,238,280.79
Less: provision for bad debts	844,644,566.12	897,621,278.45
Total	4,914,797,958.29	4,000,617,002.34

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

Category	As at June 30, 2024					As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Book value	Amount	Proportion (%)	Amount	Proportion (%)	Book value
Provision for bad debts accrued on an individual basis	847,590,057.39	14.72	596,167,046.01	70.34	251,423,011.38	766,507,599.05	15.65	511,787,626.87	66.77	254,719,972.18
Provision for bad debts accrued on a portfolio basis of credit risk characteristics	4,911,852,467.02	85.28	248,477,520.11	5.06	4,663,374,946.91	4,131,730,681.74	84.35	385,833,651.58	9.34	3,745,897,030.16
Total	5,759,442,524.41	100.00	844,644,566.12	4,914,797,958.29	4,898,238,280.79	100.00	897,621,278.45	4,000,617,002.34		

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)**17.1 Accounts receivable (Continued)****17.1.2 Disclosure under the methods of provision for bad debts by category (Continued)**

Provision for bad debts accrued on an individual basis:

Entity	As at June 30, 2024				As at December 31, 2023	
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision	Book balance	Provision for bad debts
Customer 1	132,318,954.94	127,221,532.43	96.15	Poor financial situation	143,456,483.18	138,734,613.64
Customer 2	216,549,251.78	51,572,397.39	23.82	Poor financial situation	219,850,314.21	48,617,825.40
Customer 3	182,618,679.13	182,618,679.13	100.00	Significant uncertainty about recoverability	182,618,679.13	182,618,679.13
Customer 4	58,515,108.11	52,812,626.72	90.25	The financial situation is not favourable and a lawsuit has been filed	71,400,071.04	65,788,881.34
Customer 5	46,567,032.84	35,247,922.38	75.69	Poor financial situation	37,637,075.97	25,768,033.42
Customer 6	53,460,662.44	38,703,538.77	72.40	Poor financial situation	21,281,755.08	4,929,389.70
Customer 7	50,948,081.80	36,230,317.70	71.11	Poor financial situation	20,314,198.33	8,616,172.07
Others	106,612,286.35	71,760,031.49	67.31		69,949,022.11	36,714,032.17
Total	847,590,057.39	596,167,046.01			766,507,599.05	511,787,626.87

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

17.1 Accounts receivable (Continued)

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

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	As at June 30, 2024		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Accounts receivable from third-parties	1,490,158,429.06	248,477,520.11	16.67
Accounts receivable from related parties	3,421,694,037.96		
Total	4,911,852,467.02	248,477,520.11	

17.1.3 Provision, reversal or recovery of provision for bad debts in 2024

Category	As at December 31, 2023	Changes in the current period				As at June 30, 2024
		Provision	Reversal/ Recovery	Write-off/ charge-off	Other changes	
Provision for bad debts accrued on an individual basis	511,787,626.87	84,379,419.14				596,167,046.01
Provision for bad debts accrued on a portfolio basis	385,833,651.58	-137,356,131.47				248,477,520.11
Total	897,621,278.45	-52,976,712.33				844,644,566.12

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)**17.1 Accounts receivable (Continued)****17.1.4 Top five of accounts receivable and contract asset as at June 30, 2024, presented by debtors**

The sum amount of top five of accounts receivable and contract asset presented by debtors is RMB2,994,974,298.96, accounting for 50.46% of the ending balance of accounts receivable and contract asset, and the corresponding ending balance of allowance for bad debts is RMB235,006,334.53.

17.2 Other receivables

Item	As at June 30, 2024	As at December 31, 2023
Interest receivable		
Dividends receivable	44,139,900.00	53,533,370.76
Other receivables	291,194,473.42	319,300,463.19
Total	335,334,373.42	372,833,833.95

17.2.1 Dividends receivable**(1) Details of dividends receivable**

Item (or investee)	As at June 30, 2024	As at December 31, 2023
Shenzhen Civil Aviation Cares Co., Ltd.		8,587,470.76
Qingdao Civil Aviation Cares Co., Ltd.	9,180,000.00	9,180,000.00
Hubei Civil Aviation Cares Co., Ltd.		750,000.00
Xinjiang Civil Aviation Cares Technology Co., Ltd.	28,979,200.00	28,979,200.00
Hainan Civil Aviation Cares Co., Ltd.	5,980,700.00	5,980,700.00
Yantai TravelSky Airport Network Co., Ltd.		56,000.00
Sub-total	44,139,900.00	53,533,370.76
Less: Provision for bad debts		
Total	44,139,900.00	53,533,370.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

17.2 Other receivables (Continued)

17.2.2 Other receivables

(1) Disclosure by aging

Aging	As at June 30, 2024	As at December 31, 2023
Within 1 year	159,654,387.92	144,046,571.11
Including: subitem within 1 year		
Within 6 months	125,741,807.26	141,751,871.91
7-12 months	33,912,580.66	2,294,699.20
1-2 years	5,564,639.59	29,009,591.76
2-3 years	1,539,920.29	10,216,653.16
3-4 years	1,185,897.67	2,978,895.51
4-5 years	752,256.74	26,639,562.18
Over 5 years	122,497,371.21	106,409,189.47
Sub-total	291,194,473.42	319,300,463.19
Less: provision for bad debts		
Total	291,194,473.42	319,300,463.19

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

Category	As at June 30, 2024					As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis										
Provision for bad debts accrued on a portfolio basis of credit risk characteristics	291,194,473.42	100.00			291,194,473.42	319,300,463.19	100.00			319,300,463.19
Total	291,194,473.42	100.00			291,194,473.42	319,300,463.19	100.00			319,300,463.19

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)**17.2 Other receivables (Continued)****17.2.2 Other receivables (Continued)****(2) Disclosure under the methods of provision for bad debts by category (Continued)**

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	As at June 30, 2024		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Related parties	92,792,574.06		
Non-related parties	198,401,899.36		
Total	291,194,473.42		

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

Book balance	Phase 1	Phase 2	Phase 3	Total
	Expected credit losses in the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment) Balance as at December	
Balance as at December 31, 2023	319,300,463.19			319,300,463.19
Balance as at December 31, 2023 in the current year				
— Transfer to Phase 2				
— Transfer to Phase 3				
— Reversal from Phase 2				
— Reversal from Phase 1				
Increase in 2024	-28,105,989.77			-28,105,989.77
Derecognition in 2024				
Other changes				
Balance as at June 30, 2024	291,194,473.42			291,194,473.42

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

17.2 Other receivables (Continued)

17.2.2 Other receivables (Continued)

(4) Classification of other receivables by the nature of payment

Nature	As at June 30, 2024	As at December 31, 2023
Reserve funds	483,457.76	469,898.88
Insurance reserve funds of personnel stationed abroad	84,795,995.32	96,706,334.87
Advance payments	43,282,751.96	62,672,073.11
Deposits, guarantees	8,477,396.83	7,145,163.40
Others	154,154,871.55	152,306,992.93
Total	291,194,473.42	319,300,463.19

(5) Top five of other receivable as at June 30, 2024, presented by debtors

The sum amount of top five of other receivables presented by debtors is RMB221,809,128.85, accounting for 76.18% of the balance of other receivables as at June 30, 2024. The ending balance of the corresponding provision for bad debts is RMB0.00.

17.3 Long-term equity investments

Item	As at June 30, 2024			As at December 31, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	2,071,579,476.08		2,071,579,476.08	2,111,610,630.08		2,111,610,630.08
Investment in associates and joint ventures	635,480,616.88		635,480,616.88	539,786,209.41		539,786,209.41
Total	2,707,060,092.96		2,707,060,092.96	2,651,396,839.49		2,651,396,839.49

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)**17.3 Long-term equity investments (Continued)****17.3.1 Investment in subsidiaries**

Investees	Balance as at December 31, 2023	Balance of provision for impairment as at December 31, 2023	Increase/decrease in 2024				Balance of provision for impairment as at June 30, 2024	
			Additional investment	Reduced investment	Provision for impairment	Others	Balance as at June 30, 2024	Balance of provision for impairment as at June 30, 2024
Accounting Center of China Aviation	853,519,487.07						853,519,487.07	
Xi'an Civil Aviation Cares Technology Co., Ltd.	1,020,000.00						1,020,000.00	
Hainan Civil Aviation Cares Co., Ltd.	10,205,095.00						10,205,095.00	
Shenzhen Civil Aviation Cares Co., Ltd.	4,302,941.18						4,302,941.18	
Hubei Civil Aviation Cares Co., Ltd.	11,446,825.00						11,446,825.00	
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	4,998,000.00						4,998,000.00	
Yunnan Civil Aviation Cares Information Co., Ltd	40,031,154.00			40,031,154.00				
Xiamen Civil Aviation Cares Co., Ltd.	1,020,000.00						1,020,000.00	
Qingdao Civil Aviation Cares Co., Ltd.	1,020,000.00						1,020,000.00	
Infosky Information Technology Co., Ltd.	153,820,754.50						153,820,754.50	
Xinjiang Civil Aviation Cares Technology Co., Ltd	1,530,000.00						1,530,000.00	
Guangzhou TravelSky Technology Limited	400,000,000.00						400,000,000.00	
Shanghai TravelSky Technology Limited	4,000,000.00						4,000,000.00	
TravelSky Cares (Beijing) Property Co., Ltd.	10,000,000.00						10,000,000.00	
Inner Mongolia Civil Aviation Information Technology Co., Ltd.	5,000,000.00						5,000,000.00	
Hunan TravelSky Technology Limited	30,000,000.00						30,000,000.00	
Beijing TravelSky Travel Service Co., Ltd.	72,000,000.00						72,000,000.00	
Travelsky Yunzhi Technology (Beijing) Co., Ltd.	50,000,000.00						50,000,000.00	
Zhejiang Civil Aviation Information Technology Co., Ltd.	19,047,100.00						19,047,100.00	
Henan Civil Aviation Information Technology Co., Ltd.	10,000,000.00						10,000,000.00	
Beijing TravelSky Technology Limited	50,010,000.00						50,010,000.00	
Guangzhou Skyecho Information Technology Co., Ltd.	4,000,000.00						4,000,000.00	
TravelSky Digital Intelligence Technology (Beijing) Co., Ltd.	5,000,000.00						5,000,000.00	
TravelSky Technology (Singapore) Limited	353,594,927.55						353,594,927.55	
TravelSky International Limited	11,364,427.02						11,364,427.02	
TravelSky Technology (Europe) Limited	4,679,918.76						4,679,918.76	
Total	2,111,610,630.08			40,031,154.00			2,071,579,476.08	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

17.3 Long-term equity investments (Continued)

17.3.2 Investments in associates and joint ventures

Investees	Balance as at December 31, 2023	Balance of provision for impairment as at December 31, 2023	Increase/decrease in 2024						As at June 30, 2024	Provision for impairment as at June 30, 2024	
			Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed			Provision for impairment
1. Joint ventures											
Hellongjiang TravelSky Airport Network Co., Ltd.	22,726,937.99				1,915,487.92					24,642,425.91	
Dalian TravelSky Airport Network LLC	28,655,181.25				547,391.55					29,222,572.80	
Hebei TravelSky Airport Network Co., Ltd.	14,531,132.69				1,398,166.77					15,929,299.46	
Shanghai Dongmei Online Travel Agency Co., Ltd.	12,966.80				-12,966.80						
Xinjiang TravelSky E-surfing Science and Technology Co., Ltd.	20,397,570.68				-6,338,111.89					14,059,458.79	
Yunnan TravelSky Airport Network Co., Ltd.			112,973,157.18		212,916.04					113,186,073.22	
Sub-total	86,323,789.41		112,973,157.18		-2,257,116.41					197,039,830.18	
2. Associates											
Beijing TravelSky Borun Technology Co., Ltd.	54,619,338.39				2,473,923.96					57,093,262.35	
TravelSky Mobile Technology Limited					-23,892,334.70		48,777,268.21			24,884,933.51	
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	94,586,238.86				-2,515,394.75					92,070,844.11	
Shenyang Civil Aviation Northeast Cares Co., Ltd.	150,363,265.30				4,307,550.52					154,670,815.82	
Chengdu Civil Aviation Southwest Cares Co., Ltd.	87,975,470.75				6,921,903.94					94,897,374.69	
Yunnan TravelSky Airport Network Co., Ltd.	51,537,432.43		-51,537,432.43								
Guangzhou Airport Hangyi Information Technology Co., Ltd.	7,138,082.86				402,671.06					7,540,753.92	
Yantai TravelSky Airport Network Co., Ltd.	7,242,591.41				40,210.89					7,282,802.30	
Sub-total	453,462,420.00		-51,537,432.43		-12,261,469.08		48,777,268.21			438,440,786.70	
Total	539,786,209.41		61,435,724.75		-14,518,585.49		48,777,268.21			635,480,616.88	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

(Amounts are expressed in RMB unless otherwise stated)

17 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)**17.4 Operating revenue and operating costs**

Item	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Revenue	Cost	Revenue	Cost
Primary businesses	3,296,634,190.99	1,344,722,538.39	2,560,224,162.10	1,046,775,686.01
Other businesses	16,705,112.37	4,121,820.66	16,542,500.73	4,166,004.66
Total	3,313,339,303.36	1,348,844,359.05	2,576,766,662.83	1,050,941,690.67

17.5 Investment income

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Long-term equity investment income calculated under the cost method	1,334,500.00	
Long-term equity investment income calculated under the equity method	-14,518,585.49	9,097,149.62
Investment income from disposal of long-term equity investments	21,404,570.75	
Income from held-for-trading financial assets during the holding period	29,540,454.50	36,951,477.65
Total	37,760,939.76	46,048,627.27

TRAVELSKY TECHNOLOGY LIMITED

August 28, 2024

CORPORATE INFORMATION

(As of the latest practicable date September 9, 2024 before the issue date of this report)

BOARD

The seventh session of the Board of the Company established by election by shareholders on February 27, 2020 comprises:

Huang Rongshun	Chairman, Executive Director and General Manager
Sun Yuquan	Non-executive Director (appointed on January 25, 2024)
Qu Guangji	Non-executive Director (appointed on January 25, 2024)
Xi Sheng	Non-executive Director
Liu Zehong	Independent Non-executive Director
Chan Wing Tak Kevin	Independent Non-executive Director
Xu Hongzhi	Independent Non-executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE (SUPERVISION COMMITTEE)

Chan Wing Tak Kevin	Chief Member (Chairman)
Liu Zehong	Member
Xu Hongzhi	Member

REMUNERATION AND EVALUATION COMMITTEE

Liu Zehong	Chief Member (Chairman)
Chan Wing Tak Kevin	Member
Xu Hongzhi	Member

NOMINATION COMMITTEE

Huang Rongshun	Chief Member (Chairman)
Liu Zehong	Member
Xu Hongzhi	Member

STRATEGY AND INVESTMENT COMMITTEE (LEGAL COMPLIANCE COMMITTEE)

Appointed by the seventh session of the Board of the Company on February 27, 2020 and comprises:

Huang Rongshun	Chief Member (Chairman)
Liu Zehong	Member
Sun Yuquan	Member (appointed on January 25, 2024)
Qu Guangji	Member (appointed on January 25, 2024)
Xi Sheng	Member

CORPORATE INFORMATION

(As of the latest practicable date September 9, 2024 before the issue date of this report)

DIRECTOR RESIGNED INCLUDING HIS RESPECTIVE DUTY IN THE SPECIAL COMMITTEE

Zhao Xiaohang	Non-executive Director (appointed on June 27, 2019, resigned on January 25, 2024), Member of the Strategy Committee (appointed on June 27, 2019, resigned on January 25, 2024)
Luo Laijun	Non-executive Director (appointed on February 27, 2020, resigned on January 25, 2024), Member of the Strategy Committee (appointed on February 27, 2020, resigned on January 25, 2024)

SUPERVISORY COMMITTEE

The seventh session of the Supervisory Committee established by election by shareholders on February 27, 2020 (except for the staff representative supervisors) comprises:

Zhang Xin	Staff Representative Supervisor (appointed by the staff representative meeting of the Company on January 17, 2024)
Yang Jun	Supervisor
Bai Bin	Supervisor

SUPERVISOR RESIGNED

Liang Shuang	Staff Representative Supervisor (appointed by the staff representative meeting of the Company on January 9, 2020, resigned on January 17, 2024)
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SENIOR MANAGEMENT

Huang Rongshun	General manager, Chairman, Executive Director
Li Jinsong	Vice General Manager, Chief Financial Officer (Chief Accountant)
Yuan Leifeng	Vice General Manager
Liang Haifeng	Vice General Manager
Yu Xiaochun	Company Secretary (Secretary to the Board)

SENIOR MANAGEMENT RESIGNED

Wang Jinping	Vice General Manager (appointed on August 27, 2020, resigned on January 31, 2024)
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REGISTERED ADDRESS

7 Yu Min Da Street, Houshayu Town, Shunyi District
Beijing 101308, PRC

CORPORATE INFORMATION

(As of the latest practicable date September 9, 2024 before the issue date of this report)

PLACE OF BUSINESS IN HONG KONG

Room 3606, 36/F, China Resources Building
26 Harbour Road, Wanchai
Hong Kong

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00696

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

DEPOSITARY OF SPONSORED LEVEL I AMERICAN DEPOSITARY RECEIPT PROGRAMME

The Bank of New York Mellon

Shareholder correspondence:

BNY Mellon Shareowner Services
P.O. Box 43006
Providence RI 02940-3078

Overnight Correspondence:

BNY Mellon Shareowner Services
150 Royall St., Suite 101
Canton, MA 02021
Tel. +1 888-269-2377 (toll-free number in the U.S.)
Tel. +1 201 680 6825 (international)
www.mybnymdr.com

AUDITOR

BDO China SHU LUN PAN Certified Public Accountants LLP
Room 1410, Fanli Building,
No. 22 Chaoyangmenwai Street,
Chaoyang District, Beijing 100020,
PRC

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

CORPORATE INFORMATION

(As of the latest practicable date September 9, 2024 before the issue date of this report)

LEGAL ADVISERS

As to Hong Kong law:

DLA Piper Hong Kong 25/F,
Three Exchange Square, 8 Connaught Place,
Central, Hong Kong

As to the PRC law:

ZHONGLUN W&D Law Firm
28/F, Tower 2, China Central Place, No. 79, Jianguo Road,
Chaoyang District, Beijing, China

PUBLIC RELATIONS CONSULTANT

Ever Bloom (HK) Communications Consultants Group Limited
10/F, 80 Gloucester Road, Wanchai, Hong Kong
Tel: 852-3468 8100
Fax: 852-2111 1103
Email: travelsky.list@everbloom.com.cn

CONTACT DETAILS FOR INVESTORS

Board office
Postal address: TravelSky High-Tech Industrial Park, Houshayu Town, Shunyi District, Beijing 101318, PRC
Telephone: (8610) 5765 0696
Facsimile: (8610) 5765 0695
Email: ir@travelsky.com.cn
Website: www.travelskyir.com

COMPANY'S WEBSITES

Website of consolidated information of the Company:

www.travelsky.cn

Website established in accordance with Rule 2.07C(6)(a) of the Listing Rules:

www.travelskyir.com

You may obtain the English and Chinese versions of the financial reports, announcements, circulars, operation data and results presentation of the Company through this website.



Tel: (8610) 5765 0696
Fax: (8610) 5765 0695
Email: ir@travelsky.com.cn (Contact details for investors)
Address: TravelSky High-Tech Industrial Park, Houshayu Town,
Shunyi District, Beijing, PRC
Postal Code: 101318
Website: www.travelskyir.com