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

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

(Stock Code: 00696)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board of directors (the "**Board**") of TravelSky Technology Limited (the "**Company**") hereby presents the unaudited interim results announcement of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2021, which is prepared in accordance with China Accounting Standards for Business Enterprise ("**CASBE**").

CONSOLIDATED INCOME STATEMENT

For the Six Months ended June 30, 2021 (Amounts are expressed in RMB'000 unless otherwise stated)

Items		Note	**Six months ended June 30, 2021**	Six months ended June 30, 2020
I.	Total operating revenue		**2,838,333**	2,286,551
	Including: operating revenue	*5.f)*	**2,838,333**	2,286,551
II.	Total operating costs		**2,160,930**	1,957,332
	Including: operating cost	*5.f)*	**1,407,788**	1,276,303
	Taxes and surcharges		**35,691**	33,665
	Selling and distribution expenses		**54,867**	54,698
	General and administrative expenses		**411,413**	384,935
	Research and development expenses		**293,665**	268,561
	Financial expenses		**-42,493**	-60,830
	Including: interest expenses		**1,592**	3,337
	Interest income		**49,857**	40,191
	Plus: other income		**36,457**	17,400
	Investment income ("-" for losses)	*5.g)*	**18,270**	55,362
	Including: income from investment in associates and joint ventures		**-13,673**	6,978
	Income from derecognition of financial assets measured at amortized cost		**–**	–
	Gains from foreign exchange ("-" for losses)		**–**	–
	Income from net exposure hedging ("-" for losses)		**–**	–
	Gains from the changes in fair value ("-" for losses)		**-3,329**	–
	Losses from credit impairment ("-" for losses)	*5.h)*	**-415,125**	-663,364
	Losses from asset impairment ("-" for losses)	*5.i)*	**12,803**	–
	Gains from disposal of assets ("-" for losses)		**-68**	84

Items	Note	**Six months ended June 30, 2021**	Six months ended June 30, 2020
III. Operating profits ("-" for losses)		**326,410**	-261,299
Plus: Non-operating revenue		**1,662**	6,081
Less: Non-operating expenses		**482**	71
IV. Total profits ("-" for total losses)		**327,590**	-255,289
Less: Income tax expenses		**32,685**	51,005
V. Net profit ("-" for net loss)		**294,905**	-306,294
(I) Classified by operating sustainability			
1. Net profit from continuing operations ("-" for net loss)		**294,905**	-306,294
2. Net profit from discontinued operation ("-" for net losses)		**–**	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		**275,197**	-323,189
2. Minority interest income ("-" for net loss)		**19,708**	16,895
VI. Other comprehensive income, net of tax		**-3,737**	2,751
Other comprehensive income, net of tax attributable to shareholders of the parent company		**-3,737**	2,751
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan		**–**	–
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		**–**	–
3. Changes in fair value of other equity instruments investment		**–**	–
4. Changes in the fair value of the company's own credit risk		**–**	–
(II) Other comprehensive income that will be reclassified into profit or loss		**-3,737**	2,751
1. Other comprehensive income that can be transferred to profit or loss under the equity method		**–**	–
2. Changes in fair value of other creditor's right investment		**–**	–
3. Amount of financial assets reclassified into other comprehensive income		**–**	–
4. Provision for credit impairment of other creditor's rights investment		**–**	–
5. Cash flow hedging reserves		**–**	–
6. Differences arising from translation of foreign-currency financial statements		**-3,737**	2,751
7. Others		**–**	–
Other comprehensive income, net of tax, attributable to minority shareholders		**–**	–
VII. Total comprehensive income		**291,168**	-303,543
Total comprehensive income attributable to shareholders of the parent company		**271,460**	-320,438
Total comprehensive income attributable to minority shareholders		**19,708**	16,895
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	*5.j)*	**0.09**	-0.11
(II) Diluted earnings per share (RMB/share)	*5.j)*	**0.09**	-0.11

CONSOLIDATED BALANCE SHEET

As at June 30, 2021 (Amounts are expressed in RMB'000 unless otherwise stated)

Assets	*Note*	**As at June 30, 2021**	As at December 31, 2020
Current assets:			
Cash and cash equivalents		**4,549,615**	4,457,256
Balances with clearing companies		**–**	–
Loans to banks and other financial institutions		**–**	–
Financial assets held for trading		**3,716,694**	800,028
Derivative financial assets		**–**	–
Notes receivable		**35,275**	108,669
Accounts receivable	*5.a)*	**4,731,654**	4,445,316
Receivables financing		**–**	–
Advances to suppliers		**232,455**	176,440
Premiums receivable		**–**	–
Reinsurance accounts receivable		**–**	–
Provision of cession receivable		**–**	–
Other receivables		**1,109,716**	922,749
Financial assets purchased under resale agreements		**–**	–
Inventories		**90,062**	77,598
Contract assets		**26,679**	133,516
Assets held for sale		**–**	–
Non-current assets maturing within one year		**–**	922,750
Other current assets		**135,127**	1,646,770
Total current assets		**14,627,278**	13,691,091
Non-current assets			
Disbursement of loans and advances		**–**	–
Creditor's right investment		**–**	–
Other creditors' right investment		**–**	–
Long-term receivables		**–**	–
Long-term equity investments		**661,450**	670,124
Investment in other equity instruments	*5.b)*	**893,203**	893,203
Other non-current financial assets	*5.c)*	**116,581**	82,315
Investment properties		**105,881**	110,003
Fixed assets		**3,983,225**	4,242,380
Construction in progress		**32,203**	23,734
Productive biological assets		**–**	–
Oil and gas assets		**–**	–
Right-of-use assets		**65,023**	100,661
Intangible assets		**1,908,568**	1,759,714
Development expenditures		**326,730**	310,093
Goodwill		**260**	260
Long-term deferred expenses		**3,210**	3,957
Deferred tax assets		**447,724**	357,591
Other non-current assets		**533,945**	524,150
Total non-current assets		**9,078,003**	9,078,185
Total assets		**23,705,281**	22,769,276

Liabilities and shareholders' equity	*Note*	**As at June 30, 2021**	As at December 31, 2020
Current liabilities:			
Short-term borrowings		**–**	–
Borrowings from central bank		**–**	–
Loans from banks and other financial institutions		**–**	–
Financial liabilities held for trading		**–**	–
Derivative financial liabilities		**–**	–
Notes payable		**–**	–
Accounts payable	*5.d)*	**1,856,945**	1,799,529
Advances from customers		**1,030**	115
Contract liabilities	*5.e)*	**323,967**	155,713
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		**189,268**	327,616
Taxes and surcharges payable		**194,139**	141,967
Other payables		**1,977,980**	1,349,011
Handling charges and commission payable		**–**	–
Reinsurance accounts payable		**–**	–
Liabilities held for sale		**–**	–
Non-current liabilities maturing within one year		**52,721**	76,146
Other current liabilities		**17,723**	8,675
Total current liabilities		**4,613,773**	3,858,773

Liabilities and shareholders' equity	*Note*	**As at June 30, 2021**	As at December 31, 2020
Non-current liabilities:			
Reserves for insurance contracts		**–**	–
Long-term borrowings		**–**	–
Bonds payable		**–**	–
Including: preferred stock		**–**	–
Perpetual bonds		**–**	–
Lease liabilities		**11,063**	27,347
Long-term payables		**420**	420
Long-term employee compensation payable		**–**	–
Estimated liabilities		**4**	4
Deferred income		**70,871**	84,749
Deferred tax liabilities		**35,656**	29,824
Other non-current liabilities		**–**	–
Total non-current liabilities		**118,013**	142,345
Total liabilities		**4,731,786**	4,001,118
Shareholders' equity:			
Share capital		**2,926,210**	2,926,210
Other equity instruments		**–**	–
Capital reserves		**1,151,617**	1,159,411
Less: Treasury stock		**–**	–
Other comprehensive income		**15,109**	18,846
Special reserves		**–**	–
Surplus reserves		**3,946,954**	3,935,022
General risk reserves		**6,985**	6,985
Undistributed profits		**10,465,775**	10,249,329
Total equity attributable to shareholders of the parent company		**18,512,647**	18,295,801
Minority interest		**460,848**	472,357
Total shareholders' equity		**18,973,495**	18,768,158
Total liabilities and shareholders' equity		**23,705,281**	22,769,276

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY PROFILE

TravelSky Technology Limited (hereinafter referred to as the "Company" or "the Company") was incorporated in Beijing, the People's Republic of China on October 18, 2000, as of June 30, 2021, the company cumulatively issued 2,926,209,589 shares, with registered share capital of RMB2,926,209,589, the address of the registered office is No. 7 Yumin Street, Houshayu Town, Shunyi District, Beijing.

The Company's main business activities are: the Company provides a full range of services such as air passenger business processing, air travel electronic distribution, airport passenger processing, air cargo data processing, Internet travel platform, international and domestic passenger and cargo revenue management system and application, 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".

2. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

a) Basis of preparation

As stated in the Company's announcements dated December 29, 2020 and February 26, 2021, and the circular dated January 8, 2021, in accordance with the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by the Stock Exchange in December 2010, the board of directors of the Company and the general meeting of shareholders, in order to improve the efficiency and reduce the cost of disclosure, has approved that as from 2020, the results of the Company will no longer be prepared in accordance with the International Financial Reporting Standards and the board of directors of the Company has presented in the Annual Report of 2020 that the audited financial statements are prepared in accordance with the China Accounting Standards for Business Enterprises. As from 2021, the board of director of the Company will present in the Interim Reports that the unaudtied financial statements are prepared in accordance with the China Accounting Standards for Business Enterprises.

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") promulgated by Ministry of Finance of the People's Republic of China, as well as the relevant provisions of the "Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports" promulgated by the China Securities Regulatory Commission.

b) Going concern

The financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

a) Accounting period

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

b) Operating cycle

The Company's operating cycle is 12 months.

c) Functional currency

The Company adopts RMB as its functional currency.

d) Financial instruments

The Company recognizes a financial asset, a financial liability or equity instrument when it becomes a party to the financial instrument contract.

i. 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 profit or loss in line with the following conditions will be reclassified into the financial assets measured at amortized cost:

– held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

– the contractual terms to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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:

– held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For non-trading equity investments, the Company could irrevocably designate them as financial assets (equity instruments) measured at fair value through other comprehensive income at initial recognition. The designation is made on an investment-by-investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective.

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

At the initial recognition, 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.

ii. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

(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.

iii. Derecognition and transfer of financial assets

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

– The contractual right of collecting cash flows of financial assets is terminated;

– The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;

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

At the transfer of financial assets, where nearly all 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).

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.

iv. ***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 is 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.

v. ***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.

vi. ***Test method and accounting treatment of depreciation of financial assets***

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

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

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 reversal.

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

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

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

For accounts receivable, whether they contain significant financing components, the Company always measures the loss provision according to the amount equivalent to the expected credit loss over the whole duration.

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

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

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.
Individual identification	The Group recognizes the provision for the losses of its accounts receivable based on the expected credit losses of individual customers with significant risks or customers with long aging but not individual risks.
Portfolio of margin, deposit, and reserve fund loans	For portfolio of margin, deposit and reserve fund loans, no provision for bad debts shall be made in principle. However, if there is conclusive evidence that bad debts have been formed, the corresponding provision for bad debts shall be accrued according to the estimated possible bad debt losses.

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

The balance of other receivables mainly includes: The payment by the Company's wholly owned subsidiary, China Aviation Accounting Co., Ltd. paid on behalf of airlines for the settlement and 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 China Aviation Accounting Co., Ltd. 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.

e) **Long-term equity investments**

i. 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 can exert significant influence over the investee, the investee is its associate.

ii. 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.

iii. 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.

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.

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.

f) Long-term assets impairment

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

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

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

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

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

g) Revenue

i. Accounting policies adopted for revenue recognition and measurement

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

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

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

(1) The customer obtains and consumes the economic benefits brought by the performance of the Company while the Company is performing the obligation.

(2) Customers can control the goods under construction in the course of performing obligations by the Company.

(3) The goods produced while performing obligations by the Company have irreplaceable uses, and over the entire contract period, the Company has the right to receive payments for the portion of the performance that has been completed to date.

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

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

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

- The Company has transferred the legal ownership of such goods to the customer, i.e., the customer possesses the legal ownership of such goods.

- The Company has transferred goods to the customer in kind, i.e., the customer has possessed such goods in kind.

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

- The customer has accepted such goods or services.

Operating revenues of the Company mainly come from information technology services for civil aviation, settlement and clearing service, data network service and system integration service. In which, revenues from rendering information technology services for civil aviation, settlement and clearing service and data network service are recognized monthly while 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.

4. TAXATION

a) Major tax types and tax rates

Tax types	Basis of tax assessment	Tax rates
VAT	Levied based on the difference between output tax (calculated based on revenue from the sale of goods and taxable services according to the tax law) and deductible input tax for current period.	3%-23% (Including VAT rate of the foreign company)
Urban maintenance and construction tax	Levied based on the actual VAT and excise tax paid	7%, 5%
Corporate income tax	Levied based on taxable income	10%-36.3% (Including the income tax rate of the foreign company to which it belongs)

b) Tax incentives

i. Additional deduction of input tax

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

ii. High and New Technology Enterprise

Under the Corporate Income Tax Law of the People's Republic of China ("CIT Law"), in general, the applicable income tax rate of enterprises in the PRC is 25%. Pursuant to relevant requirements, enterprises recognized as "High and New Technology Enterprises" are entitled to a preferential corporate income tax rate of 15% according to the CIT Law. The Company was approved and certified by relevant authorities as a "High and New Technology Enterprise" since its establishment and was reviewed to renew the identification of "High and New Technology Enterprise" in accordance with relevant regulatory requirements. The latest review was completed in December 2020 and the company has been renewed and confirmed as a "High and New Technology Enterprise" and are entitled to a preferential corporate income tax rate of 15% from 2020 to 2022.

5. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Accounts receivable

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

Aging	**As at June 30, 2021**	As at December 31, 2020
Within 6 months	**1,974,669**	2,031,667
7-12 months	**1,565,135**	825,811
1-2 years	**1,622,520**	1,872,245
2-3 years	**710,129**	511,268
3-4 years	**173,017**	90,609
4-5 years	**27,365**	35,016
Over 5 years	**79,772**	75,185
Sub-total	**6,152,607**	5,441,801
Less: provision for bad debts	**1,420,953**	996,485
Total	**4,731,654**	4,445,316

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

	As at June 30, 2021					As at December 31, 2020				
	Book balance		**Provision for bad debts**			Book balance		Provision for bad debts		
Category	**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	**1,224,377**	**19.9**	**1,055,773**	**86.2**	**168,603**	816,251	15.0	624,918	76.6	191,333
Provision for bad debts accrued on a portfolio basis	**4,928,230**	**80.1**	**365,180**	**7.4**	**4,563,051**	4,625,550	85.0	371,567	8.0	4,253,983
Total	**6,152,607**	**100**	**1,420,953**		**4,731,654**	5,441,801	100	996,485		4,445,316

Provision for bad debts accrued on an individual basis:

	As at June 30, 2021		
Name	**Book balance**	**Provision for bad debts**	**Proportion of provision *(%)***
Total	**1,224,377**	**1,055,773**	**86.2**

Provision for bad debts accrued on a portfolio basis:

	As at June 30, 2021		
Name	**Book balance**	**Provision for bad debts**	**Proportion of provision *(%)***
Total	**4,928,230**	**365,180**	**7.4**

b) Investments in other equity instruments

i. Details of other equity instrument investments

Items	As at June 30, 2021	As at December 31, 2020
China Merchants RenHe Life Insurance Company Limited	**893,203**	893,203
Total	**893,203**	893,203

The Company holds 13.26% of all the equity of an unlisted company China Merchants RenHe Life Insurance Company Limited, which has a fair value of RMB893.2 million as at June 30, 2021. As the Company does not intend to hold the investment for trading purposes, the Company designated the investment as financial assets measured at fair value through other comprehensive income. The company has referred to the valuation report issued by China Alliance Appraisal Co., Ltd., an independent professional valuer, with professional qualifications and relevant experience, and considered that compared with those of the years ended December 31, 2020, there was no significant change in the factors including the Company's performance, economic surroundings, and market,etc as of June 30, 2021. The Company has assessed and determined that the fair value has not changed as of June 30, 2021.

c) Other non-current financial assets

Items	As at June 30, 2021	As at December 31, 2020
Financial assets measured at fair value through profit or loss	**116,581**	82,315
Including: equity instrument investments	**116,581**	82,315
Total	**116,581**	82,315

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

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

As of June 30, 2021 the Company has made actual contributions (including fund management fees) of RMB126.9 million under the Agreement, as measured at fair value, the carrying amount is RMB116.6 million.

d) Accounts payable

i. Presentation of accounts payable (by aging category based on invoice dates)

Aging	**As at June 30, 2021**	As at December 31, 2020
Within 1 year (including 1 year)	**978,727**	958,438
1-2 years (including 2 years)	**718,023**	598,298
2-3 years (including 3 years)	**35,248**	132,522
Over 3 years	**124,947**	110,271
Total	**1,856,945**	1,799,529

e) Contract liabilities

i. Details of contract liabilities

Item	**As at June 30, 2021**	As at December 31, 2020
System integration service contract	**323,967**	155,713
Total	**323,967**	155,713

f) Operating revenue and operating costs

i. Details of operating revenue and operating costs

Item	**Six months ended June 30, 2021**		Six months ended June 30, 2020	
	Revenue	**Cost**	Revenue	Cost
Primary business	**2,821,290**	**1,403,622**	2,263,606	1,272,137
Other business	**17,043**	**4,166**	22,945	4,166
Total	**2,838,333**	**1,407,788**	2,286,551	1,276,303

ii. Details of operating revenue:

Item	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Aviation information technology service	**1,476,509**	996,322
Settlement and clearing service	**164,224**	217,756
System integration service	**475,232**	413,581
Data network service	**200,405**	193,094
Other income	**521,963**	465,798
Total	**2,838,333**	2,286,551

g) Investment income

Item	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Income from long-term equity investments calculated under equity method	**-13,673**	6,978
Interest revenue from creditor's right investment during the holding period	**31,943**	48,384
Total	**18,270**	55,362

h) Losses from credit impairment

Item	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Losses from bad debts of notes receivable	**-9,365**	–
Losses from bad debts of accounts receivable	**425,256**	663,364
Losses from bad debts of other receivables	**-766**	–
Total	**415,125**	663,364

i) **Losses from assets impairment**

Item	Six months ended June 30, 2021	Six months ended June 30, 2020
Losses from impairment of contract assets	**-12,803**	–
Total	**-12,803**	–

j) **Earnings per share**

Item	Six months ended June 30, 2021	Six months ended June 30, 2020
Earnings (RMB'000)	**275,197**	-323,187
Earnings for the purpose of calculating the basic and diluted earnings per share		
Numbers of shares ('000)	**2,926,210**	2,926,210
Weighted average number of ordinary shares in issue		
Earnings per share (RMB)	**0.09**	-0.11
Basic and diluted		

As of June 30, 2021, and June 30, 2020, the Company has no potential dilutive ordinary shares.

k) **Dividend Distribution**

On May 27, 2021, the Board approved the distribution of a final cash dividend of RMB46.8 million for Year 2020 (RMB0.016 per share). These dividends have been included in shareholders' equity for the six-month period ended June 30, 2021, and are included in the distribution of retained earnings.

l) **Disposal on fixed assets**

During the six-month period ended June 30, 2021, there were no sales on property, plant and equipment by the Group, and the total amount of gains from disposal of assets disclosed in the consolidated income statement was RMB-67,713.1, including the disposal income of a batch of office equipment to be renewed in accordance with the accounting standard of fixed asset, with amount of RMB-69,076.3, and in accordance with the accounting standard of lease, the gains from disposal of the right-of-use asset (that is, the gains from change in lease terms), which was RMB1,363.2. (For the six months period ended June 30, 2020, the gains from disposal of fixed assets were approximately RMB84,200). Please refer to the consolidated income statement for the details of "Gains from disposal of assets".

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

The operating costs, selling and distribution expenses, general and administrative expenses, R&D expenses, and financial expenses in the income statement are classified by nature and are listed as follows:

Item	**Six months ended June 30, 2021**	Six months ended June 30, 2020
Labor costs	**754,117**	**687,787**
Depreciation and amortization expenses	**480,712**	**473,299**
Cost of sales of software and hardware	**273,830**	**211,795**
Technical support and maintenance fees	**218,469**	**296,977**
Commission and promotion expenses	**231,681**	**166,714**
Internet use fees	**41,115**	**26,475**
Financial expenses	**-42,493**	**-60,830**
Other operating costs	**167,809**	**121,449**
Total	**2,125,239**	**1,923,667**

6. SHARE-BASED PAYMENT

Pursuant to the announcement in relation to the approval of the proposed initial terms of H share appreciation rights scheme by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC on January 3, 2020, and the resolution passed at the extraordinary general meeting dated January 16, 2020, the proposed adoption of the H share appreciation rights scheme and the proposed initial grant have been approved at the extraordinary general meeting.

According to the H share appreciation rights scheme, the initial grant date is on January 16, 2020.

According to the Company's H Share appreciation rights scheme, the Company granted 35,958,950 units of cash settled H share appreciation rights to a total of 502 incentive recipients. The H Share appreciation rights are valid for 7 years from the date of grant. Subject to a lock-up period of two years following the date of grant, H share appreciation rights should be exercised from the second anniversary of the date of grant in 3 years on equal proportion.

The total amount of the company's lapsed equity instruments in the current period: as of June 30, 2021, the number of incentive objects for the company's H-share stock appreciation rights has decreased by 18 due to dissolution or termination of labor relations, and the number of incentive objects has been adjusted from 502 to 484, and the total number of grants Adjusted to 34,582,624 H-share stock appreciation rights.

As of June 30, 2021, the Company has recorded accumulated liabilities arising from cash settled share based payment of RMB69.6 million, which RMB13.9 million was included in staff costs in the first half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND OPERATIONAL PERFORMANCE

BUSINESS REVIEW FOR THE FIRST HALF OF 2021

In the first half of 2021, as China's economy continued to recover and the novel coronavirus pneumonia epidemic (the "**Epidemic**") was controlled on an on-going basis, the civil aviation transportation industry in China recovered steadily and positively. However, the international outbreak and the sporadic outbreaks of the Epidemic in China have continued to affect the industry. As the dominant provider of information technology solutions for China's aviation and travel industry, the Group integrated resources, and optimized strategies to actively respond to the pressure of business recovery. The electronic travel distribution ("**ETD**") system (including inventory control system ("**ICS**") services and computer reservation system ("**CRS**") services) processed approximately 240.4 million flight bookings for domestic and overseas commercial airlines, representing an increase of approximately 61.8% over the same period in 2020, and returning to 71.3% in the same period in 2019. Among them, the processed flight bookings of commercial airlines in China increased by approximately 62.6%; while those of foreign and regional commercial airlines dropped by approximately 37.3%. 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 reached 191, with approximately 30,000 of passenger departures processed in 24 airports, representing a decrease of approximately 98.5% over the same period in 2020. The number of foreign and regional commercial airlines with direct links to the CRS of the Group remained 152, and sales through direct links accounted for up to approximately 99.9%.

In the first half of 2021, the Group focused on offering full-process and systematic aviation business solutions, which fully supported the full-process refined management and intelligent decision-making of airlines to empower the digital transformation of the industry. As a strategic partner of the "Fast Travel" project of International Air Transport Association ("**IATA**"), the commonly used self-service check-in system (CUSS) independently developed by the Group in line with the standards of IATA was launched in 187 major domestic and international airports, and the online check-in service was applied in 239 domestic and international airports. Such products and services, together with the mobile check-in service and SMS check-in service, processed a total of approximately 147 million passenger departures. The Group successfully signed contracts with 17 commercial airlines including Air China Limited, Hainan Airlines Holding Co., Ltd., Sichuan Airlines Co., Ltd., Shandong Airlines Co., Ltd. for the Travel Retail Platform (TRP), and won the bid for the air ticket and ancillary business project of the business model innovation project phase II of Air China. The smart travel solutions powered by "Aviation Information Inquires" was rated as a model case of central enterprise brand building, which created a "contactless", safe travel environment to facilitate the Epidemic prevention, control and tracking. The "Baggage Travel" platform consolidates the construction of the basic platform of baggage business.

In the first half of 2021, the Group continued to expedite the development of new products for the accounting, settlement and clearing service, with a focus on the research and development of the third-generation accounting management platform; continued to consolidate the market of accounting, settlement and clearing service, innovated in business development as a way to facilitate the digital transformation of accounting, settlement and clearing in the industry. In the first half of 2021, there were approximately 438.4 million transactions processed with the Group's accounting, settlement and clearing system. The total amount of all kinds of business processed by the Group's accounting, settlement and clearing system exceeded USD2.18 billion, and the transaction amount processed by the electronic payment system was approximately RMB30.57 billion.

In the first half of 2021, the Group actively expanded channel customers and non-aviation resources while stabilizing the market of distributing information technology service. The front-end functions of agencies were optimized and promoted to new channel customers. Non-aviation resources were enriched. The Group took air ticket business as the bridge to build hotel, insurance, car rental, Beijing Subway Airport Express and other aviation travel content, and create the whole process and integrated service mode. The overseas sales work was further promoted, and the certification of 30 overseas Billing and Settlement Plan ("**BSP**") in total was completed.

In the first half of 2021, the Group secured the market share of traditional departure front-end services and products, followed the progress of airport construction, focused on improving and promoting products of airport information technology services, and launched the arrival and departure information system in respect of the Beijing 2022 Winter Olympics and Paralympic Winter Games to facilitate the "high-tech based Winter Olympics". The Group fully supported the system construction relating to 5 new airports including Chengdu Tianfu Airport. As a participant in the top-level design of airports with four characteristics, the Group created "intelligent travel whole-process series" products for airports including Chengdu Tianfu Airport to improve passengers' service experience and travel efficiency. The smart transit system has been promoted to Dalian Airport, the airport coordination decision-making system (A-CDM) products won the bid for the project of Zhangjiajie Airport, and went online in airports which have passengers with over ten million, which greatly improved the efficiency of airport operations and was included in the 2021 Golden Bee Responsible Competitiveness Best Practices. Face boarding projects were launched in 28 airports, and the One ID passenger service platform was promoted to Lhasa Airport and Chongqing Airport. "Baggage Travel" actively responded to the needs of airport users, and completed the construction of baggage tracking system in airports such as Shanghai Pudong and Zhanjiang airports. The departure front-end system of the new-generation APP dominated China's large and medium-sized airports and assisted commercial airlines in providing various services for passengers, such as boarding, transiting and connecting, in 56 overseas or regional airports. The number of departure passengers receiving such services reached approximately 0.9 million, accounting for approximately 84.9% of the number of passengers returning from overseas of such commercial airlines in China.

In the first half of 2021, the Group devoted its resource to promote business synergy, and seize information technology service opportunities in the fields of public information, aviation logistics and general aviation, steadily promoting the delivery and promotion of data center resources. Focusing on the digital new infrastructure and digital economy, the Group continued to press ahead the research and development and promotion of information technology service products, and successfully signed contracts with a number of enterprises and public institutions and other new customers to provide them with proprietary cloud and mixed cloud services. The Group extended the business to digital transformation consulting services. It continued to expand the general aviation information technology service market, and won the bid for the information project of Qiandaohu General Airport, with 83 general aviation companies and airports using general aviation systems. The Group continuously improved the air freight logistics information technology service products, and promoted them to another 8 airports including Zhengzhou, Haikou, Guilin, Yining and Chengdu Tianfu. The freight system won the bid for the north cargo area project of Zhengzhou Airport, and the processing capacity of electronic waybills of civil aviation logistics steadily increased by 600,000.

In the first half of 2021, the Group actively fulfilled social responsibilities, gave full play to its own advantages, and worked hard to improve quality and efficiency, as a way to provide strong technical support and service guarantee for scientific and technological anti-Epidemic and resumption of work and production. On the one hand, the Group made every effort to ensure the stability of ICS, CRS, APP, and core open systems, assisted in joint prevention and control of the Epidemic, and successfully completed the safe operation of the civil aviation passenger information system during the Chinese Spring Festival travel rush, the National People's Congress and Chinese People's Political Consultative Conference sessions, Boao Forum for Asia, and activities celebrating the centenary of the Communist Party of China. On the other hand, the Group increased its efforts in basic platforms and core systems to further consolidate the safety foundation. The Group advanced the cloud-based basic technology platform; promoted the comprehensive upgrade of the departure monitoring system, and initially established an end-to-end, full-chain, and intelligent monitoring system. Measures were refined on saving energy and reducing consumption, and the Power Usage Effectiveness (PUE) of the data center reached the advanced level of the industry.

FINANCIAL CONDITIONS AND OPERATIONAL PERFORMANCE FOR THE FIRST HALF OF 2021

Explanation of Adjustment of Accounting Standards

As stated in the announcements dated December 29, 2020 and February 26, 2021, and the circular dated January 8, 2021 of the Company, according to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by The Stock Exchange of Hong Kong Limited in December 2010, in order to improve the efficiency and reduce the cost of disclosure, after considered and approved by the Board and general meeting of the Company, since the year 2020, the Company will not prepare the financial statements in accordance with the International Financial Reporting Standards. The Board has prepared the audited financial statements in accordance with CASBE in 2020 annual report. From the year 2021, the Board will also present unaudited financial statements prepared according to CASBE in our interim report.

Summary

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

For the first half of 2021, the Group achieved a profit before tax of RMB327.6 million, representing an increase of RMB582.9 million compared to RMB-255.3 million in the first half of 2020. Net profit attributable to shareholders of the parent company was RMB275.2 million, representing an increase of RMB598.4 million compared to RMB-323.2 million in the first half of 2020.

As stated in the announcement of the Company dated August 9, 2021, the profit of the Group significantly increased as compared with the first half of 2020, mainly because in the first half of 2020, as affected by the Epidemic, the PRC and foreign countries have adopted various strict measures to curb the spread of the Epidemic, which resulted in a significant decline in civil aviation passenger traffic volume, however, since the second half of 2020, with the prevention and control of the Epidemic in China being further stabilized and normalized, the transportation in civil aviation industry has gradually recovered. Benefiting from these, the profit before tax of the Group in the first half of 2021 increased by RMB582.9 million compared to the first half of 2020.

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 RMB0.09 for the first half of 2021.

Total Revenue

The total revenue of the Group in the first half of 2021 amounted to RMB2,838.3 million, representing an increase of RMB551.7 million, or 24.1%, from RMB2,286.6 million in the first half of 2020. Such increase in total revenue was mainly attributable to the increase in the business volume of the Group as the civil aviation industry recovered gradually. The increase in total revenue is reflected as follows:

- Aviation information technology service revenue represented 52.0% of the Group's total revenue in the first half of 2021, as compared to 43.6% in the first half of 2020. Aviation information technology service revenue increased by 48.2% from RMB996.3 million in the first half of 2020 to RMB1,476.5 million in the first half of 2021. The main sources of the revenue were ICS, CRS and APP, as well as other extended information technology services related to the above core business provided by the Group to commercial airlines. The increase of revenue was mainly due to the gradual recovery of passenger transportation.

- Accounting, settlement and clearing services revenue accounted for 5.8% of the Group's total revenue in the first half of 2021, as compared to 9.5% in the first half of 2020. Accounting, settlement and clearing services revenue decreased by 24.6% from RMB217.8 million in the first half of 2020 to RMB164.2 million in the first half of 2021. 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. The decrease of revenue was primarily due to the decrease in the volume of international business.

- System integration service revenue accounted for 16.7% of the Group's total revenue in the first half of 2021, as compared to 18.1% in the first half of 2020. System integration service revenue increased by 14.9% from RMB413.6 million in the first half of 2020 to RMB475.2 million in the first half of 2021. The main sources of the revenue were hardware integration, software integration and data and information integration services provided by the Group to airports, commercial airlines and other corporate clients. The increase of revenue was primarily due to the increase in the business volume of contracted projects .

- Data network revenue accounted for 7.1% of the Group's total revenue in the first half of 2021, as compared to 8.4% in the first half of 2020. Data network revenue increased by 3.8% from RMB193.1 million in the first half of 2020 to RMB200.4 million in the first half of 2021. The main source of the revenue was distribution information technology service provided by the Group to agencies. The increase of revenue was mainly due to the increased business volume of distribution information technology service.

- Other revenue accounted for 18.4% of the Group's total revenue in the first half of 2021, as compared to 20.4% for the first half of 2020. Other revenue increased by 12.1% from RMB465.8 million in the first half of 2020 to RMB522.0 million in the first half of 2021. The sources of the revenue were other technology services, payment business, room tenancy and other services provided by the Group. The increase of revenue was mainly due to the increase in other technical services and payment business.

Operating Costs

Total operating costs in the first half of 2021 amounted to RMB2,160.9 million, representing an increase of RMB203.6 million or 10.4%, as compared to RMB1,957.3 million in the first half of 2020. The changes in operating costs are also reflected as follows:

- Depreciation and amortisation increased by 1.6%, mainly due to the increase of depreciation and amortization resulted by the increase of fixed assets and intangible assets of the Group;

- Commission and promotion expenses increased by 39.0%, mainly due to the increase in business promotion of the Group;

- Selling costs of software and hardware increased by 29.3%, mainly due to the steady increase in business volume of contracted projects of the Group;

- Staff costs increased by 9.6%, mainly because the Company was entitled to social insurance premium exemption in the first half of 2020 and there is no social insurance premium exemption in the first half of 2021; and

- Other operating costs increased by 38.2%, mainly due to the resumption of normal operations of the Company and increased operating costs as a results of the reduced impact of the Epidemic in the first half of 2021 compared with the first half of 2020.

Corporate Income Tax

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

Net Profit Attributable to Shareholders of the Parent Company

Net profit attributable to shareholders of the parent company increased by RMB598.4 million to RMB275.2 million in the first half of 2021 from RMB-323.2 million in the first half of 2020.

Liquidity and Capital Structure

The Group's working capital in the first half of 2021 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB998.9 million.

As at June 30, 2021, the Group did not have any short-term and long-term bank borrowings, nor use any financial instruments for hedging purpose.

As at June 30, 2021, cash and cash equivalents of the Group amounted to RMB4,426.4 million, of which 94.3%, 4.5% and 0.5% were denominated in Renminbi, U.S. dollar and TWD, respectively.

Restricted Bank Deposits

As at June 30, 2021, restricted bank deposits in the amount of RMB123.3 million (as at December 31, 2020: RMB31.5 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, 2021, the Group did not have any trust deposits and irrecoverable overdue time deposits. All cash deposits held by the Group are deposited with commercial banks and complied with applicable laws and regulations.

Foreign Exchange Risks

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

Financial Assets Invested

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

In the first half of 2021, the Group had the following major financial assets:

(1) Trading Financial Assets

As at June 30, 2021, the Group held structural bank deposits issued by China Construction Bank, Ping An Bank, Industrial Bank, Bank of Beijing and China Everbright Bank of RMB800 million, RMB400 million, RMB900 million, RMB800 million, RMB800 million, with total structural bank deposits of RMB3,700 million. The annual interest rate of such structural bank deposits varied from 1.0% to 4.75%. Such structural bank deposits have a maturity period of 90 to 92 days and are non-cancellable before maturity.

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

Name of investment	Business nature	Percentage of shareholding as at June 30, 2021	Percentage of shareholding as at December 31, 2020	Percentage of shareholding as at December 31, 2019	Fair value as at June 30, 2021	Fair value as at December 31, 2020	Gain as of June 30, 2021	Gain as of December 31, 2020
		%	%	%	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity (measured at fair value)								
– CMRH Life	Life insurance	13.26	13.26	17.5	893,203	893,203	9,453	9,453

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

a. Name of the company: China Merchants RenHe Life Insurance Company Limited ("**CMRH Life**")

b. Business scope: general insurance (including life insurance and annuity insurance), health insurance, accident injury insurance, bonus insurance, omnipotent insurance, reinsurance of all of the above insurance business, the application of the insurance funds allowed by the State laws and regulations, and other business approved by the China Banking and Insurance Regulatory Commission.

c. Investment cost of the Company: RMB875 million.

d. The percentage of the shareholding held by the Company: 13.26% (December 31, 2020: 13.26%).

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

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

As at June 30, 2021, the Group invested a fair value of approximately RMB893.2 million in CMRH Life, accounting for 3.8% of the total assets of the Group.

f. The performance in the first half of 2021:

According to the information provided by CMRH Life to the Company, it recorded a loss of RMB182 million in the first half of 2021, mainly because up-front costs are required for branch establishment, channel expansion and other aspects during the period of rapid business expansion for life insurance company, and loss was incurred by CMRH Life in the early stage of the development of business is in compliance with general operating rules in life insurance industry.

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

According to the information provided by CMRH Life to the Company, the insurance penetration and insurance density in the PRC life insurance industry remain relatively low when compared with those in overseas developed countries and regions. With GDP per capita exceeded USD10,000, there is great potential in the PRC life insurance market. CMRH Life will continue to promote the implementation of the four major strategies of "value leading, innovation driving, technology empowering, risk control assurance" and dynamic and balanced development of quality, efficiency and scale, give full play to the shareholders' advantages and late-developing advantages and strive to build into a quality insurance service provider with innovative characteristics.

(3) Financial Assets at Fair Value through Profit or Loss:

China Mobile Equity Fund

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

As of June 30, 2021, the Company has actually contributed (including the fund management fee) RMB126.9 million pursuant to the Agreement. Please refer to note 5(c) to the financial statements for details.

Charge on Assets

As at June 30, 2021, the Group had no charge on its assets.

Contingent Liabilities

As at June 30, 2021, the Group had no material contingent liabilities.

Gearing Ratio

As at June 30, 2021, the gearing ratio of the Group was 20.0% (as at December 31, 2020: 17.6%), which was computed by dividing the total liabilities by the total assets of the Group as at June 30, 2021.

Major Investment or Financing Plan

As of June 30, 2021, the Group did not have any major investment or plan to acquire major capital assets. The Board estimates that the sources of funding of the Group in 2021 will be sufficient for the capital requirement of daily operations and the Group did not have any financing plan.

The total capital expenditure of the Group amounted to RMB346.5 million for the first half of 2021 (the first half of 2020: RMB429.0 million), and was mainly used in the Company's daily operation.

As at June 30, 2021, the Group's capital expenditure commitment amounted to approximately RMB948.0 million, which will be mainly used for the Company's daily operation, maintenance, research and development and upgrading of computer system, China Mobile Equity Fund (an unlisted investment fund), etc. The sources of funding for such commitments will include existing cash on hand and internal cash flows generated from operating activities of the Group.

Employees

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

Staff costs of the Group amounted to approximately RMB754.1 million for the first half of 2021, representing approximately 34.9% of the total operating costs of the Group for the first half of 2021.

As at June 30, 2021, the total number of employees of the Group was 6,760.

Adoption of Phase II H Share Appreciation Rights Scheme

As stated in the announcement of the Company dated November 26, 2019 in relation to the proposed adoption of Phase II H share appreciation rights scheme (the "**Appreciation Rights Scheme**") and the relevant initial grant proposal (the "**Initial Grant Proposal**"), the circular of the Company dated December 2, 2019 in relation to the proposed adoption of Appreciation Rights Scheme, the voluntary announcement of the Company dated January 3, 2020 in relation to the approval of the Appreciation Rights Scheme by the State-owned Assets Supervision and Administration Commission of the State Council and the announcement of the Company dated January 16, 2020 in relation to the poll results of the resolution passed at the extraordinary general meeting, the Appreciation Rights Scheme has been approved by the extraordinary general meeting convened by the Company on January 16, 2020 and taken effect on the same date.

As stated in the announcement of the Company dated January 16, 2020 in relation to the grant of the H share appreciation rights, the Initial Grant Proposal has taken effect on January 16, 2020 (the "**Initial Grant Date**"). On the Initial Grant Date, the Company granted 35,958,950 H share appreciation rights to 502 incentive recipients in total (including the key personnel having direct impacts on the operating results and sustainable development of the Company, which includes three members of senior management of the Company, excluding any current director, supervisor and general manager of the Company as at the Initial Grant Date) and the corresponding number of H shares would amount to approximately 1.23% of the total issued share capital of the Company as at the Initial Grant Date. The number of share appreciation rights per capita to be granted to incentive recipients will be divided into five levels. Incentive recipients do not actually hold shares, nor do they have the right as the shareholders. Incentive recipients shall not deal with the share appreciation rights granted under the Initial Grant Proposal without permissions. The share appreciation rights under the initial grant shall take effect in three equal instalments. When each batch of share appreciation rights become effective, the performance indicators of the Company for last financial year shall meet the performance target set by the Board which should be higher than performance indicators under initial grant and incentive recipients shall achieve their respective performance appraisal indicators, if not, the relevant share appreciation rights will not be effective or will be invalid. The details will be verified by the Board in accordance with the relevant rules of the Appreciation Rights Scheme and the Initial Grant Proposal. Since the Appreciation Rights Scheme and the Initial Grant Proposal would not involve the grant of options in respect of new shares or other new securities in the Company or any of its subsidiaries, the Appreciation Rights Scheme and the Initial Grant Proposal are not subject to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

As of June 30, 2021, the number of incentive recipients of the Company decreased by 18 due to termination of labor relations with the Company in accordance with the relevant provisions of the Appreciation Rights Scheme. After adjustment, there are 484 incentive recipients in total. The total number of H share appreciation rights was 34,582,624. The corresponding number of H shares would amount to approximately 1.18% of the total issued share capital of the Company.

In the first half of 2021, the relevant fee of aforesaid Appreciation Rights Scheme was approximately RMB13.9 million, which has been reflected in the financial statements of the Company. Please refer to note 6 to the financial statements for details.

PROSPECTS FOR THE SECOND HALF OF 2021

In the second half of 2021, as the global Epidemic is still evolving, and China suffers both the spread of the Epidemic and serious flood, the civil aviation industry recovers amid volatility, and increasingly highlights the diverse and personalized passenger needs, which in turn puts forward higher requirements for the information technology solutions and service assurance of the Group. In this regard, the Group will focus on development strategies, strengthen research and judgment of the circumstances, respond to challenges, seize opportunities, grasp the key points, and tackle tough problems to promote high-quality development. It will prevent and control the Epidemic to perform social responsibilities; enhance the safety foundation to ensure the stability of systems; prevent operational risks, and insist on improving quality and efficiency; optimize business layout with focus on smart civil aviation; solve technical difficulties to enhance innovation capabilities; and speed up reforms and deepen them to govern the enterprise.

INTERIM DIVIDEND

The Board recommends the Company not to pay an interim dividend for the first half of 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

In the first half of 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining high level of corporate governance, as well as disclosing information to all the market participants and regulatory authorities in a timely, accurate, complete and reliable manner to enhance the transparency of the Company. The Company has adopted the code provisions as stipulated in the "Corporate Governance Code" and "Corporate Governance Report" (the "**Code Provisions**") in Appendix 14 to the Listing Rules as the Company's code of corporate governance. The Company has fully complied with the Code Provisions in the first half of 2021.

For the six months ended June 30, 2021, the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (the "**Model Code**") and standards required thereof as the model code and the standards for conducting securities transactions by directors and supervisors of the Company. After making specific enquiries to all directors and supervisors, the Company confirmed that all directors and supervisors have acted in full compliance with Model Code and the requirements regarding directors' securities transactions required thereof during the six months ended June 30, 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company has discussed and reviewed the unaudited interim results of the Group for the six months ended June 30, 2021 with the Company's management, and has also discussed matters such as internal control, risk management and financial reporting.

ONLINE PUBLICATION OF INTERIM RESULTS

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

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

By order of the Board
TravelSky Technology Limited
Huang Rongshun
Chairman

Beijing, PRC
August 26, 2021

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

Executive Directors:	*Mr. Huang Rongshun (Chairman) and Mr. Xiao Yinhong;*
Non-executive Directors:	*Mr. Zhao Xiaohang, Mr. Xi Sheng and Mr. Luo Laijun;*
Independent non-executive Directors:	*Mr. Cao Shiqing, Dr. Ngai Wai Fung and Mr. Liu Xiangqun.*