



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

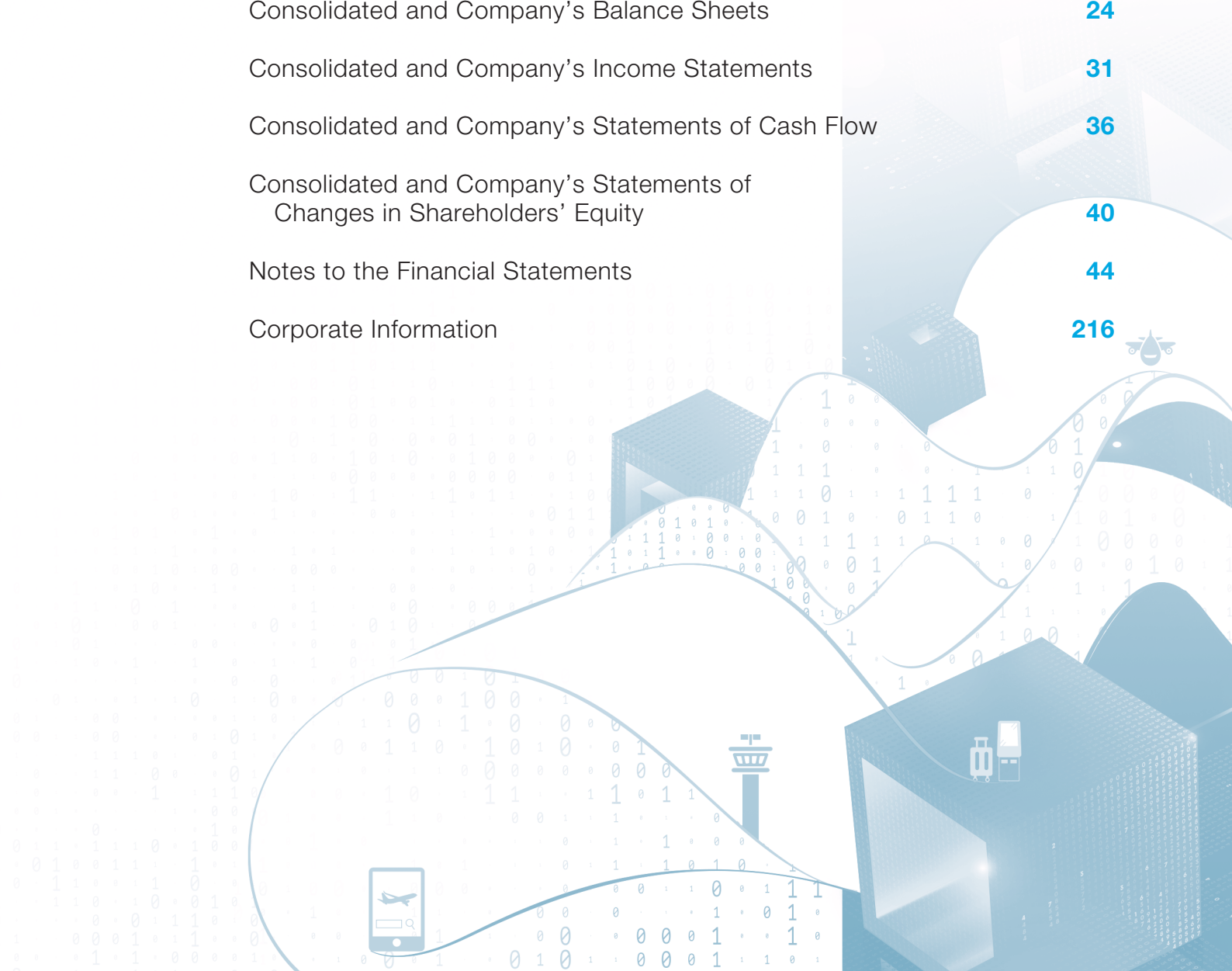
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code : 00696)

2023 INTERIM REPORT



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The board of directors (the “**Board**”) of TravelSky Technology Limited (the “**Company**”) hereby presents the unaudited interim report of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2023.

BUSINESS REVIEW FOR THE FIRST HALF OF 2023

In the first half of 2023, the downward momentum of the global economy has slowed down, and the economy has kept recovering and improving in China. The demand for air travel has dramatically increased. The domestic civil aviation passenger transportation market has shown a trend of steady recovery while the international passenger flights maintained a trend of stable and orderly recovery. As the dominant provider of information technology solutions for China’s aviation and travel industry, the Group grasped the opportunities presented by industry recovery, enhanced its safety assurance capabilities, reinforced its scientific and technological innovation momentum, unleashed the benefits of corporate reforms, and promoted sustainable development of various businesses. The system processing capacity of the electronic travel distribution (“**ETD**”) system (including inventory control system (“**ICS**”) services and computer reservation system (“**CRS**”) services) on domestic and overseas commercial airlines was approximately 283.9 million passengers, representing an increase of approximately 143.0% over the same period in 2022, and returning to 84.2% in the same period in 2019. Among them, the system processing capacity on commercial airlines in China increased by approximately 141.1% year-on-year; the system processing capacity on foreign and regional commercial airlines increased by approximately 328.6% year-on-year. The number of foreign and regional commercial airlines using the Group’s airport passenger processing system (“**APP**”) services, multi-host connecting program services and self-developed Angel Cue platform connecting services increased to 199, with approximately 1.73 million departure passengers processed in 47 airports. The number of foreign and regional commercial airlines with direct links to the CRS system of the Group remained at 138, and the percentage of sales through direct links reached approximately 99.9%.

In the first half of 2023, the Group focused on setting up a whole-process systematic aviation business solution to fully support the whole-process refined management and intelligent decision-making of airlines. As a strategic partner of the “Fast Travel” project of the International Air Transport Association (the “**IATA**”), the commonly used self-service check-in system (CUSS) independently developed by the Group pursuant to IATA standards was used in 224 major domestic and international airports, and the online check-in service was applied to 292 domestic and international airports. Such products, together with the mobile check-in products and SMS check-in products, processed a total of approximately 174 million departure passengers. The digital Travel Retail Platform (TRP) for airlines continued to promote product capacity construction, with the number of contracted customers reaching 19. Airline Data Aggregation (ADA), a platform product that provides airlines with data integration services, has been put into production by 13 airlines including Sichuan Airlines, Hainan Airlines and Xiamen Airlines; the intelligent cabin control system created the first cabin control management process digitization product in China, which was officially put into production by its first customer, China United Airlines; the all-in-one operation management system (ATOMS) for airlines has been put into production by 10 airports, and based on the ATOMS system, the development of an all-in-one integrated and intelligent command system for airlines has been completed.



BUSINESS REVIEW FOR THE FIRST HALF OF 2023 (CONTINUED)

In the first half of 2023, the Group consolidated and expanded the new market of accounting, settlement and clearing services business, focused on the application of new technologies, and accelerated the establishment of the third-generation passenger transportation revenue management platform in line with the development trend of new distribution capability (NDC) and ONE ORDER. The market share of travel business account products in China's travel business payment market has continually increased. In the first half of 2023, there were approximately 445.6 million transactions processed with the Group's accounting, settlement and clearing system, representing a year-on-year growth of 64.6%. Revenue from agency clearing business for passenger, cargo and mail transportation, miscellaneous expenses and international and domestic settlement fees exceeded USD2.57 billion, representing a year-on-year growth of 100.8%.

In the first half of 2023, the Group continued to expand the distribution information technology service market, enhanced distribution capabilities and consolidated distribution channels. In terms of NDC solutions for foreign and regional airlines, contracts were newly signed with Korean Air. A distribution system platform for intelligent new retail was built to provide a variety of air travel products, and the salable content of auxiliary products was enriched, adding a distribution of nationwide airport lounge products of 4 airlines including Shenzhen Airlines and China Express.

In the first half of 2023, the Group gave full play to the driving role of informationization, digitization and intelligence in the construction of intelligent airport to empower the development of the industry. The Group consolidated the share of traditional departure front-end market, also actively participated in the construction of projects of Lanzhou Zhongchuan International Airport, Zhuhai Jinwan Airport and others, and assisted in the official commissioning of the new terminal building of Fuyang Xiguan Airport. The industry acceptance of the airport projects of Baggage Travel (航易行) in Yancheng, Hefei and etc. were completed; face boarding was deployed in 54 large, medium and small airports across the country; One ID passenger service platform was deployed in Nanning, Weihai and other airports, and extended to more than 20 large and medium-sized airports in China, including Wuhan and Yichang airports; the civil aviation transit passenger service platform jointly set up with the Civil Aviation Administration of China (CAAC) has been put into operation in more than 200 airports, and supported the landing of the "trunk and branch communication and full network connection (幹支通、全網聯)" service model, and were awarded a license by the CAAC. The promotion of the product of the Airport Collaborative Decision-Making System (A-CDM) continued and "R&D and application of key technology based on comprehensive operation and management system of Airport Collaborative Decision-Making System (A-CDM)" won the first prize of science from China Communications and Transportation Association. The departure front-end system of the 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 101 overseas or regional airports. The number of departing passengers receiving such services reached approximately 6.75 million, accounting for approximately 80.25% of the number of passengers returning from overseas of commercial airlines in China.



BUSINESS REVIEW FOR THE FIRST HALF OF 2023 (CONTINUED)

In the first half of 2023, the Group actively responded to and implemented the strategy of the development of digital economy of China, continuously expanded public information technology service, air freight logistics information technology service, and other information technology service and kept exploring innovative business scenarios. It signed contracts with 3 enterprises and institutions to provide them with services such as digital transformation consulting and IT system planning and operation. The Group expanded 4 new customers of data intelligent services in public security, intelligent marketing, pan-finance and other cross fields. The Group assisted CAAC with the construction of “trunk and branch communication and full network connection (幹支通、全網聯)”, and completed the promotion in one general airport in Inner Mongolia; it newly signed contracts with 3 general airlines, and the number of general airlines and airport users using Easy Air (易通航) reached 90. The Group comprehensively promoted and upgraded products such as cargo terminal production system, cargo security inspection system and cargo ground operation service system; newly signed contracts with 5 customers, and won the bid for the digital platform project of cargo terminal of Air China Cargo (中國國際貨運航空). The “Declaration Pass (申報通)” supported the safety assessment on data outbound of civil aviation enterprises, the “Digital Currency Pass (數幣通)” had been put into operation in Changsha Huanghua International Airport * (長沙黃花國際機場) and became the first digital Renminbi solution in the airport in civil aviation industry, and the “Air Travel Chain (航旅鏈)” obtained the filing number of information service under blockchain issued by the Cyberspace Administration of China (CAC), and became an on-service civil aviation blockchain platform.

In the first half of 2023, the Group actively fulfilled social responsibilities to provide strong technical support and service guarantee. On one hand, we made every effort to ensure the smooth operation of host systems and major open platform systems, the availability rate of which exceeded 99.99%. We successfully guaranteed the safety operation of the civil aviation passenger information system during the Chinese Spring Festival travel rush, the Two Sessions of China, China-Central Asia Summit and other activities. On the other hand, the Group comprehensively strengthened its construction of safe production capabilities; it promoted the construction of “A New Platform of Allocation and Management (新一代配置管理平台)” and “Online Service Platform of TravelSky (中國航信線上服務平台)”, establishing a safeguarding tool system of accounts management service. Besides, the Group completed the upgrade of omni-channel functions of aviation passenger service information system platform; it also completed the reform of the core software of agent system, minimizing the impact of the fault caused by a single server. The Group continued to improve the Data Compliance Management System and was successfully awarded the Data Management Capability Maturity Assessment Model (DCMM) Level 4 certification.



BUSINESS REVIEW FOR THE FIRST HALF OF 2023 (CONTINUED)

In the first half of 2023, the Group comprehensively implemented the strategy of innovation-driven development, specifically, it further improved its technological innovation system and put more efforts on the breakthrough of key and core technologies, leading the deep integration and development between industries and businesses. The Group completed the construction of various major projects, such as the Cloud Computing Application Platform (TAP) (雲計算應用平台) and the Airlines Sales Front-end System (航空公司銷售前端系統). It carried out innovative research and created full-stack safe and credible intelligent civil aviation application demonstration projects, and it also promoted the construction of energy-saving projects for our data center, and the achievements and application results of its project of “Research and Application of Green and Intelligent Technologies for the Green Data Center of Civil Aviation (民航綠色數據中心綠色化智能化技術研究及應用)” reached an advanced level. The Group continued to construct the “Key Information Infrastructure Joint Base (關鍵信息基礎設施聯合基地)”, and establishing joint laboratories with leading enterprises. The Group was approved to establish a state-level post-doctoral scientific research workstation, which became the first state-level talent platform of the Company. The Group obtained 48 patents, including 42 invention patents, and won 8 awards in the Civil Aviation Science and Technology Award (民航科學技術獎) and the Science and Technology Progress Award of China Communications and Transportation Association (中國交通運輸協會科技進步獎). It was awarded the title of “Model Enterprise of Blockchain Innovation of China (2022) (2022中國區塊鏈技術創新典型企業)” issued by the MIIT.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Financial Condition and Results of Operations for the First Half of 2023

SUMMARY

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

For the first half of 2023, the Group achieved total profits of RMB1,346.9 million, representing an increase of approximately 191.1% compared to RMB462.7 million in the first half of 2022. Net profit attributable to shareholders of the parent of the Company was RMB1,200.4 million, representing an increase of approximately 171.0% compared to RMB443.0 million in the first half of 2022.

As stated in the announcement of the Company dated July 20, 2023 and August 7, 2023, the profit of the Group achieved period-on-period growth, mainly attributable to period-on-period increase in system processing capacity due to recovery of international and domestic passenger traffic.

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 RMB0.41 for the first half of 2023.

TOTAL REVENUE

The total revenue of the Group in the first half of 2023 amounted to RMB3,307.6 million, representing an increase of RMB1,035.6 million, or 45.6%, from RMB2,272.0 million in the first half of 2022. Such increase in total revenue was mainly attributable to period-on-period increase in system processing capacity due to recovery of international and domestic passenger traffic. The increase in total revenue is reflected as follows:

- Aviation information technology service revenue represented 57.1% of the Group's total revenue in the first half of 2023, as compared to 35.3% in the first half of 2022. Aviation information technology service revenue increased by 135.7% from RMB801.9 million in the first half of 2022 to RMB1,890.1 million in the first half of 2023. The main sources of the revenue were ICS, CRS and APP provided by the Group to commercial airlines, as well as extended information technology services related to the above core businesses. The increase in revenue was mainly due to the period-on-period increase in system processing capacity.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

TOTAL REVENUE (CONTINUED)

- Accounting, settlement and clearing services revenue accounted for 5.6% of the Group's total revenue in the first half of 2023, as compared to 6.2% in the first half of 2022. Accounting, settlement and clearing services revenue increased by 31.4% from RMB141.1 million in the first half of 2022 to RMB185.4 million in the first half of 2023. The main sources of the revenue were accounting, settlement and clearing services provided by the Group to third parties including commercial airlines, airports, agencies and government bodies, etc. The increase in revenue was primarily due to the period-on-period increase in the business volume of accounting, settlement and clearing services.
- System integration service revenue accounted for 9.7% of the Group's total revenue in the first half of 2023, as compared to 26.4% in the first half of 2022. System integration service revenue decreased by 46.5% from RMB600.3 million in the first half of 2022 to RMB320.9 million in the first half of 2023. The main sources of the revenue were hardware integration, software integration and data and information integration services provided by the Group to airports, commercial airlines and other corporate clients. The decrease in revenue was primarily due to the period-on-period decrease in the number of projects meeting the completion acceptance conditions.
- Data network revenue accounted for 6.1% of the Group's total revenue in the first half of 2023, as compared to 10.2% in the first half of 2022. Data network revenue decreased by 13.2% from RMB232.3 million in the first half of 2022 to RMB201.7 million in the first half of 2023. The main source of the revenue was distribution information technology service provided by the Group to agencies. The decrease in revenue was mainly due to the period-on-period decrease in the business volume of distribution information technology services.
- Other revenue accounted for 21.5% of the Group's total revenue in the first half of 2023, as compared to 21.9% in the first half of 2022. Other revenue increased by 42.9% from RMB496.4 million in the first half of 2022 to RMB709.5 million in the first half of 2023. The sources of the revenue were other technical services, payment business, machine room tenancy and other services provided by the Group. The increase in revenue was mainly due to the period-on-period increase in payment business.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

TOTAL OPERATING EXPENSES

Total operating expenses in the first half of 2023 amounted to RMB2,178.2 million, representing an increase of RMB354.8 million or 19.5% as compared to RMB1,823.4 million in the first half of 2022. The changes in total operating expenses are also reflected as follows:

- Staff costs increased by 13.1%, mainly due to the period-on-period increase in staff remuneration and social insurance cost of the Group;
- Depreciation and amortisation decreased by 3.7%, mainly due to the slight decrease in depreciation and amortization resulted by the period-on-period decrease in fixed assets of the Group;
- Selling costs of software and hardware decreased by 38.7%, mainly due to the period-on-period decrease in business volume of contracted projects of the Group;
- Commission and promotion fees increased by 122.4%, mainly due to the period-on-period increase in the business volume of the Group;
- Technical support and maintenance fees increased by 64.6%, mainly due to period-on-period increase in demand for the business of the Group; and
- Other operating costs increased by 79.1%, mainly due to period-on-period increase in payment service cost.

CORPORATE INCOME TAX

Under the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), in general, the applicable income tax rate of enterprises in China is 25%. Pursuant to relevant requirements, enterprises recognized as the "High and New Technology Enterprise" are entitled to a preferential corporate income tax rate of 15% according to the CIT Law. The Company was approved and certified by relevant authorities as a "High and New Technology Enterprise" since its establishment, and from then on re-applied for certification of qualification of "High and New Technology Enterprise" in accordance with relevant regulatory requirements every three years. The latest re-application for certification should be completed in 2023, and the Company has conducted relevant work to re-apply for certification of qualification as the "High and New Technology Enterprise". In accordance with relevant regulatory requirements, the Company has calculated the expenses on corporate income tax for the first half of 2023 using the preferential tax rate of 15%.

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

For details of corporate income tax of the Group for the first half of 2023, please refer to Note 4 to the consolidated financial statements.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT OF THE COMPANY

Net profit attributable to shareholders of the parent of the Company increased from RMB443.0 million in the first half of 2022 to RMB1,200.4 million in the first half of 2023, representing an increase of RMB757.4 million.

LIQUIDITY AND CAPITAL STRUCTURE

The Group's working capital in the first half of 2023 mainly came from operating activities. Net cash inflow from operating activities amounted to RMB1,011.2 million.

As at June 30, 2023, the Group had a total of RMB753.4 million of borrowings, of which RMB553.2 million was short-term bank borrowing and RMB200.2 million was entrusted loans. The Group did not use any financial instruments for hedging purpose.

As at June 30, 2023, cash and cash equivalents of the Group amounted to RMB8,576.6 million, of which 97.0%, 2.5% and 0.2% were denominated in Renminbi, U.S. dollar and TWD, respectively.

RESTRICTED BANK DEPOSITS

As at June 30, 2023, restricted bank deposits in the amount of RMB103.6 million (as at December 31, 2022: RMB101.6 million) mainly refer to the deposits placed at designated bank accounts as guarantee deposits to secure, amongst others, the settlement of related business.

TRUST DEPOSITS AND IRRECOVERABLE OVERDUE TIME DEPOSITS

As at June 30, 2023, the Group did not have any trust deposits and irrecoverable overdue time deposits. All cash deposits held by the Group are mainly deposited at commercial banks and complied with applicable laws and regulations.

FOREIGN EXCHANGE RISKS

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



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

FINANCIAL ASSETS INVESTED

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

In the first half of 2023, the Group had the following major financial assets:

(1) Trading Financial Assets

As at June 30, 2023, the Group held structural bank deposits (floating yield) issued by China Construction Bank, Bank of Beijing, Bank of Communications and Industrial and Commercial Bank of China of RMB1,100 million, RMB1,100 million, RMB1,100 million, and RMB200 million, totaling RMB3,500 million. The annual interest rate of such structural bank deposits varied from 1.40% to 3.10% with a term of 185 to 189 days and are non-cancellable before maturity.

(2) Financial Assets at Amortised Cost

As at June 30, 2023, the Group held certificates of deposit for more than three months issued by China Construction Bank, Bank of Communications and China Minsheng Bank of RMB500 million, RMB60 million and RMB90 million, totaling RMB650 million. The annual interest rate of such bank deposits varied from 2.20% to 3.55% with a term of 366 to 1,096 days and are non-cancellable before maturity.

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

Name of investment	Business nature	Percentage of	Percentage of	Fair value	Fair value	Gain as of	Gain as of
		shareholding	Shareholding	as at	as at	June 30,	December 31,
		as at	as at	as at	as at	June 30,	December 31,
		June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
		2023	2022	2023	2022	2023	2022
		%	%	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity, measured at fair value – CMRH Life	Life insurance	13.26	13.26	835,827	835,827	-	-14,796



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

FINANCIAL ASSETS INVESTED (CONTINUED)

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

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

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

As at June 30, 2023, the Group invested a fair value of approximately RMB835.8 million in CMRH Life, accounting for 3.0% of the total assets of the Group.

- f. The performance in the first half of 2023:

According to the information provided by CMRH Life to the Company, it recorded a loss of RMB217 million in the first half of 2023. The main reason for the loss is that the continuous decline of the 750-day yield curve of the national debt interest rate led to the increase in accounting reserves of CMRH Life and the factors such as the floating loss on equity assets of CMRH Life due to the impact of the volatility of capital market.

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

According to the information provided by CMRH Life to the Company, with the gradual release of the effects of various policies to stabilise the economy and the robust demand for insurance coverage after the pandemic, the life insurance industry accelerated its high-quality development, with both the “quality” and “quantity” of value of new business and premium from new insurance policies rising. CMRH Life will adhere to the business strategies of “value leading, innovation driving, technology empowering, risk control assurance”, give full play to the shareholders’ advantages, continue to deepen the value transformation and strive to build into a quality insurance service provider with innovative characteristics.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

FINANCIAL ASSETS INVESTED (CONTINUED)

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

China Mobile Equity Fund

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

As at June 30, 2023, the Company has actually contributed (including the fund management fee) RMB574.9 million pursuant to the Agreement. Please refer to Note 12.1 the consolidated financial statements for details.

CHARGE ON ASSETS

For the six-month period ended June 30, 2023, the Group had no charge on its assets.

CONTINGENT LIABILITIES

As at June 30, 2023, the Group had no material contingent liabilities.

GEARING RATIO

As at June 30, 2023, the gearing ratio of the Group was 26.2% (as at December 31, 2022: 21.9%), which was computed by dividing the total liabilities by the total assets of the Group as at June 30, 2023.

MAJOR INVESTMENT OR FINANCING PLAN

Based on the needs of factoring business model, risk management and control and timeliness of capital use, Antu Jinxin Commercial Factoring Limited, a wholly-owned subsidiary of the Company, expects its financing amount from commercial banks in the current year not to exceed RMB1,200.0 million. As at June 30, 2023, the subsidiary borrowed approximately RMB548.2 million from three commercial banks, of which the short-term credit borrowings amounted to RMB227.7 million and factoring receivables from refactoring business obtained short-term borrowings of RMB320.5 million. Apart from this, as at June 30, 2023, the Group had no other major financing plans, nor any major acquisitions or disposals of subsidiaries, associates and joint ventures, nor any plans to make any significant investments or acquire material capital assets, and the Board estimated that the sources of funding of the Group in 2023 could meet the capital needs of daily operations.



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS (CONTINUED)

Financial Condition and Results of Operations for the First Half of 2023 (Continued)

MAJOR INVESTMENT OR FINANCING PLAN (CONTINUED)

The total capital expenditure of the Group amounted to RMB363.1 million for the first half of 2023 (the first half of 2022: RMB204.1 million), which was mainly used in the Company's daily operation.

As at June 30, 2023, the Group's capital expenditure commitment amounted to approximately RMB1,088.7 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 education, and provides training on the latest development in areas such as computer information technology, personal qualities, laws, regulations and economics. In 2007, the Group implemented a corporate annuity scheme (or supplementary pension plan) in accordance with relevant policies of the PRC. According to the corporate annuity scheme, the Group is required to make provision for monthly corporate annuity fees with reference to the total actual salary each month in the previous year and the ratio approved by the relevant authorities of the PRC. It also needs to deposit the annuities in the custody account of corporate annuity fund opened by its custodian.

As at June 30, 2023, the total number of employees of the Group was 6,721. Staff costs of the Group amounted to approximately RMB712.2 million for the first half of 2023, representing approximately 32.7% of the total operating expenses of the Group for the first half of 2023, among which, the aggregate corporate annuity expenses of the Group amounted to approximately RMB39.4 million for the first half of 2023 (the first half of 2022: RMB32.1 million).

SUBSEQUENT EVENTS

As at the date of this announcement, the Group had no significant events since June 30, 2023 which need to be disclosed.



PROSPECTS FOR THE SECOND HALF OF 2023

In the second half of 2023, although the situation of global economic recovery was complicated, still with instabilities and uncertainties, the long-term positive fundamentals of China's economy remained unchanged, and the recovery and development of China's civil aviation has entered a critical period of quantity increase and quality improvement. Facing the new trends, new challenges and new opportunities, the Group will always stay true to its general principle of pursuing progress while ensuring stability without wavering, conduct in-depth studies, coordinate and make overall plans, unwaveringly strive to become stronger, better and bigger, and accelerate the construction of a world-class enterprise. Firmly adhering to the bottom line, the Group will comprehensively improve the intrinsic security level, and ensure the safe operation of civil aviation information system. Leading by innovation, the Group will enhance the self-controllable level of core system, and promote the construction of "dual-carbon" technological innovation system. Seizing opportunities while ensuring stability, the Group will dig the potential of high-quality development of primary business, and explore the technical empowerment of emerging business. Benchmarking against standards and plans, the Group will effectively promote the special action of benchmarking against the world-class standards, and steadily carry out special governance of internal control management. Deepening reform, the Group will accurately respond to the call of the new journey and the new trends, and scientifically plan a new round of reform and upgrading actions.



OTHER INFORMATION

Interim Dividend

The Board recommends the Company not to pay an interim dividend for the first half of 2023.

Purchase, Sale or Redemption of Securities

In the first half of 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

Amendments to the Articles of Association

In order to further improve the level of corporate governance and meet the relevant regulatory requirements, the Board, according to the Listing Rules and other latest amended laws, regulations and regulatory documents, and considering the actual operation and management needs of the Company, resolved on March 23, 2023 to propose amendments to the Articles of Association. The proposed amendments were considered and approved by the Shareholders at the AGM held on June 15, 2023 by way of a special resolution. The latest version of the Articles of Association was published on the websites of the Company and the Stock Exchange on June 15, 2023. Please refer to the announcements of the Company dated March 23, 2023 and June 15, 2023, as well as the circular of the Company dated May 15, 2023 for details of such amendments.

Share Capital Structure

The issued share capital of the Company as at June 30, 2023 amounted to 2,926,209,589 shares, with a par value of RMB1.00 each. As at June 30, 2023, the share capital structure of the Company is as follows:

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



OTHER INFORMATION (CONTINUED)

Interests and Short Positions in the Shares and Underlying Shares of the Company

As at June 30, 2023, the interests and short positions of any person (other than directors, supervisors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) are as follows:

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



OTHER INFORMATION (CONTINUED)

Interests and Short Positions in the Shares and Underlying Shares of the Company (Continued)

Name of shareholder	Class and number of shares (Note 2)	Capacity	Approximate percentage of respective class of share capital (Note 3)	Approximate percentage of total share capital (Note 3)
FMR LLC	55,280,350 H shares of RMB1 each (L) (Note 9)	Interest of corporation controlled by the substantial shareholder	5.93%	1.89%
Citigroup Inc.	78,413,456 H shares of RMB1 each (L) (Note 10)		8.40%	2.68%
	4,351,301 H shares (L)	Interest of corporation controlled by the substantial shareholder		
	74,062,155 H shares (L)	Approved lending agent		
	201,074 H shares of RMB1 each (S) (Note 10)	Interest of corporation controlled by the substantial shareholder	0.02%	0.01%
	74,062,155 H shares of RMB1 each (P) (Note 10)	Approved lending agent	7.94%	2.53%
BlackRock, Inc.	54,450,289 H shares of RMB1 each (L) (Note 11)	Interest of corporation controlled by the substantial shareholder	5.84%	1.86%
	6,803,000 H shares of RMB1 each (S) (Note 11)	Interest of corporation controlled by the substantial shareholder	0.73%	0.23%
Brown Brothers Harriman & Co.	45,174,076 H shares of RMB1 each (L) (Note 12)	Approved lending agent	4.84%	1.54%
	45,174,076 H shares of RMB1 each (P) (Note 12)	Approved lending agent	4.84%	1.54%



OTHER INFORMATION (CONTINUED)

Interests and Short Positions in the Shares and Underlying Shares of the Company (Continued)

Notes:

- (1) Interests and short positions in the shares and underlying shares of the Company disclosed in this section are based on the reasonable enquiries made by the Company and the data published on the website of Hong Kong Exchanges and Clearing Limited (“**HKEX**”) (www.hkexnews.hk) and data provided by China Securities Depository and Clearing Corporation Limited. For the latest disclosure of interests filing of the substantial shareholders of the Company’s H shares, please refer to the “Disclosure of Interests” section on the website of HKEX (www.hkexnews.hk).
- (2) (L) – Long position; (S) – Short position; (P) – Lending pool.
- (3) The percentage is calculated by the amount of shares held by relevant person/the total amount of relevant shares issued as at June 30, 2023. Percentage in total share capital is based on 2,926,209,589 shares of the total issued share of the Company as at June 30, 2023; percentage in respective class of share capital is based on 1,993,647,589 domestic shares and 932,562,000 H shares of the Company as at June 30, 2023.
- (4) These shares were held by Shenzhen Airlines Company Limited, a subsidiary of China National Aviation Holding Corporation Limited. China National Aviation Holding Corporation Limited was deemed to be interested in the shares held by Shenzhen Airlines Company Limited pursuant to the SFO.
- (5) These shares were held by Shandong Airlines Company Limited, a subsidiary of China National Aviation Holding Corporation Limited. China National Aviation Holding Corporation Limited was deemed to be interested in the shares held by Shandong Airlines Company Limited pursuant to the SFO.
- (6) These shares were held by Xiamen Airlines Company Limited, a subsidiary of China Southern Air Holding Company Limited. China Southern Air Holding Company Limited was deemed to be interested in the shares held by Xiamen Airlines Company Limited pursuant to the SFO.
- (7) These shares were held by China Eastern Airlines Corporation Limited, a subsidiary of China Eastern Air Holding Company Limited. China Eastern Air Holding Company Limited was deemed to be interested in the shares held by China Eastern Airlines Corporation Limited pursuant to the SFO.
- (8) These shares were held by China Eastern Airlines Wuhan Company Limited, a subsidiary of China Eastern Air Holding Company Limited. China Eastern Air Holding Company Limited was deemed to be interested in the shares held by China Eastern Airlines Wuhan Company Limited pursuant to the SFO.
- (9) Based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by FMR LLC on February 8, 2023, FMR LLC was deemed to be interested in 55,280,350 H shares (L). These shares were held by Fidelity Management & Research Company LLC, Fidelity Management & Research (Hong Kong) Limited, Fidelity (Canada) Investment Management Holdings LLC, Fidelity Management & Research (Canada) ULC, FIAM Holdings LLC, Fidelity Institutional Asset Management Trust Company, FIAM LLC, FIMM, LLC, Fidelity Advisory Holdings LLC, Strategic Advisers LLC, Fidelity Canada Investors LLC, Bay Street Holdings LLC, 483A Bay Street Holdings LP, BlueJay Lux 1 S.a.r.l. and Fidelity Investments Canada ULC, which were directly or indirectly controlled by FMR LLC. FMR LLC was deemed to be interested in the shares held by such companies pursuant to the SFO.



OTHER INFORMATION (CONTINUED)

Interests and Short Positions in the Shares and Underlying Shares of the Company (Continued)

- (10) Based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by Citigroup Inc. on June 8, 2023, Citigroup Inc. was deemed to be interested in 78,413,456 H shares (L), 201,074 H shares (S) and 74,062,155 H shares (P). These shares were held by Citicorp LLC, Citibank, N.A., Citigroup Global Markets Holdings Inc., Citigroup Financial Products Inc., Citigroup Global Markets Inc., Citigroup Global Markets Holdings Bahamas Limited, Citigroup Global Markets Limited, Citibank, N.A., Citicorp Trust Delaware, National Association and Citicorp Trust South Dakota, which were directly or indirectly controlled by Citigroup Inc. Citigroup Inc. was deemed to be interested in the shares held by such companies pursuant to the SFO.
- (11) Based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by BlackRock, Inc. on March 14, 2023, BlackRock, Inc. was deemed to be interested in 54,450,289 H shares (L) and 6,803,000 H shares (S). These shares were held by Trident Merger, LLC, BlackRock Investment Management, LLC, BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Lux Finco S.à r.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., BlackRock Holdco 3, LLC, BlackRock Canada Holdings LP, BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock Group Limited-Luxembourg Branch, BlackRock Luxembourg Holdco S.à r.l., BlackRock Investment Management Ireland Holdings Limited, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Fund Managers Limited, BlackRock UK Holdco Limited, BlackRock Asset Management Schweiz AG, EG Holdings Blocker, LLC, Amethyst Intermediate, LLC, Aperio Holdings, LLC and Aperio Group, LLC, which were directly or indirectly controlled by BlackRock, Inc. BlackRock, Inc. was deemed to be interested in the shares held by such companies pursuant to the SFO.
- (12) Based on the Disclosure Notice of the Interest of Corporate Substantial Shareholder filed by Brown Brothers Harriman & Co. on March 14, 2023, Brown Brothers Harriman & Co. held 45,174,076 H shares (L) and 45,174,076 H shares (P) as an approved lending agent.

Save as the above, to the best knowledge of the Company's directors, as at June 30, 2023, no person (other than directors, supervisors or chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company that are required to be recorded in the register kept by the Company under Section 336 of the SFO.



OTHER INFORMATION (CONTINUED)

Interests and Short Positions of Directors, Supervisors and Chief executives in the Shares, Underlying Shares and Debentures of the Company and Any Other Associated Corporations

As at June 30, 2023, none of the directors, supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited by the directors, supervisors or chief executives pursuant to the Model Code (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

None of the directors, supervisors or chief executives of the Company or their respective associates had been granted or had exercised any rights to subscribe for the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) for the six months ended June 30, 2023.

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 deviated from the Code Provision C.2.1 “the roles of chairman and chief executives should be separate and should not be performed by the same individual”. As stated in the announcement of Company dated May 2, 2022, Mr. Huang Rongshun, the chairman of the Company, has been appointed as the general manager of the Company. At present, the chairman and general manager of the Company are performed by the same individual, which is a transitional arrangement only. Considering that the Board constitutes a sufficient number of independent non-executive directors, a temporary deviation from the Code Provision would not prejudice the balanced distribution of power and authority between the Board and the management of the Company.



OTHER INFORMATION (CONTINUED)

Corporate Governance (Continued)

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

Except for the deviations from Code Provision C.2.1 and Code Provision B.2.2, the Company has fully complied with the Code Provisions in the first half of 2023.

For the six-month period ended June 30, 2023, the Company has adopted the Model Code and standards required thereof as the model code and the standards for conducting securities transactions by directors and supervisors of the Company. After making specific enquiries to all directors and supervisors, the Company confirmed that all directors and supervisors have acted in full compliance with Model Code and the standards regarding directors’ securities transactions required thereof during the six-month period ended June 30, 2023.

Audit and Risk Management Committee (Supervisory Committee)

The Audit and Risk Management Committee (Supervisory Committee) of the Company has discussed and reviewed the unaudited interim results of the Group for the six months ended June 30, 2023 with the Company’s management, and has also discussed matters relating to internal control, risk management and financial reporting.



OTHER INFORMATION (CONTINUED)

Change of Directors, Supervisors and Senior Management and Change in Information

CHANGE OF SUPERVISORS

As stated in the announcement of Company dated January 16, 2023, upon the approval at the Company's staff representative meeting held on January 16, 2023, Mr. Ding Wanzhi has ceased to serve as a staff representative supervisor of the Company due to retirement, and he has also ceased to serve as the chairman of the supervisory committee of the Company.

As stated in the announcement of Company dated March 23, 2023, upon the consideration and approval at the Company's annual general meeting held on June 15, 2023, Ms. Tang Lichao has ceased to serve as a shareholder representative supervisor of the Company, and Mr. Bai Bin was appointed as a shareholder representative supervisor of the Company.

As stated in the announcement of Company dated June 30, 2023, Mr. Zhu Yan has ceased to serve as an independent supervisor of the Company.

CHANGE OF SENIOR MANAGEMENT

As stated in the announcement of Company dated April 28, 2023, Mr. Rong Gang has ceased to serve as a vice general manager of the Company due to retirement.



OTHER INFORMATION (CONTINUED)

Change of Directors, Supervisors and Senior Management and Change in Information (Continued)

CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

Change in the information of directors or supervisors of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the Company's 2022 annual report is set out below:

Mr. Liu Zehong, an independent non-executive director, was appointed as a member of the strategy and investment committee (legal compliance committee) of the Board of the Company in January 2023.

Mr. Xi Sheng, a non-executive director, has ceased to serve as a member of the Party Committee of China Eastern Air Holding Company Limited from March 2023, the Executive Vice President of China Eastern Air Holding Company Limited, and the Executive Vice President and a member of the Standing Committee of the Party Committee of China Eastern Airlines Corporation Limited from April 2023.

Mr. Chan Wing Tak Kevin, an independent non-executive director, was appointed as a member of the Chief Executive's Policy Unit (CEPU) Expert Group of the Hong Kong Special Administrative Region of the People's Republic of China in May 2023, with a term of one year.

By order of the Board
Huang Rongshun
Chairman

August 24, 2023



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2023	As at December 31, 2022
Current assets:			
Cash and bank balances	5.1	8,680,115,626.82	7,577,401,708.05
Balances with clearing companies			
Loans to banks and other financial institutions			
Financial assets held for trading	5.2	3,508,751,780.82	3,311,565,068.49
Derivative financial assets			
Notes receivable	5.3	153,045,699.57	219,726,171.60
Accounts receivable	5.4	4,736,739,951.24	4,084,406,818.80
Receivables financing			
Advances to suppliers	5.5	139,976,252.42	184,570,659.30
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	5.6	1,767,596,126.89	1,101,350,764.85
Financial assets purchased under resale agreements			
Inventories	5.7	81,388,973.05	81,512,196.00
Contract assets	5.8	58,416,333.95	60,300,203.69
Assets held for sale			
Non-current assets maturing within one year	5.9	70,904,222.22	30,208,916.66
Other current assets	5.10	93,088,638.09	127,889,117.07
Total current assets		19,290,023,605.07	16,778,931,624.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2023	As at December 31, 2022
Non-current assets:			
Disbursements of loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	5.11	726,512,133.77	715,695,682.45
Investments in other equity instruments	5.12	835,827,400.00	835,827,400.00
Other non-current financial assets	5.13	602,840,606.50	529,713,729.75
Investment properties	5.14	98,305,059.12	102,744,584.70
Fixed assets	5.15	3,159,534,664.71	3,393,261,445.10
Construction in progress	5.16	5,726,769.08	39,949,545.68
Productive biological assets			
Oil and gas assets			
Right-of-use assets	5.17	190,251,373.74	166,842,778.61
Intangible assets	5.18	1,777,714,391.80	1,738,151,892.17
Development expenditures	5.19	454,344,097.45	381,751,884.45
Goodwill	5.20	260,400.76	260,400.76
Long-term deferred expenses	5.21	5,069,366.51	5,457,759.52
Deferred tax assets	5.22	442,563,438.57	470,169,780.74
Other non-current assets	5.23	592,156,195.58	103,885,611.11
Total non-current assets		8,891,105,897.59	8,483,712,495.04
Total assets		28,181,129,502.66	25,262,644,119.55

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2023	As at December 31, 2022
Current liabilities:			
Short-term borrowings	5.24	553,189,892.39	
Borrowings from central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.25	1,990,588,939.90	2,183,483,595.80
Advances from customers			
Contract liabilities	5.26	657,228,812.70	614,311,797.11
Financial assets sold under repurchase agreements			
Absorption of deposits and interbank deposits			
Receiving from vicariously traded securities			
Receiving from vicariously sold securities			
Employee compensation payable	5.27	166,548,701.98	243,894,608.48
Taxes payable	5.28	237,001,601.98	263,989,748.63
Other payables	5.29	3,271,358,423.93	1,734,050,501.09
Handling charges and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities maturing within one year	5.30	104,836,717.70	74,247,974.88
Other current liabilities	5.31	33,107,374.92	28,718,825.46
Total current liabilities		7,013,860,465.50	5,142,697,051.45
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings	5.32	200,213,888.89	200,213,888.89
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities	5.33	97,560,646.68	100,011,025.11
Long-term payables	5.34	420,237.65	420,237.65
Long-term employee compensation payable			
Provisions	5.35	20,000.00	20,000.00
Deferred income	5.36	11,409,032.24	26,123,865.57
Deferred tax liabilities	5.22	54,016,991.39	50,927,724.34
Other non-current liabilities			
Total non-current liabilities		363,640,796.85	377,716,741.56
Total liabilities		7,377,501,262.35	5,520,413,793.01



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2023	As at December 31, 2022
Shareholders' equity:			
Share capital	5.37	2,926,209,589.00	2,926,209,589.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves	5.38	1,192,037,425.52	1,192,037,425.52
Less: Treasury stock			
Other comprehensive income	5.39	-42,285,810.78	-51,118,911.97
Special reserves			
Surplus reserves	5.40	4,104,764,512.30	4,065,899,430.72
General risk reserves	5.41	9,863,800.26	9,863,800.26
Retained earnings	5.42	12,092,918,397.56	11,086,487,236.70
Total equity attributable to shareholders of the Company		20,283,507,913.86	19,229,378,570.23
Non-controlling interests		520,120,326.45	512,851,756.31
Total shareholders' equity		20,803,628,240.31	19,742,230,326.54
Total liabilities and shareholders' equity		28,181,129,502.66	25,262,644,119.55

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Assets	Notes	As at June 30, 2023	As at December 31, 2022
Current assets:			
Cash and bank balances		4,933,610,343.78	4,646,870,810.21
Financial assets held for trading		3,508,751,780.82	3,311,565,068.49
Derivative financial assets			
Notes receivable	15.1	147,380,310.76	218,317,806.52
Accounts receivable	15.2	4,242,536,721.43	3,599,408,369.21
Receivables financing			
Advances to suppliers		149,029,003.60	191,538,062.07
Other receivables	15.3	296,243,707.88	391,847,949.23
Inventories		31,858.41	
Contract assets		44,570,896.55	44,704,112.56
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		67,515,321.74	101,776,761.12
Total current assets		13,389,669,944.97	12,506,028,939.41
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	15.4	2,639,050,097.70	2,626,828,424.40
Investment in other equity instruments		835,827,400.00	835,827,400.00
Other non-current financial assets		602,840,606.50	529,713,729.75
Investment properties		88,941,456.45	93,063,277.11
Fixed assets		2,708,508,980.17	2,921,230,255.46
Construction in progress		5,726,769.08	42,044,082.75
Productive biological assets			
Oil and gas assets			
Right-of-use assets		155,841,910.71	131,326,366.96
Intangible assets		1,680,474,451.35	1,659,170,750.40
Development expenditures		460,408,978.97	379,887,139.72
Goodwill			
Long-term deferred expenses		3,346,208.90	3,268,089.69
Deferred tax assets		432,041,500.41	439,025,067.55
Other non-current assets			
Total non-current assets		9,613,008,360.24	9,661,384,583.79
Total assets		23,002,678,305.21	22,167,413,523.20

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

STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY (CONTINUED)

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2023	As at December 31, 2022
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		2,310,216,230.59	2,525,361,175.07
Advances from customers			
Contract liabilities		616,969,407.60	580,598,038.48
Employee compensation payables		113,967,295.73	186,433,140.03
Taxes payable		185,581,086.67	182,317,627.02
Other payables		2,675,051,475.63	2,584,863,178.47
Liabilities held for sale			
Non-current liabilities maturing within one year		88,943,415.32	60,562,562.62
Other current liabilities		31,736,715.28	27,362,466.11
Total current liabilities		6,022,465,626.82	6,147,498,187.80
Non-current liabilities:			
Long-term borrowings		200,213,888.89	200,213,888.89
Bonds payable			
Including: Preferred stock			
Perpetual bonds			
Lease liabilities		71,832,912.19	74,032,748.55
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		10,409,032.24	25,123,865.57
Deferred tax liabilities		33,473,848.05	10,351,245.20
Other non-current liabilities			
Total non-current liabilities		315,929,681.37	309,721,748.21
Total liabilities		6,338,395,308.19	6,457,219,936.01



STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY (CONTINUED)

As at June 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and Shareholders' equity	Notes	As at June 30, 2023	As at December 31, 2022
Shareholders' equity:			
Share capital		2,926,209,589.00	2,926,209,589.00
Other equity instruments			
Including: Preferred stock			
Perpetual bonds			
Capital reserves		1,298,570,506.29	1,298,570,506.29
Less: Treasury stock			
Other comprehensive income		-30,056,186.32	-33,296,710.00
Special reserves			
Surplus reserves		4,099,258,320.10	4,060,393,238.52
Retained earnings		8,370,300,767.95	7,458,316,963.38
Total shareholders' equity		16,664,282,997.02	15,710,193,587.19
Total liabilities and shareholders' equity		23,002,678,305.21	22,167,413,523.20

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Total operating income		3,307,555,567.64	2,271,990,839.04
Including: Operating income	5.43	3,307,555,567.64	2,271,990,839.04
Interest income			
Earned premium			
Fees and commission income			
II. Total operating costs		2,178,180,904.16	1,823,422,085.74
Including: operating costs	5.43	1,438,785,384.49	1,265,393,432.28
Interest expenses			
Handling charges and Commissions Expenses			
Refunds of insurance premiums			
Net payments for insurance claims			
Net provisions for insurance liability reserves			
Commissions on insurance policies			
Cession charges			
Taxes and surcharges	5.44	36,221,069.60	35,089,268.32
Selling and distribution expenses	5.45	55,081,734.26	38,292,699.56
General and administrative expenses	5.46	444,718,760.63	349,547,513.87
Research and development expenses	5.47	275,217,130.34	216,765,622.61
Financial expenses	5.48	-71,843,175.16	-81,666,450.90
Including: Interest expenses		8,041,549.13	4,372,523.13
Interest income		63,976,022.05	67,014,421.92
Plus: Other income	5.49	35,775,912.66	40,124,820.53
Investment income ("-" for losses)	5.50	44,643,405.29	12,582,886.63
Including: Gains from investment in associates and joint ventures		7,691,927.64	-2,378,075.64
Gains from derecognition of financial assets measured at amortized cost			
Foreign exchange gains ("-" for losses)			
Income from net exposure hedging ("-" for losses)			
Gains from the changes in fair value ("-" for losses)	5.51	6,800,160.88	20,056,929.30
Credit impairment losses ("-" for losses)	5.52	116,978,290.86	-97,970,919.51
Asset impairment losses ("-" for losses)	5.53	2,452,840.55	-5,230,018.69
Gains from disposal of assets ("-" for losses)	5.54	2,654,935.35	103,335.61



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
III. Operating profits ("-" for losses)		1,338,680,209.07	418,235,787.17
Plus: Non-operating income	5.55	19,897,263.18	44,820,926.10
Less: Non-operating expenses	5.56	11,713,905.98	398,993.81
IV. Total profits ("-" for total losses)		1,346,863,566.27	462,657,719.46
Less: Income tax expenses	5.57	139,209,645.47	6,837,481.00
V. Net profit ("-" for net loss)		1,207,653,920.80	455,820,238.46
(I) Classified by operating continuity			
1. Net profit from continuing operations ("-" for net loss)		1,207,653,920.80	455,820,238.46
2. Net profit from discontinued operations ("-" for net losses)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company ("-" for net loss)		1,200,385,350.66	443,034,163.67
2. Net profit attributable to non-controlling interests ("-" for net loss)		7,268,570.14	12,786,074.79
VI. Other comprehensive income, net of tax		8,833,101.19	2,101,077.95
Other comprehensive income, net of tax attributable to shareholders of the Company		8,833,101.19	2,101,077.95
(I) Items that cannot be reclassified to profit or loss		3,240,523.68	
1. Changes of re-measurement in defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		3,240,523.68	
3. Changes in fair value of other equity instruments investment			
4. Changes in the fair value of the Company's own credit risk			



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
(II) Items that may be reclassified to profit or loss		5,592,577.51	2,101,077.95
1. Other comprehensive income that may be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investment			
3. Amounts of financial assets reclassified to other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements		5,592,577.51	2,101,077.95
7. Others			
Other comprehensive income, net of tax, attributable to non-controlling interests			
VII. Total comprehensive income		1,216,487,021.99	457,921,316.41
Total comprehensive income attributable to shareholders of the Company		1,209,218,451.85	445,135,241.62
Total comprehensive income attributable to non-controlling interests		7,268,570.14	12,786,074.79
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.58	0.41	0.15
(II) Diluted earnings per share (RMB/share)	5.58	0.41	0.15

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Operating income	15.5	2,576,766,662.83	1,696,266,696.40
Less: Operating costs	15.5	1,050,941,690.67	986,170,754.27
Taxes and surcharges		31,206,723.41	30,669,251.42
Selling and distribution expenses		5,524,501.85	6,574,055.39
General and administrative expenses		320,538,289.22	236,144,331.10
Research and development expenses		160,387,483.37	79,965,340.60
Financial expenses		-24,923,579.23	-28,012,412.68
Including: Interest expenses		7,170,186.61	3,009,959.82
Interest income		29,635,899.67	22,932,192.23
Plus: Other income		30,897,122.20	25,906,834.98
Investment income ("-" for loss)	15.6	46,048,627.27	10,675,782.70
Including: Gains from investment in associates and joint ventures		9,097,149.62	-972,853.66
Gains from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging ("-" for losses)			
Gains from changes in fair value ("-" for losses)		6,800,160.88	20,056,929.30
Credit impairment losses ("-" for losses)		118,756,411.84	-97,303,316.02
Asset impairment losses ("-" for losses)		2,344,523.77	-1,734,769.51
Gains from disposal of assets ("-" for losses)			72,948.25
II. Operating profits ("-" for loss)		1,237,938,399.50	342,429,786.00
Plus: Non-operating income		867,126.24	2,209,743.56
Less: Non-operating expenses		11,468,016.63	37,670.75
III. Total profits ("-" for total losses)		1,227,337,509.11	344,601,858.81
Less: Income tax expenses		121,889,856.38	-1,784,087.07
IV. Net profit ("-" for net loss)		1,105,447,652.73	346,385,945.88
(I) Net profit from continuing operations ("-" for net loss)		1,105,447,652.73	346,385,945.88
(II) Net profit from discontinued operations ("-" for net loss)			



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
V. Other comprehensive income, net of tax		3,240,523.68	
(I) Other comprehensive income that cannot be reclassified to profit or loss		3,240,523.68	
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		3,240,523.68	
3. Changes in fair value of other equity instruments investment			
4. Changes in the fair value of the Company's own credit risk			
(II) Items that may be reclassified to profit or loss			
1. Other comprehensive income that may be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amounts of financial assets reclassified to other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Cash flow hedging reserves			
6. Differences arising from translation of foreign-currency financial statements			
7. Others			
VI. Total comprehensive income		1,108,688,176.41	346,385,945.88
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		3,058,794,919.93	1,926,157,833.88
Net increase in customer deposits and deposits from other banks and financial institutions			
Net increase in borrowings from central banks			
Net increase in loans from other financial institutions			
Cash received from receiving insurance premium of original insurance contract			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Net cash received from vicariously traded securities			
Refunds of taxes and surcharges		6,813,901.88	150,698,990.07
Cash received from other operating activities	5.60	66,249,706,187.22	17,576,785,137.29
Sub-total of cash inflows from operating activities		69,315,315,009.03	19,653,641,961.24
Cash paid for goods purchased and services received		1,000,179,176.08	735,270,987.26
Net increase in customers' loans and advances			
Net increase in deposits with central bank and with banks and other financial institutions			
Cash paid for original insurance contract claims			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		883,829,722.54	807,794,301.47
Cash paid for taxes and surcharges		377,254,018.73	187,665,743.49
Cash paid for other operating activities	5.60	66,042,829,140.19	17,426,240,436.40
Sub-total of cash outflows from operating activities		68,304,092,057.54	19,156,971,468.62
Net cash flows from operating activities		1,011,222,951.49	496,670,492.62

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
II. Cash flows from investing activities			
Cash received from disposal of investments		3,301,773,944.33	3,500,559,868.32
Cash received from returns on investments		54,082,438.35	49,290,510.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,485,025.45	35,528.38
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		3,361,341,408.13	3,549,885,907.28
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		208,867,974.30	116,206,812.76
Cash paid for investments		3,576,090,965.00	4,904,363,002.00
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		3,784,958,939.30	5,020,569,814.76
Net cash flows from investing activities		-423,617,531.17	-1,470,683,907.48
III. Cash flows from financing activities			
Cash from absorption of investments Including: cash received by subsidiaries from investment by minority shareholders		1,484,578,932.02	205,000,000.00
Cash received from borrowings			
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		1,484,578,932.02	205,000,000.00
Cash paid for debts repayments		931,389,039.63	2,500,000.00
Cash paid for distribution of dividends and profits or payment of interest		16,719,255.95	4,201,695.82
Including: dividends and profits paid to minority shareholders by subsidiaries		7,052,234.16	2,342,700.00
Cash paid for other financing activities	5.60	48,817,689.32	33,044,096.58
Sub-total of cash outflows from financing activities		996,925,984.90	39,745,792.40
Net cash flows from financing activities		487,652,947.12	165,254,207.60
IV. Effect of fluctuation in exchange rate on cash and cash equivalents			
		25,456,515.41	25,046,456.94
V. Net increase in cash and cash equivalents			
		1,100,714,882.85	-783,712,750.32
Plus: beginning balance of cash and cash equivalents		7,475,848,342.25	6,339,602,541.52
VI. Closing balance of cash and cash equivalents			
		8,576,563,225.10	5,555,889,791.20

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



STATEMENT OF CASH FLOWS OF THE COMPANY

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		2,290,310,906.03	1,376,902,314.60
Refund of taxes and surcharges		35,580.09	146,358,110.62
Cash received from other operating activities		218,151,973.01	58,099,355.12
Sub-total of cash inflows from operating activities		2,508,498,459.13	1,581,359,780.34
Cash paid for goods purchased and services received		818,092,430.87	649,957,006.19
Cash paid to and on behalf of employees		489,385,574.92	424,391,109.21
Cash paid for taxes and surcharges		243,500,314.80	133,475,325.15
Cash paid for other operating activities		239,807,432.35	372,146,751.37
Sub-total of cash outflows from operating activities		1,790,785,752.94	1,579,970,191.92
Net cash flows from operating activities		717,712,706.19	1,389,588.42
II. Cash flows from investing activities			
Cash received from disposal of investments		3,301,773,944.33	3,500,559,868.32
Cash received from returns on investments		84,037,431.05	51,728,810.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,585,277.50	20,220.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Sub-total of cash inflows from investing activities		3,388,396,652.88	3,552,308,898.90
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		200,125,342.38	112,301,067.02
Cash paid for investments		3,576,090,965.00	4,904,363,002.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		3,776,216,307.38	5,016,664,069.02
Net cash flows from investing activities		-387,819,654.50	-1,464,355,170.12



STATEMENT OF CASH FLOWS OF THE COMPANY (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Notes	Six months ended June 30, 2023	Six months ended June 30, 2022
III. Cash flows from financing activities			
Cash from absorption of investments			
Cash received from borrowings			200,000,000.00
Cash received from other financing activities			
Sub-total of cash inflows from financing activities			200,000,000.00
Cash paid for debts repayments			
Cash paid for distribution of dividends and profits or payment of interest		3,538,888.89	1,769,444.44
Cash paid for other financing activities		41,998,543.53	23,056,381.78
Sub-total of cash outflows from financing activities		45,537,432.42	24,825,826.22
Net cash flows from financing activities		-45,537,432.42	175,174,173.78
IV. Effect of fluctuation in exchange rate on cash and cash equivalents			
		2,383,914.30	2,445,553.43
V. Net increase in cash and cash equivalents		286,739,533.57	-1,285,345,854.49
Plus: beginning balance of cash and cash equivalents		4,646,870,810.21	4,623,178,948.38
VI. Closing balance of cash and cash equivalents		4,933,610,343.78	3,337,833,093.89

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	For the period from January 1, 2023 to June 30, 2023										Total shareholders' equity				
	Share capital	Preferred stock	Other equity instruments	Perpetual bonds	Others	Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves		General risk reserves	Undistributed profits	Sub-total	Minority interest
I. Balance as at December 31, 2022	2,926,209,939.00				1,192,037,425.32			-51,122,594.69	4,065,899,430.72	9,686,000.26	11,065,610,736.71	18,228,489,399.32	19,741,657,100.7	512,567,210.75	19,741,657,100.7
Plus: Changes in accounting policies							3,662.92				876,577.99	880,170.91		194,445.56	1,074,616.47
Correction of accounting errors in prior periods															
Business combination under common control															
Others															
II. Balance as at January 1, 2023	2,926,209,939.00				1,192,037,425.32			-51,118,911.97	4,065,899,430.72	9,686,000.26	11,069,497,236.70	19,229,378,570.23	19,742,203,226.54	512,851,735.31	19,742,203,226.54
III. Increase/(decrease) in 2023 * (for decrease)							6,683,101.19	6,683,101.19	-38,665,061.53		1,006,631,169.86	1,094,129,343.63	1,061,397,913.77	7,268,270.14	1,061,397,913.77
(1) Total comprehensive income							6,683,101.19	6,683,101.19	-38,665,061.53		1,006,631,169.86	1,094,129,343.63	1,061,397,913.77	7,268,270.14	1,061,397,913.77
(2) Capital contributed or reduced by shareholders															
(i) Common stock contributions by shareholders															
(ii) Capital contributed by the holders of other equity instruments															
(3) Amounts of share-based payments recognized in shareholders' equity															
(i) Others															
(4) Profit distribution															
(i) Withdrawal of surplus reserves									38,665,061.53		-193,954,188.80	-153,089,108.22		-455,093,108.22	
(ii) Withdrawal of general risk reserves									38,665,061.53		-38,665,061.53				
(iii) Profit distribution to shareholders															
(iv) Others															
(4) Internal carry-forward of shareholders' equity															
(i) Conversion of capital reserves into paid-in capital (or share capital)															
(ii) Conversion of surplus reserves into paid-in capital (or share capital)															
(iii) Losses offset by surplus reserves															
(iv) Carry-forward of changes in the defined benefit plan for related earnings															
(v) Carry-forward of other comprehensive income for related earnings															
(vi) Others															
(5) Special reserves															
(i) Amount withdrawn in 2023															
(ii) Amount used in 2023															
(6) Others															
III. Balance as at June 30, 2023	2,926,209,939.00				1,192,037,425.32		-42,265,010.78	-42,265,010.78	4,104,164,512.89	9,686,000.26	12,092,916,397.56	20,283,507,913.86	20,805,025,240.31	520,120,226.45	20,805,025,240.31

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	Share capital	Preferred stock	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Sub-total	Minority interest	Total shareholders' equity
I. Balance as at December 31, 2021	2,925,209,589.00			1,192,037,425.52		-53,807,439.52	3,985,993,935.42	7,685,038.30	10,701,137,668.16	18,780,259,211.90	489,826,724.71	19,230,082,936.61	
Plus: Changes in accounting policies													
Correction of accounting errors in prior periods													
Business combination under common control													
Others													
II. Balance as at January 1, 2022	2,925,209,589.00			1,192,037,425.52		-53,807,439.52	3,985,993,935.42	7,685,038.30	10,701,137,668.16	18,780,259,211.90	489,826,724.71	19,230,082,936.61	
III. Increase/decrease in 2022 (* for decreases)						2,101,077.95	-40,040,413.72		294,032,222.35	294,183,714.22	11,946,389.75	296,140,513.97	
(1) Total comprehensive income						2,101,077.95							
(2) Capital contributed or reduced by shareholders						2,101,077.95							
(i) Common stock contributions by shareholders													
(ii) Capital contributed by the holders of other equity instruments													
(iii) Amounts of share-based payments recognized in shareholders' equity													
(iv) Others													
(3) Profit distribution													
(i) Withdrawal of surplus reserves													
(ii) Withdrawal of general risk reserves													
(iii) Profit distribution to shareholders													
(iv) Others													
(4) Internal carry-forward of shareholders' equity													
(i) Conversion of capital reserves into paid-in capital (or share capital)													
(ii) Conversion of surplus reserves into paid-in capital (or share capital)													
(iii) Losses offset by surplus reserves													
(iv) Carry-forward of changes in the defined benefit plan for related earnings													
(v) Carry-forward of other comprehensive income for retained earnings													
(vi) Others													
(5) Special reserves													
(i) Amount withdrawn in 2022													
(ii) Amount used in 2022													
(vi) Others													
III. Balance as at June 30, 2022	2,925,209,589.00			1,192,037,425.52		-51,706,361.57	4,027,034,491.14	7,685,038.30	10,945,169,890.73	19,044,449,926.12	481,773,244.46	19,326,223,450.58	

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	For the Period from January 1, 2023 to June 30, 2023							Total shareholders' equity		
	Share capital	Preferred stock	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves		Surplus reserves	Undistributed profits
I. Balance as at December 31, 2022	2,926,209,599.00			1,299,570,506.29		-33,296,710.00		4,060,393,238.52	7,458,316,963.38	15,710,193,587.19
Plus: Changes in accounting policies										
Correction of accounting errors in prior periods										
Others										
II. Balance as at January 1, 2023	2,926,209,599.00			1,299,570,506.29		-33,296,710.00		4,060,393,238.52	7,458,807,305.02	15,710,683,926.83
III. Increase/decrease in 2023 ("+" for increases)						3,240,523.68		38,865,081.58	911,483,462.93	953,599,062.19
(1) Total comprehensive income						3,240,523.68				
(2) Capital contributed or reduced by shareholders										
(i) Common stock contributed by shareholders										
(ii) Capital contributed by the holders of other equity instruments										
(iii) Amounts of share-based payments recognized in shareholders' equity										
(iv) Others										
(3) Profit distribution										
(i) Withdrawal of surplus reserves										
(ii) Profit distribution to shareholders										
(iii) Others										
(4) Internal carry-forward of shareholders' equity										
(i) Conversion of capital reserves into paid-in capital (or share capital)										
(ii) Conversion of surplus reserves into paid-in capital (or share capital)										
(iii) Losses offset by surplus reserves										
(iv) Carry-forward of changes in the defined benefit plan for retained earnings										
(v) Carry-forward of other comprehensive income for retained earnings										
(vi) Others										
(5) Special reserves										
(i) Amount withdrawn in 2023										
(ii) Amount used in 2023										
(6) Others										
IV. Balance as at June 30, 2023	2,926,209,599.00			1,299,570,506.29		-30,056,186.32		4,099,258,320.10	8,370,300,767.95	16,664,282,937.02

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY (CONTINUED)

For the Six Months Ended June 30, 2023
(Amounts are expressed in RMB unless otherwise stated)

Items	For the Period from January 1, 2022 to June 30, 2022						Total shareholders' equity
	Share capital	Preferred stock	Other equity instruments Perpetual bonds	Other comprehensive income	Surplus reserves	Undistributed profits	
I. Balance as at December 31, 2021	2,926,209,599.00			-20,720,790.00	3,981,487,743.22	7,309,513,170.31	15,485,060,216.82
Plus: Changes in accounting policies							
Correction of accounting errors in prior periods							
Others							
II. Increase/decrease in 2022 (*: for decreases)	2,926,209,599.00			-20,720,790.00	3,981,487,743.22	7,309,513,170.31	15,485,060,216.82
III. Total comprehensive income					40,040,413.72	145,040,004.76	185,444,418.48
(1) Capital contributed or reduced by shareholders							
(i) Common stock contributions by shareholders							
(ii) Capital contributed by the holders of other equity instruments							
(iii) Amounts of share-based payments recognized in shareholders' equity							
(iv) Others							
(3) Profit distribution					40,040,413.72	-200,981,941.12	-160,941,527.40
(i) Withdrawal of surplus reserves							
(ii) Profit distribution to shareholders					40,040,413.72	-40,040,413.72	
(iii) Others							
(4) Internal carry-forward of shareholders' equity							
(i) Conversion of capital reserves into paid-in capital (or share capital)							
(ii) Conversion of surplus reserves into paid-in capital (or share capital)							
(iii) Lesses offset by surplus reserves							
(iv) Carry-forward of changes in the defined benefit plan for retained earnings							
(v) Carry-forward of other comprehensive income for retained earnings							
(vi) Others							
(5) Special reserves							
(i) Amount withdrawn in 2022							
(ii) Amount used in 2022							
(6) Others							
IV. Balance as at June 30, 2022	2,926,209,599.00			-20,720,790.00	4,021,528,156.94	7,454,917,115.07	15,680,504,637.30

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

Legal Representative: Huang Rongshun

Chief Accountant: Li Jinsong

Accountant in Charge: Zheng Wei



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

(Amounts are expressed in RMB unless otherwise stated)

1 COMPANY PROFILE

1.1 COMPANY OVERVIEW

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

1 COMPANY PROFILE (CONTINUED)

1.1 COMPANY OVERVIEW (CONTINUED)

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

As at June 30, 2023, the Company cumulatively issued share capital by the Company was 2,926,209,589 shares, and the registered share capital was RMB2,926,209,589.00.

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

1 COMPANY PROFILE (CONTINUED)

1.1 COMPANY OVERVIEW (CONTINUED)

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

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

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

The financial statements have been approved by the Company's board of directors on August 24, 2023.

1.2 SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

2 BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

The Company prepares financial statements in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the “**Accounting Standards for Business Enterprises**”). In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies.

2.2 GOING CONCERN

The financial statements are prepared on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

3.1 STATEMENT ON COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated financial position and the parent company’s financial position as at June 30, 2023, and the consolidated operating results and the parent company’s operating results, the consolidated cash flows and the parent company’s cash flows for the period from January 1, 2023 to June 30, 2023.

3.2 ACCOUNTING PERIOD

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.3 OPERATING CYCLE

The Company's operating cycle is 12 months.

3.4 FUNCTIONAL CURRENCY

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

3.5 ACCOUNTING TREATMENT METHODS FOR BUSINESS COMBINATIONS UNDER COMMON CONTROL AND NOT UNDER COMMON CONTROL

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS

3.6.1 Scope of consolidation

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

3.6.2 Procedures for consolidation

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.6.2 Procedures for consolidation (Continued)

(1) Increase of subsidiaries or business

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.6.2 Procedures for consolidation (Continued)

(2) Disposal of subsidiaries

① General treatment methods

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

② Disposal of subsidiaries by stages

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.6.2 Procedures for consolidation (Continued)

- (2) Disposal of subsidiaries (Continued)
 - ② Disposal of subsidiaries by stages (Continued)

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

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

- (3) Purchase of minority interest of subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.6 PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3.6.2 Procedures for consolidation (Continued)

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

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

3.7 RECOGNITION CRITERIA OF CASH AND CASH EQUIVALENTS

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

3.8 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS

3.8.1 Foreign currency transactions

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.8 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS (CONTINUED)

3.8.2 Translation of foreign currency financial statements

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

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

3.9 FINANCIAL INSTRUMENTS

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

3.9.1 Classification of financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

3.9.1 Classification of financial instruments (Continued)

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

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS

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

- (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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

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

- (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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

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

- (6) Financial liabilities measured at amortized cost

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

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

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

3.9.3 Derecognition and transfer of financial assets

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

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

At the transfer of financial assets, where nearly all 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

3.9.3 Derecognition and transfer of financial assets (Continued)

The 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

3.9.4 Derecognition of financial liabilities

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

3.9.6 Test method and accounting treatment of impairment of financial assets

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

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

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:



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

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

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.9 FINANCIAL INSTRUMENTS (CONTINUED)

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

The 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.

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

3.10 INVENTORIES

3.10.1 Classification and cost of inventories

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

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

3.10.2 Measurement method of dispatched inventories

Raw materials, products in progress, goods in stock, and delivered goods are priced using the individual identification method when they are dispatched.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 INVENTORIES (CONTINUED)

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

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

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

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

3.10.4 Inventory system

Perpetual inventory system is adopted.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.10 INVENTORIES (CONTINUED)

3.10.5 Amortization methods for low-cost consumables and packaging materials

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

3.11 CONTRACT ASSETS

3.11.1 Recognition method and criteria for contract assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.12 ASSETS HELD FOR SALE

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

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

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

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

3.13 LONG-TERM EQUITY INVESTMENTS

3.13.1 Judgment criteria for joint control and significant influence

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

3.13.2 Determination of initial investment cost

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

3.13.3 Subsequent measurement and recognition of profits or losses

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

3.13.3 Subsequent measurement and recognition of profits or losses (Continued)

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

The Company 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

3.13.3 Subsequent measurement and recognition of profits or losses (Continued)

(3) Disposal of long-term equity investments

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.13 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

3.13.3 Subsequent measurement and recognition of profits or losses (Continued)

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

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

3.14 INVESTMENT PROPERTIES

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.15 FIXED ASSETS

3.15.1 Recognition criteria of fixed assets

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

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

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

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

3.15.2 Depreciation method

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.15 FIXED ASSETS (CONTINUED)

3.15.2 Depreciation method (Continued)

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

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

3.15.3 Disposal of fixed assets

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

3.16 CONSTRUCTION IN PROGRESS

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.17 BORROWING COSTS

3.17.1 Recognition criteria of capitalization of borrowing costs

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

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

3.17.2 Capitalization period for borrowing costs

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.17 BORROWING COSTS (CONTINUED)

3.17.3 Period of capitalization suspension

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

3.17.4 Measurement of capitalization rate and capitalized amounts of borrowing costs

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 INTANGIBLE ASSETS

3.18.1 Measurement of intangible assets

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

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

- (2) Subsequent measurement

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

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

3.18.2 Estimate of the useful life of the intangible assets with definite useful lives

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.18 INTANGIBLE ASSETS (CONTINUED)

3.18.4 Specific criteria for classifying research and development stages

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

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

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

3.18.5 Criteria for capitalization of development expenditures

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.19 GOODWILL

The initial cost of Goodwill arising on a business combination not under common control, is the difference between the combination cost and the fair value share of the acquiree's identifiable net assets obtained in the combination.

Goodwill is transferred out when its related asset group or portfolio of asset group is disposed, and recognized in the profit and loss.

Goodwill is not amortized by the Company and goodwill is tested for impairment at least at the end of each year, regardless of whether there are signs of impairment.

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.20 LONG-TERM ASSETS IMPAIRMENT

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.21 LONG-TERM DEFERRED EXPENSES

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

3.22 CONTRACT LIABILITIES

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

3.23 EMPLOYEE BENEFITS

3.23.1 Accounting treatment of short-term compensation

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 EMPLOYEE BENEFITS (CONTINUED)

3.23.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

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

(2) Defined benefit plans

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.23 EMPLOYEE BENEFITS (CONTINUED)

3.23.2 Accounting treatment of post-employment benefits (Continued)

(2) Defined benefit plans (Continued)

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

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

3.23.3 Accounting treatment of dismissal benefits

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

3.24 ESTIMATED LIABILITIES

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.24 ESTIMATED LIABILITIES (CONTINUED)

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 SHARE-BASED PAYMENTS

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

3.25.1 Equity-settled share-based payment and equity instruments

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.25 SHARE-BASED PAYMENTS (CONTINUED)

3.25.2 Cash-settled share-based payment and equity instruments

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 REVENUE

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 REVENUE (CONTINUED)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.26 REVENUE (CONTINUED)

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.27 CONTRACT COSTS

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

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

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 GOVERNMENT GRANTS

3.28.1 Type

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

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

3.28.2 Timing of recognition

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

3.28.3 Accounting treatment

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.28 GOVERNMENT GRANTS (CONTINUED)

3.28.3 Accounting treatment (Continued)

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

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

3.29 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.29 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

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

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

3.30 LEASE

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

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

- Where the lease consideration after concession is reduced or basically unchanged compared with that before concession, among them, the lease consideration is not discounted or discounted at the discount rate before concession;
- Considering both qualitative and quantitative factors, it is determined that other terms and conditions of the lease have not changed significantly.

3.30.1 The Company as lessee

3.30.1.1 Right-of-use assets

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

3.30.1 The Company as lessee (Continued)

3.30.1.1 Right-of-use assets (Continued)

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

The Company determines whether the right-to-use assets have been impaired or not according to the principle described in “3.20 Impairment of long-term assets” in this note, and make the accounting treatment for the identified impairment losses.

3.30.1.2 Lease liabilities

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

3.30.1 The Company as lessee (Continued)

3.30.1.2 Lease liabilities (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

3.30.1 The Company as lessee (Continued)

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

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

3.30.1.4 Lease changes

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

3.30.1 The Company as lessee (Continued)

3.30.1.5 Rent concessions related to the COVID-19 epidemic

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

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

The above simplified treatment method only applies to the domestic subsidiaries of the Group.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

3.30.2 The Company as lessor

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

3.30.2.1 Accounting treatment of operating leases

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

3.30.2.2 Accounting treatment of finance lease

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.30 LEASE (CONTINUED)

3.30.2 The Company as lessor (Continued)

3.30.2.2 Accounting treatment of finance lease (Continued)

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 FAIR VALUE MEASUREMENT

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

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.31 FAIR VALUE MEASUREMENT (CONTINUED)

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

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

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

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

3.32 GENERAL RISK RESERVES

Antu Jinxin Commercial Factoring Limited, a subsidiary of the Company, withholds the general risk reserves from the net profit at 1% of risk assets in accordance with the Circular of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (YBJBF [2019] No. 205).



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.33 KEY ACCOUNTING ESTIMATES AND JUDGMENTS

When preparing financial statements, it is necessary to use accounting estimates, which are not always consistent with actual results. The management also needs to make estimates when applying the Group's accounting policies. Estimates and judgments will be continuously evaluated and it's based on past experience and other factors, including predictions of future events that are believed to be reasonable under the relevant circumstances.

3.33.1 Estimated useful life and residual value of property, plant and equipment

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.33 KEY ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

3.33.2 Impairment of goodwill and intangible assets

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

3.33.3 Income tax and deferred tax

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

3.33.4 Accounts receivable and contract assets

The Group makes provision for impairment of accounts receivable and contract assets based on the assumptions of default risk and expected loss rate. For details, please refer to "Note 3.9.6 3.9.6 Test method and accounting treatment of impairment of financial assets". On the balance sheet date, the Group judges these assumptions and selects input data for calculating impairment based on the Group's historical records and current market conditions and forward-looking estimates.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.34 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS

3.34.1 Changes in significant accounting policies

- (1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 16 “Deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of the initial recognition exemption”.

On November 30, 2022, the Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No.16 (Caikuai[2022] No.31) (hereinafter referred to as “**Interpretation No.16**”), in which the provision of “Accounting treatment for the income tax impact of dividends from financial instruments classified as equity instruments by the issuer” and “Accounting treatment on the modification of cash-settled share-based payment to equity-settled share-based payment” shall be implemented from January 1, 2023.

Interpretation of No. 16 stipulates that for assets and liabilities that are not a business combination, that do not affect accounting profits or taxable income (or deductible losses) when the transaction occurs, and that result in an equal amount of taxable temporary differences and Individual transactions for deductible temporary differences (including lease transactions in which the lessee initially recognizes lease liabilities on the commencement date of the lease period and includes them in right-of-use assets, and the estimated liabilities that are recognized and included in the cost of related assets due to the disposal obligation of fixed assets, etc. transactions and other individual transactions), the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets is not applicable. When the transaction occurs, the enterprise shall separately confirm the corresponding deferred income tax liabilities and deferred income tax assets in accordance with the “Accounting Standards for Business Enterprises No. 18 – Income Tax” and other relevant regulations. Deferred tax liabilities and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3.34 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS (CONTINUED)

3.34.1 Changes in significant accounting policies (Continued)

- (1) Implementation of Interpretation of Accounting Standards for Business Enterprises No. 16 “Deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of the initial recognition exemption”. (Continued)

For the single transaction applicable to this provision that occurs between the beginning of the earliest period in which the financial statement presents the provision for the first time and the implementation date, and the lease liability recognized due to the individual transaction applicable to the provision at the beginning of the earliest period in which the financial statement presents it and right-of-use assets, as well as estimated liabilities related to the confirmed abandonment obligation and corresponding related assets, if there are taxable temporary differences and deductible temporary differences, the enterprise shall make adjustments in accordance with this regulation.

The Company will implement this regulation from January 1, 2023. The main impact of the implementation of this regulation is as follows:

Contents and reasons for changes in accounting policies	Approval procedure	Affected report items	Consolidation		The Parent Company	
			As at June 30, 2023/ For the six months ended June 30, 2023	As at December 31, 2022/ For the six months ended June 30, 2022	As at June 30, 2023/ For the six months ended June 30, 2023	As at December 31, 2022/ For the six months ended June 30, 2022
No. 16, Recognition of Deferred Income Tax	Statutory	Deferred tax assets	3,729,393.81	26,192,270.71	3,927,152.45	20,189,296.68
No. 16, Recognition of Deferred Income Tax	Statutory	Deferred tax liabilities	3,042,509.74	25,117,654.24	3,677,331.56	19,698,955.04
No. 16, Recognition of Deferred Income Tax	Statutory	Retained earnings		876,517.99		490,341.64
No. 16, Recognition of Deferred Income Tax	Statutory	Other comprehensive income	27,026.47	3,652.92		
No. 16, Recognition of Deferred Income Tax	Statutory	Minority interest		194,445.56		
No. 16, Recognition of Deferred Income Tax	Statutory	Income tax	-659,857.60		-249,820.89	

3.34.2 Changes in significant accounting estimates

The Group had no change in significant accounting estimates in reporting period.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION

4.1 MAJOR TAX TYPES AND TAX RATES

Tax types	Basis of tax assessment	Tax rates
Value added tax (“VAT”)	Tax payable is calculated by VAT output, which is based on the taxable sales amount generated from sales of goods or rendering of service according to tax laws, less deductible VAT input of the current period	See Table 1 as below
Urban maintenance and construction tax	Levied based on the actual VAT	7.00%, 5.00%
Corporate income tax	Levied based on taxable income	See Table 2 as below



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)

4.1 MAJOR TAX TYPES AND TAX RATES (CONTINUED)

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

Company	Tax rate
TravelSky Technology Limited	13%, 9% and 6%
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	13% and 6%
Hunan TravelSky Technology Limited	13% and 6%
Xi'an Civil Aviation Cares Technology Co., Ltd.	13%, 6% and 3%
Hubei Civil Aviation Cares Co., Ltd.	13% and 6%
Civil Aviation Cares Technology of Xinjiang Co., Ltd.	13%, 6% and 3%
Shenzhen Civil Aviation Cares Co., Ltd.	13% and 6%
Shanghai TravelSky Technology Limited	6%
Xiamen Civil Aviation Cares Co., Ltd.	13% and 6%
Qingdao Civil Aviation Cares Co., Ltd.	13%, 9% and 6%
Yunnan Civil Aviation Cares Information Co., Ltd.	13% and 6%
Hainan Civil Aviation Cares Co., Ltd.	13% and 6%
Guangzhou TravelSky Technology Limited	13%, 6% and 5%
China Aviation Accounting Co., Ltd.	6%
Beijing Yake Technology Development Co., Ltd.	6%
Infosky Information Technology Co., Ltd.	13% and 6%
TravelSky Cares (Beijing) Real Estate Co., Ltd.	13% and 6%
Beijing TravelSky Travel Agency Co., Ltd.	13% and 6%
TravelSky Cloud Intelligence Technology (Beijing) Co., Ltd.	13% and 6%
Inner Mongolia TravelSky Technology Limited	13% and 6%
Zhejiang TravelSky Technology Limited	13% and 6%
Henan TravelSky Technology Limited	13% and 6%
Beijing TravelSky Technology Limited	13% and 6%
Guangzhou Skyecho Information Technology Co., Ltd.	13% and 6%
TravelSky Digital Technology (Beijing) Co., Ltd.	6%
TravelSky Technology International Limited	Not Applicable
TravelSky Technology Singapore Pte. Ltd.	Not Applicable
TravelSky Technology (Europe) GMBH	19%
TravelSky Technology USA Limited	Not Applicable
Taiwan TravelSky Limited	Not Applicable
OpenJaw Technologies Limited	23%



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)

4.1 MAJOR TAX TYPES AND TAX RATES (CONTINUED)

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

Taxpayer	Income tax rate
TravelSky Technology Limited (Remark 1)	15%
Chongqing Civil Aviation Cares Information Technology Co., Ltd. (Remark 2)	15%
Xi'an Civil Aviation Cares Technology Co., Ltd. (Remark 2)	15%
Hubei Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Civil Aviation Cares Technology of Xinjiang Co., Ltd. (Remark 1)	15%
Shenzhen Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Shanghai TravelSky Technology Limited (Remark 3)	20%
Xiamen Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Qingdao Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Yunnan Civil Aviation Cares Information Co., Ltd. (Remark 1)	15%
Hainan Civil Aviation Cares Co., Ltd. (Remark 1)	15%
Guangzhou TravelSky Technology Limited (Remark 1)	15%
China Aviation Accounting Co., Ltd. (Remark 1)	15%
Beijing Yake Technology Development Co., Ltd. (Remark 1)	15%
Infosky Information Technology Co., Ltd. (Remark 1)	15%
TravelSky Cares (Beijing) Real Estate Co., Ltd. (Remark 3)	20%
Beijing TravelSky Technology Limited (Remark 1)	15%
Guangzhou Skyecho Information Technology Co., Ltd. (Remark 3)	20%
TravelSky Digital Technology (Beijing) Co., Ltd. (Remark 3)	20%
Inner Mongolia TravelSky Technology Limited (Remark 3)	20%
TravelSky Technology International Limited	16.50%
TravelSky Technology Singapore Pte. Ltd.	17%
TravelSky Technology (Europe) GMBH	15%
TravelSky Technology USA Limited (Remark 4)	8.84% and 21%
Taiwan TravelSky Limited (Remark 5)	20%
OpenJaw Technologies Limited	12.50%



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)

4.1 MAJOR TAX TYPES AND TAX RATES (CONTINUED)

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

- Remark 1: TravelSky Technology Limited, Hubei Civil Aviation Cares Co., Ltd., Shenzhen Civil Aviation Cares Co., Ltd., Xiamen Civil Aviation Cares Co., Ltd., Qingdao Civil Aviation Cares Co., Ltd., Hainan Civil Aviation Cares Co., Ltd., Guangzhou TravelSky Technology Limited, China Aviation Accounting Co., Ltd., Beijing Yake Technology Development Co., Ltd., Infosky Information Technology Co., Ltd., Civil Aviation Cares Technology of Xinjiang Co., Ltd., Yunnan Civil Aviation Cares Information Co., Ltd. and Beijing TravelSky Technology Limited have been assessed as high-tech enterprises, enjoying the preferential income tax rate of 15%.
- Remark 2: The main business of Chongqing Civil Aviation Cares Information Technology Co., Ltd. and Xi'an Civil Aviation Cares Technology Co., Ltd. conforms to Paragraph 5, Article 26 of the Encouraged Section in the Guiding Catalog for Industrial Restructuring (2011 Edition), stating that "aviation computer management and its network system development and construction"; thus, such company enjoys the preferential policy for income tax under the Great Western Development Strategy, paying tax at 15%.
- Remark 3: According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Income Tax Preferential Policies for Small and Micro Enterprises" (Announcement No. 13, 2022) and "Announcement of the Ministry of Finance and the State Administration of Taxation on Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households" (Announcement 2023 No. 6) stipulates that from January 1, 2023 to December 31, 2024, the part of the annual taxable income of small and low-profit enterprises not exceeding 3 million shall be included in the taxable income at a reduced rate of 25%, and 20% tax rate to pay corporate income tax. In this issue, since the taxable income of Shanghai TravelSky Technology Limited, TravelSky Cares (Beijing) Real Estate Co., Ltd., Guangzhou Skyecho Information Technology Co., Ltd., Beijing Hangju Credit Management Co., Ltd. and Inner Mongolia TravelSky Technology Limited does not exceed 3 million, 25% of such taxable income was reduced, and enterprise income tax was paid at 20%, by which the actual tax burden was 5%.
- Remark 4: TravelSky Technology USA Limited pays the federal tax based on 21% of the total profits and the state tax based on 8.84% of the total profits.
- Remark 5: The business income tax rate of Taiwan TravelSky Limited is 20%.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

4 TAXATION (CONTINUED)

4.2 TAX INCENTIVES

4.2.1 Additional deduction of VAT input

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

4.2.2 High and New Technology Enterprise

Under the Corporate Income Tax Law of the People’s Republic of China (“**CIT Law**”), in general, the applicable income tax rate of enterprises in the PRC is 25%. Pursuant to relevant requirements, enterprises recognized as “High and New Technology Enterprises” are entitled to a preferential corporate income tax rate of 15% according to the CIT Law. The Company was approved and certified by relevant authorities as a “High and New Technology Enterprise” since its establishment and was reviewed to renew the identification of “High and New Technology Enterprise” in accordance with relevant regulatory requirements. The latest re-certification application should be completed in 2023, and the Company has already started the relevant work of re-applying for the qualification of “high-tech enterprise”. In accordance with relevant regulatory requirements, the Company accrues corporate income tax expenses for the first half of 2023 at a preferential tax rate of 15%.

4.2.3 Key software enterprises

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

The Company has submitted an application for a 10% preferential tax rate for key software companies in 2022 to the relevant departments in the first half of 2023 and was approved.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

5 NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 CASH AND CASH EQUIVALENTS

Item	As at June 30, 2023	As at December 31, 2022
Cash on hand	24,911.44	27,346.58
Digital currency	35,232.46	2,000,912.23
Cash at bank	8,591,903,320.16	7,481,246,261.69
Other cash and cash equivalents	88,152,162.76	94,127,187.55
Total	8,680,115,626.82	7,577,401,708.05
Including: The total amount deposited abroad	257,965,044.96	250,611,660.83
Deposit of financial company money		

Details of restricted Cash and cash equivalents due to mortgage, pledge or freezing, and are placed overseas and restricted on the repatriation of funds are as follows:

Item	As at June 30, 2023	As at December 31, 2022
Performance bond	98,203,091.52	91,735,599.70
Time deposits or call deposits used for guarantees	5,349,310.20	9,817,766.10
Total	103,552,401.72	101,553,365.80

5.2 FINANCIAL ASSETS HELD FOR TRADING

Item	As at June 30, 2023	As at December 31, 2022
Financial assets measured at fair value through the current profit or loss	3,508,751,780.82	3,311,565,068.49
Including: debt instrument investments	3,508,751,780.82	3,311,565,068.49
Total	3,508,751,780.82	3,311,565,068.49

Note: Investment in debt instruments is structured bank deposits (floating income) issued by Industrial and Commercial Bank of China, Bank of Communications, China Construction Bank and Bank of Beijing held by the Group, with an annual interest rate of 1.40%-3.10% and a maturity of 185 to 189 days, which cannot be withdrawn before maturity.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.3 NOTES RECEIVABLE

5.3.1 Breakdown of the notes receivable

Item	As at June 30, 2023	As at December 31, 2022
Bank acceptance bills	102,372,598.74	219,726,171.60
Commercial acceptance bills	53,462,307.14	
Less: provision for bad debts	2,789,206.31	
Total	153,045,699.57	219,726,171.60

5.3.2 Notes receivable pledged as at June 30, 2023

None.

5.3.3 Notes receivable endorsed or discounted but undue as at June 30, 2023

None.

5.3.4 Notes transferred to accounts receivable due to the failure of the drawer to perform the contract as at June 30, 2023

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.4 ACCOUNTS RECEIVABLE

5.4.1 Disclosure of accounts receivable (based on invoice date)

Aging	As at June 30, 2023	As at December 31, 2022
Within 1 year	3,389,643,747.02	2,544,379,717.15
<i>Including: subitem within 1 year</i>		
<i>Within 6 months</i>	2,399,445,678.95	1,908,746,823.75
<i>7-12 months</i>	990,198,068.07	635,632,893.40
1-2 years	1,137,116,253.24	1,225,249,217.80
2-3 years	340,239,420.90	467,735,617.60
3-4 years	173,919,929.05	306,125,946.46
4-5 years	102,326,975.55	95,028,259.14
Over 5 years	171,916,668.95	142,239,390.55
Sub-total	5,315,162,994.71	4,780,758,148.70
Less: provision for bad debts	578,423,043.47	696,351,329.90
Total	4,736,739,951.24	4,084,406,818.80

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

Category	As at June 30, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	467,702,876.84	8.80	205,430,651.45	43.92	262,272,225.39	284,679,098.61	5.95	202,578,861.37	71.16	82,100,237.24
Provision for bad debts accrued on a portfolio basis	4,847,460,117.87	91.20	372,992,392.02	7.69	4,474,467,725.85	4,496,079,050.09	94.05	493,772,468.53	10.98	4,002,306,581.56
Total	5,315,162,994.71	100.00	578,423,043.47		4,736,739,951.24	4,780,758,148.70	100.00	696,351,329.90		4,084,406,818.80



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.4 ACCOUNTS RECEIVABLE (CONTINUED)

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

Provision for bad debts accrued on an individual basis:

Name	As at June 30, 2023			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
Customer 1	143,786,861.10	3,058,493.76	2.13	Deteriorating financial situation
Customer 2	136,170,218.81	131,045,852.24	96.24	Operation difficulty
Customer 3	29,102,650.40	15,245,465.77	52.39	Operation difficulty
Customer 4	27,714,029.80	116,695.60	0.42	Deteriorating financial situation
Customer 5	23,256,219.24	126,667.78	0.54	Deteriorating financial situation
Other customers	107,672,897.49	55,837,476.30	51.86	
Total	467,702,876.84	205,430,651.45		

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	As at June 30, 2023		Proportion of provision (%)
	Accounts receivable	Provision for bad debts	
Accounts receivable from third-parties	2,053,490,729.85	372,992,392.02	18.16
Accounts receivable from related parties	2,793,969,388.02		
Total	4,847,460,117.87	372,992,392.02	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.4 ACCOUNTS RECEIVABLE (CONTINUED)

5.4.3 Provision, reversal or recovery of provision for bad debts in 2023

Category	As at December 31, 2022	Changes in the current period			Effect of exchange rate	As at June 30, 2023
		Provision	Reversal/Recovery	Resale/write-off		
Provision for bad debts accrued on an individual basis	202,578,861.37	1,129,671.69	50,543.18	1,875,410.24	3,648,071.81	205,430,651.45
Provision for bad debts accrued on a portfolio basis	493,772,468.53	-120,846,625.68		12,000.00	78,549.17	372,992,392.02
Total	696,351,329.90	-119,716,953.99	50,543.18	1,887,410.24	3,726,620.98	578,423,043.47

5.4.4 Accounts receivable actually write-off in 2023

Item	Amount write-off
Accounts receivable actually written off	1,887,410.24

Among them, the important accounts receivable write-off:

Name	Nature of accounts receivable	Amount write-off	Reason for write-off	Write-off procedures performed	Whether the money was incurred as a result of a related party transaction
Customer 1	Data usage fees receivable	1,875,056.19	Bankrupt distribution	Bankruptcy announcement	Yes
Total		1,875,056.19			



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.4 ACCOUNTS RECEIVABLE (CONTINUED)

5.4.5 Top five of accounts receivable as at June 30, 2023, presented by debtors

The sum amount of top five of accounts receivable presented by debtors is RMB2,119,904,722.18, accounting for 39.88% of the ending balance of accounts receivable, and the corresponding ending balance of provision for bad debts is RMB64,875,363.04.

5.4.6 Accounts receivable derecognized due to the transfer of financial assets

None.

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

None.

5.5 ADVANCES TO SUPPLIERS

5.5.1 Presentation of advances to suppliers by aging

Aging	As at June 30, 2023		As at December 31, 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	84,626,810.33	59.29	126,934,368.62	67.76
1 to 2 years	12,818,771.10	8.98	29,963,611.20	16.00
2 to 3 years	39,572,110.87	27.73	16,752,295.15	8.94
Over 3 years	5,713,065.69	4.00	13,674,889.90	7.30
Sub-total	142,730,757.99	100.00	187,325,164.87	100.00
Less: provision for bad debts	2,754,505.57		2,754,505.57	
Total	139,976,252.42		184,570,659.30	

5.5.2 Top five of advances to suppliers as at June 30, 2023, presented by prepaid objects

The sum amount of top five advances to suppliers presented based on the concentration ratio of prepaid objects amounted to RMB74,289,242.69, accounting for 52.05% of total ending balance of advances to suppliers.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.6 OTHER RECEIVABLES

Item	As at June 30, 2023	As at December 31, 2022
Interest receivable		
Dividends receivable	1,500,000.00	2,900,000.00
Other receivables	1,766,096,126.89	1,098,450,764.85
Total	1,767,596,126.89	1,101,350,764.85

5.6.1 Dividends receivable

- (1) Details of dividends receivable

Item (or investee)	As at June 30, 2023	As at December 31, 2022
Heilongjiang TravelSky Airport Network Co., Ltd	1,500,000.00	1,500,000.00
Guangzhou Airport Hangyi Information Technology Co., Ltd.		1,400,000.00
Sub-total	1,500,000.00	2,900,000.00
Less: Provision for bad debts		
Total	1,500,000.00	2,900,000.00

- (2) Significant dividends receivable with aging over one year

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.6 OTHER RECEIVABLES (CONTINUED)

5.6.2 Other receivables

(1) Disclosure by aging

Aging	As at June 30, 2023	As at December 31, 2022
Within 1 year	1,707,625,164.05	1,036,647,819.61
<i>Including: subitem within 1 year</i>		
<i>Within 6 months</i>	1,658,368,157.67	1,021,826,690.20
<i>7-12 months</i>	49,257,006.38	14,821,129.41
1-2 years	26,965,625.83	27,945,258.52
2-3 years	10,706,338.83	14,980,727.03
3-4 years	11,143,164.78	11,028,689.26
4-5 years	4,155,785.43	1,496,128.05
Over 5 years	5,607,435.24	6,459,529.65
Sub-total	1,766,203,514.16	1,098,558,152.12
Less: Provision for bad debts	107,387.27	107,387.27
Total	1,766,096,126.89	1,098,450,764.85

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.6 OTHER RECEIVABLES (CONTINUED)

5.6.2 Other receivables (Continued)

(2) Disclosure of other receivables under the methods of provision for bad debts by category

Category	As at June 30, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts										
accrued on a portfolio basis	1,766,203,514.16	100.00	107,387.27	0.01	1,766,096,126.89	1,098,558,152.12	100.00	107,387.27	0.01	1,098,450,764.85
Total	1,766,203,514.16	100.00	107,387.27		1,766,096,126.89	1,098,558,152.12	100.00	107,387.27		1,098,450,764.85

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	As at June 30, 2023		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Non-Related Parties	1,440,874,201.22	107,387.27	0.01
Related Parties	325,329,312.94		
Total	1,766,203,514.16	107,387.27	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.6 OTHER RECEIVABLES (CONTINUED)

5.6.2 Other receivables (Continued)

(3) Provision for bad debts

	Phase 1 Expected credit losses in the next 12 months	Phase 2 Expected credit losses for the entire duration (no credit impairment)	Phase 3 Expected credit losses for the entire duration (credit impairment)	Total
Balance as at December 31, 2022		107,387.27		107,387.27
In 2023, balance as at December 31, 2022		107,387.27		107,387.27
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Provision in 2023				
Reversal in 2023				
Write-off in 2023				
Charge-off in 2023				
Other changes				
Balance as at June 30, 2023		107,387.27		107,387.27



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.6 OTHER RECEIVABLES (CONTINUED)

5.6.2 Other receivables (Continued)

(3) Provision for bad debts (Continued)

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

Provision for bad debts	Phase 1 Expected credit losses in the next 12 months	Phase 2 Expected credit losses for the entire duration (no credit impairment)	Phase 3 Expected credit losses for the entire duration (credit impairment)	Total
Balance as at December 31, 2022	1,098,450,764.85	107,387.27		1,098,558,152.12
In 2023, balance as at December 31, 2022	1,098,450,764.85	107,387.27		1,098,558,152.12
- Transfer to Phase 2				
- Transfer to Phase 3				
- Reversal from Phase 2				
- Reversal from Phase 1				
Increase in 2023	667,645,362.04			667,645,362.04
Derecognition in 2023				
Other changes				
Balance as at June 30, 2023	1,766,096,126.89	107,387.27		1,766,203,514.16



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.6 OTHER RECEIVABLES (CONTINUED)

5.6.2 Other receivables (Continued)

- (4) Provision, reversal or recovery of provision for bad debts in 2023

Category	As at	Changes in the current period			Others	As at June 30, 2023
	December 31, 2022	Provision	Reversal/Recovery	Resale/write-off		
Provision for bad debts accrued on a portfolio basis	107,387.27					107,387.27
Total	107,387.27					107,387.27

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

Nature	As at June 30, 2023	As at December 31, 2022
Various margin, deposit and loan of reserve fund	30,390,045.54	24,720,402.17
Current loan	85,410,444.24	133,962,575.59
Settlement and clearing payments	544,658,765.30	431,050,210.94
Factoring receivables	1,105,744,259.08	508,824,963.42
Total	1,766,203,514.16	1,098,558,152.12

- (6) Top five of other receivable as at June 30, 2023, presented by debtors.

The summary amount of top five of other receivables presented by debtors is RMB528,451,283.71, accounting for 29.92% of the total ending balances of other receivables. The corresponding provision for bad debts has a summary amount of RMB0.00 at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.7 INVENTORIES

5.7.1 Classification of inventories

Item	As at June 30, 2023			As at December 31, 2022		
	Book balance	Provision for inventory impairment/ provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory impairment/ provision for impairment of contract performance costs	Book value
Merchandise inventories	50,545,655.32		50,545,655.32	66,436,571.18		66,436,571.18
Contract performance cost	30,843,317.73		30,843,317.73	15,075,624.82		15,075,624.82
Total	81,388,973.05		81,388,973.05	81,512,196.00		81,512,196.00

5.7.2 Provision for inventory price decline and impairment provision for contract performance costs

None.

5.8 CONTRACT ASSETS

5.8.1 Contract assets

Item	As at June 30, 2023			As at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
System integration service contracts	62,202,948.33	3,786,614.38	58,416,333.95	66,539,658.62	6,239,454.93	60,300,203.69
Total	62,202,948.33	3,786,614.38	58,416,333.95	66,539,658.62	6,239,454.93	60,300,203.69

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

Item	Changed amount	Reason for change
System integration service contracts	-4,336,710.29	The project is transferred to accounts receivable.
Total	-4,336,710.29	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.8 CONTRACT ASSETS (CONTINUED)

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

Category	As at June 30, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for impairment accrued on an individual basis	27,208.80	0.04	27,208.80	100.00		27,208.80	0.04	27,208.80	100.00	
Provision for impairment accrued on a portfolio basis	62,175,739.53	99.96	3,759,405.58	6.05	58,416,333.95	66,512,449.82	99.96	6,212,246.13	9.34	60,300,203.69
Total	62,202,948.33	100.00	3,786,614.38		58,416,333.95	66,539,658.62	100.00	6,239,454.93		60,300,203.69

Provision for impairment accrued on an individual basis:

Name	Balance as at June 30, 2023			Reason for provision
	Amount	Provision for impairment	Proportion of provision (%)	
Customer 1	27,208.80	27,208.80	100.00	It cannot be recovered for more than 5 years.
Total	27,208.80	27,208.80		



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.8 CONTRACT ASSETS (CONTINUED)

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

Provision for impairment accrued on a portfolio basis:

Item accrued on a portfolio basis:

Name	Balance as at June 30, 2023		
	Contract assets	Provision for impairment	Proportion of provision (%)
Combination of related parties	4,816,871.60		
Third-party combinations	57,358,867.93	3,759,405.58	6.55
Total	62,175,739.53	3,759,405.58	

5.8.4 Provision for impairment of contract assets in 2023

Item	Balance as at December 31, 2022	2023			Balance as at June 30, 2023
		Provision in 2023	Reversal in 2023	Write-off/charge-off in 2023	
System integration service contracts	6,239,454.93	-2,452,840.55			3,786,614.38
Total	6,239,454.93	-2,452,840.55			3,786,614.38



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.9 NON-CURRENT ASSETS MATURING WITHIN ONE YEAR

Item	As at June 30, 2023	As at December 31, 2022
Time deposits and interest within one year	70,904,222.22	30,208,916.66
Total	70,904,222.22	30,208,916.66

Significant creditor's right investments and other creditor's right investments as at June 30, 2023:

Item	Balance as at June 30, 2023				Balance as at December 31, 2022			
	Face value	Coupon rate	Actual interest rate	Maturity date	Face value	Coupon rate	Actual interest rate	Maturity date
Minsheng Bank time deposit certificate	30,000,000.00	2.30%	2.30%	2023/10/19	30,000,000.00	2.30%	2.30%	2023/10/19
Bank of Communications time deposit certificate	20,000,000.00	2.20%	2.20%	2024/5/31				
Minsheng Bank time deposit certificate	20,000,000.00	2.30%	2.30%	2024/1/29				
Total	70,000,000.00				30,000,000.00			

5.10 OTHER CURRENT ASSETS

Item	As at June 30, 2023	As at December 31, 2022
Subject to input tax deduction	78,507,838.53	116,239,613.31
Prepaid taxes	14,580,799.56	11,649,503.76
Total	93,088,638.09	127,889,117.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.11 LONG-TERM EQUITY INVESTMENTS

Investee	As at		Increase/decrease in 2023					Others	As at June 30, 2023	Balance of provision for impairment as at June 30, 2023
	December 31, 2022	Increase in investments	Decrease in investments	Gain/loss on investments recognized under equity method	Adjustment to other comprehensive income	Change in other equity change	Cash dividends or profits declared to be distributed			
1. Joint ventures										
Heilongjiang TravelSky Airport Network Co., Ltd.	21,153,676.19			1,532,900.54					22,686,576.73	
Dalian TravelSky Airport Network LLC	26,239,388.97			1,364,135.38					27,603,524.35	
Shanghai Dongmei Online Travel Agency Co., Ltd.										
Hebei TravelSky Airport Network Co., Ltd.	13,605,408.46			491,527.99					14,096,936.45	
Xinjiang TravelSky E-surfing Science and Technology Co., Ltd.	13,510,938.86			-5,241,943.41					8,268,995.45	
Sub-total	74,509,412.48			-1,853,379.50					72,656,032.98	
2. Associates										
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	89,962,511.54			487,047.72	3,240,523.68				93,690,082.94	
Shenyang Civil Aviation Northeast Cares Co., Ltd.	134,860,642.81			6,695,852.76					141,556,495.57	
Guangzhou Airport Hangyi Information Technology Co., Ltd.	6,617,338.37			823,311.67					7,440,650.04	
Yunnan TravelSky Airport Network Co., Ltd.	46,033,697.59			171,650.02					46,205,347.61	
Yantai TravelSky Airport Network Co., Ltd.	7,364,025.90			224,325.36			116,000.00		7,472,351.26	
Chengdu Civil Aviation Southwest Cares Co., Ltd.	81,336,272.50			3,741,248.07					85,077,520.57	
Beijing TravelSky Birun Technology Co., Ltd.	48,927,879.15			2,217,840.99					51,145,720.14	
TravelSky Mobile Technology Limited	226,083,902.11			-4,815,969.45					221,267,932.66	
Sub-total	641,186,269.97			9,545,307.14	3,240,523.68		116,000.00		653,856,100.79	
Total	715,695,682.45			7,691,927.64	3,240,523.68		116,000.00		726,512,133.77	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.12 INVESTMENTS IN OTHER EQUITY INSTRUMENTS

5.12.1 Details of other equity instrument investments

Item	As at June 30, 2023	As at December 31, 2022
China Merchants RenHe Life Insurance Company Limited	835,827,400.00	835,827,400.00
Total	835,827,400.00	835,827,400.00

5.12.2 Details of non-trading equity instrument investments

Item	Dividend income recognized in 2023	Accumulated gains	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons for financial assets designated to be measured at fair value through other comprehensive income	Reasons for transferring other comprehensive income to retained income
China Merchants RenHe Life Insurance Company Limited			39,172,600.00		Investment held by the Company for non-trading purposes	

5.13 OTHER NON-CURRENT FINANCIAL ASSETS

Item	As at June 30, 2023	As at December 31, 2022
Financial assets measured at fair value through the current profit or loss	602,840,606.50	529,713,729.75
Including: Equity instrument investments	602,840,606.50	529,713,729.75
Total	602,840,606.50	529,713,729.75

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.14 INVESTMENT PROPERTIES

5.14.1 Investment properties measured at cost

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) As at December 31, 2022	142,507,802.11	92,427,128.90	234,934,931.01
(2) Increase in 2023			
(3) Decrease in 2023			
(4) As at June 30, 2023	142,507,802.11	92,427,128.90	234,934,931.01
2. Accumulated depreciation			
(1) As at December 31, 2022	100,350,777.13	31,839,569.18	132,190,346.31
(2) Increase in 2023	3,296,097.18	1,143,428.40	4,439,525.58
– Provision	3,296,097.18	1,143,428.40	4,439,525.58
(3) Decrease in 2023			
(4) As at June 30, 2023	103,646,874.31	32,982,997.58	136,629,871.89
3. Provision for impairment			
(1) As at December 31, 2022			
(2) Increase in 2023			
(3) Decrease in 2023			
(4) As at June 30, 2023			
4. Book value			
(1) As at June 30, 2023	38,860,927.80	59,444,131.32	98,305,059.12
(2) As at December 31, 2022	42,157,024.98	60,587,559.72	102,744,584.70



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.14 INVESTMENT PROPERTIES (CONTINUED)

5.14.2 Investment properties with pending certificate of title

None.

5.15 FIXED ASSETS

5.15.1 Fixed assets and disposal of fixed assets

Item	As at June 30, 2023	As at December 31, 2022
Fixed assets	3,159,467,822.69	3,393,131,700.69
Disposal of fixed assets	66,842.02	129,744.41
Total	3,159,534,664.71	3,393,261,445.10

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.15 FIXED ASSETS (CONTINUED)

5.15.2 Breakdown of fixed assets

Item	Buildings and constructions	Machinery equipment	Motor vehicles	Electronic equipment	Office equipment	Others	Total
1. Original book value							
(1) As at December 31, 2022	3,010,460,609.21	1,670,996,402.48	68,897,448.59	2,346,836,115.17	290,507,343.30	29,455,360.88	7,417,153,279.63
(2) Increase in 2023			346,208.83	12,327,745.99	2,919,684.86	63,415.93	15,657,055.61
– Purchase			346,208.83	12,327,745.99	2,919,684.86	63,415.93	15,657,055.61
(3) Decrease in 2023	2,190,810.00		279,699.00	34,475,637.05	2,790,839.38	-39,748.06	39,697,237.37
– Disposal or scrapping	2,190,810.00		279,699.00	34,867,819.67	3,043,509.03		40,381,837.70
– Effect of foreign exchange				-392,182.62	-252,669.65	-39,748.06	-684,600.33
(4) As at June 30, 2023	3,008,269,799.21	1,670,996,402.48	68,963,958.42	2,324,688,224.11	290,636,188.78	29,558,524.87	7,393,113,097.87
2. Accumulated depreciation							
(1) As at December 31, 2022	704,092,358.06	1,115,332,321.38	62,147,105.33	1,883,890,287.14	220,897,837.52	24,384,576.53	4,010,744,485.96
(2) Increase in 2023	50,457,981.09	66,457,491.23	886,662.44	112,939,204.57	16,438,407.95	816,039.89	247,995,787.17
– Provision	50,457,981.09	66,457,491.23	886,662.44	112,939,204.57	16,438,407.95	816,039.89	247,995,787.17
(3) Decrease in 2023	1,956,638.08		271,308.03	33,455,083.60	2,705,938.14	-36,156.29	38,352,811.56
– Disposal or scrapping	1,956,638.08		271,308.03	33,817,034.98	2,956,931.32		39,001,912.41
– Effect of foreign exchange				-361,951.38	-250,993.18	-36,156.29	-649,100.85
(4) As at June 30, 2023	752,593,701.07	1,181,789,812.61	62,762,459.74	1,963,374,408.11	234,630,307.33	25,236,772.71	4,220,387,461.57
3. Provision for impairment							
(1) As at December 31, 2022		6,322,675.59		6,954,417.39			13,277,092.98
(2) Increase in 2023							
(3) Decrease in 2023				19,279.37			19,279.37
– Disposal or scrapping				19,279.37			19,279.37
(4) As at June 30, 2023		6,322,675.59		6,935,138.02			13,257,813.61
4. Book value							
(1) As at June 30, 2023	2,255,676,098.14	482,883,914.28	6,201,498.68	354,378,677.98	56,005,881.45	4,321,752.16	3,159,467,822.69
(2) As at December 31, 2022	2,306,368,251.15	549,341,405.51	6,750,343.26	455,991,410.64	69,609,505.78	5,070,784.35	3,393,131,700.69

5.15.3 Temporarily idle fixed assets

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.15 FIXED ASSETS (CONTINUED)

5.15.4 Details of fixed assets leased under operating lease

Item	Buildings and constructions	Office equipment	Total
1. Original book value			
(1) As at December 31, 2022	179,379,269.21	5,319,202.87	184,698,472.08
(2) Increase in 2023			
(3) Decrease in 2023			
(4) As at June 30, 2023	179,379,269.21	5,319,202.87	184,698,472.08
2. Accumulated depreciation			
(1) As at December 31, 2022	12,463,888.46	3,319,156.59	15,783,045.05
(2) Increase in 2023	2,162,106.72	515,963.16	2,678,069.88
– Provision	2,162,106.72	515,963.16	2,678,069.88
(3) Decrease in 2023			
(4) As at June 30, 2023	14,625,995.18	3,835,119.75	18,461,114.93
3. Provision for impairment			
(1) As at December 31, 2022			
(2) Increase in 2023			
(3) Decrease in 2023			
(4) As at June 30, 2023			
4. Book value			
(1) As at June 30, 2023	164,753,274.03	1,484,083.12	166,237,357.15
(2) As at December 31, 2022	166,915,380.75	2,000,046.28	168,915,427.03

5.15.5 Fixed assets without certificate of title

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Houses and constructions in TravelSky Industrial Park	1,848,772,321.20	Procedures not completed

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.15 FIXED ASSETS (CONTINUED)

5.15.6 Disposal of fixed assets

Item	As at June 30, 2023	As at December 31, 2022
Scrapped of equipments to be approved	66,842.02	129,744.41
Total	66,842.02	129,744.41

5.16 CONSTRUCTION IN PROGRESS

5.16.1 Construction in progress and project materials

Item	As at June 30, 2023	As at December 31, 2022
Construction in progress	5,726,769.08	39,949,545.68
Project materials		
Total	5,726,769.08	39,949,545.68

5.16.2 Breakdown of construction in progress

Item	As at June 30, 2023			As at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction projects in TravelSky Industrial Park	5,726,769.08		5,726,769.08	39,949,545.68		39,949,545.68
Total	5,726,769.08		5,726,769.08	39,949,545.68		39,949,545.68

5.16.3 Changes in major items of construction in progress in 2023

Item	As at December 31, 2022	Increase in 2023	Transfer into fixed assets in 2023	Other decreases in 2023	As at June 30, 2023	Proportion of the project's cumulative investment in the budget (%)	Project progress	Cumulative amount of interest capitalization	Of which: the amount of interest capitalized in the current period	Current interest capitalization rate (%)	Sources of funds
	Construction projects in TravelSky Industrial Park	39,949,545.68	4,042,550.87		38,265,327.47	5,726,769.08		Under construction			
Total	39,949,545.68	4,042,550.87		38,265,327.47	5,726,769.08						

Note: Due to the failure to obtain the approval from the regulatory authorities of the early stage of the project, the relevant upfront costs were expensed.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.17 RIGHT-OF-USE ASSETS

Item	Buildings and constructions	Others	Total
1. Original book value			
(1) As at December 31, 2022	255,775,182.77	220,126.73	255,995,309.50
(2) Increase in 2023	77,153,787.02		77,153,787.02
– New lease	79,303,754.12		79,303,754.12
– Revaluation adjustments	-2,149,967.10		-2,149,967.10
(3) Decrease in 2023	2,578,862.53		2,578,862.53
– Expiration of lease	4,182,348.80		4,182,348.80
– Effect of foreign exchange	-1,716,379.00		-1,716,379.00
– Termination of contract	112,892.73		112,892.73
(4) As at June 30, 2023	330,350,107.26	220,126.73	330,570,233.99
2. Accumulated depreciation			
(1) As at December 31, 2022	86,923,796.38	75,216.94	86,999,013.32
(2) Increase in 2023	54,070,879.01	98,191.38	54,169,070.39
– Provision	54,668,092.05	98,191.38	54,766,283.43
– Revaluation adjustments	-597,213.04		-597,213.04
(3) Decrease in 2023	3,134,512.67		3,134,512.67
– Expiration of lease	4,125,310.54		4,125,310.54
– Effect of foreign exchange	-1,072,875.17		-1,072,875.17
– Termination of contract	82,077.30		82,077.30
(4) As at June 30, 2023	137,860,162.72	173,408.32	138,033,571.04
3. Provision for impairment			
(1) As at December 31, 2022	2,153,517.57		2,153,517.57
(2) Increase in 2023			
(3) Decrease in 2023	-131,771.64		-131,771.64
– Effect of foreign exchange	-131,771.64		-131,771.64
(4) As at June 30, 2023	2,285,289.21		2,285,289.21
4. Book value			
(1) As at June 30, 2023	190,204,655.33	46,718.41	190,251,373.74
(2) As at December 31, 2022	166,697,868.82	144,909.79	166,842,778.61



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.18 INTANGIBLE ASSETS

5.18.1 Breakdown of intangible assets

Item	Land use rights	Patents	Non-patented technology	Software	Total
1. Original book value					
(1) As at December 31, 2022	2,026,569,129.00	1,125,608.94	58,256,439.64	2,199,637,852.60	4,285,589,030.18
(2) Increase in 2023			8,711,645.80	185,983,065.36	194,694,711.16
- Purchase			2,331,540.00	172,924,299.55	175,255,839.55
- Internal R&D			6,380,105.80	13,058,765.81	19,438,871.61
(3) Decrease in 2023				-4,034,121.87	-4,034,121.87
- Disposition				362,191.55	362,191.55
- Effect of foreign exchange				-4,396,313.42	-4,396,313.42
(4) As at June 30, 2023	2,026,569,129.00	1,125,608.94	66,968,085.44	2,389,655,039.83	4,484,317,863.21
2. Accumulated depreciation					
(1) As at December 31, 2022	647,789,645.26	111,484.00	47,541,722.52	1,851,994,286.23	2,547,437,138.01
(2) Increase in 2023	25,222,800.30	56,280.48	2,596,816.20	129,728,870.49	157,604,767.47
- Provision	25,222,800.30	56,280.48	2,596,816.20	129,728,870.49	157,604,767.47
(3) Decrease in 2023				-1,561,565.93	-1,561,565.93
- Disposition				362,191.55	362,191.55
- Effect of foreign exchange				-1,923,757.48	-1,923,757.48
(4) As at June 30, 2023	673,012,445.56	167,764.48	50,138,538.72	1,983,284,722.65	2,706,603,471.41
3. Provision for impairment					
(1) As at December 31, 2022					
(2) Increase in 2023					
(3) Decrease in 2023					
(4) As at June 30, 2023					
4. Book value					
(1) As at June 30, 2023	1,353,556,683.44	957,844.46	16,829,546.72	406,370,317.18	1,777,714,391.80
(2) As at December 31, 2022	1,378,779,483.74	1,014,124.94	10,714,717.12	347,643,566.37	1,738,151,892.17

Note: Among the intangible assets at the end of the period, the intangible assets formed through the Company's internal R&D accounted for 12.01% of the total balance of intangible assets.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.18 INTANGIBLE ASSETS (CONTINUED)

5.18.2 Intellectual property with uncertain useful lives

None.

5.18.3 Single intellectual property with significant influence

None.

5.18.4 Intellectual property with restrictions on ownership or use right

None.

5.18.5 Land use rights without title deeds

None.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.19 DEVELOPMENT EXPENDITURES

Item	As at December 31, 2022	Increase in 2023		Decrease in 2023		Others	As at June 30, 2023	Capitalization start point	Detailed basis for capitalization	R&D progress as at June 30, 2023
		Internal R&D expenses	Others	Recognized as intangible assets	Included in the current profit or loss					
Item 1	8,577,198.11						8,577,198.11	July 2021	The Company's internal project approval procedures have been fulfilled	The R&D has been 100% completed, and the company acceptance and closing process is underway
Item 2	14,793,800.00						14,793,800.00	August 2021	The Company's internal project approval procedures have been fulfilled	The R&D has been 100% completed, and the company acceptance and closing process is underway
Item 3	23,636,523.47	27,466.74					23,663,990.21	January 2022	The Company's internal project approval procedures have been fulfilled	R&D has been 100% completed and ready for center-level acceptance
Item 4	103,417,298.89	26,495,426.36					129,912,725.25	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 92.26% as planned
Item 5	20,614,544.45	3,796,698.72					24,411,243.17	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 89.37% as planned
Item 6	14,543,107.75	3,106,711.41					17,649,819.16	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 85.56% as planned
Item 7	13,026,591.89	4,142,175.71					17,168,767.60	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 86.40% as planned
Item 8	22,680,989.66	6,214,741.15					28,895,730.81	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 84.34% as planned
Item 9	44,441,499.68	12,562,509.83					57,004,009.51	January 2022	The Company's internal project approval procedures have been fulfilled	R&D has been 100% completed and ready for center-level acceptance
Item 10	86,541,139.57	15,510,672.96					102,051,812.53	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 87.47% as planned
Item 11	16,197,684.84	6,061,521.64					22,259,206.48	January 2022	The Company's internal project approval procedures have been fulfilled	R&D has been 100% completed and ready for center-level acceptance
Item 12	4,089,345.68	1,020,551.34					5,109,897.02	January 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 87.61% as planned
Item 13	2,812,054.66	33,842.94					2,845,897.60	October 2022	The Company's internal project approval procedures have been fulfilled	The R&D progress has been completed by 75% as planned
Item 14	3,494,001.84			3,494,001.84				January 2022	The Company's internal project approval procedures have been fulfilled	Converted to intangible assets
Item 15	971,463.35			971,463.35				January 2022	The Company's internal project approval procedures have been fulfilled	Converted to intangible assets
Item 16	1,914,640.61			1,914,640.61				January 2022	The Company's internal project approval procedures have been fulfilled	Converted to intangible assets
Item 17		13,058,765.81		13,058,765.81				January 2023	The Company's internal project approval procedures have been fulfilled	Converted to intangible assets
Total	381,751,884.45	92,031,084.61		19,438,871.61			454,344,087.45			



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.20 GOODWILL

Name of the investee or matters forming goodwill	As at December 31, 2022	Increase in 2023		Decrease in 2023		As at June 30, 2023
		Formed from the business combination	Others	Disposal	Others	
Original book value						
Guangzhou Skyecho Information Technology Limited	260,400.76					260,400.76
OpenJaw Technologies Limited	152,334,357.62					152,334,357.62
Sub-total	152,594,758.38					152,594,758.38
Provision for impairment						
OpenJaw Technologies Limited	152,334,357.62					152,334,357.62
Sub-total	152,334,357.62					152,334,357.62
Book value	260,400.76					260,400.76

5.21 LONG-TERM DEFERRED EXPENSES

Item	As at December 31, 2022	Increase in 2023	Amortization in 2023	Other decreases	As at June 30, 2023
Total	5,457,759.52	656,750.30	1,045,143.31		5,069,366.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.22 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

5.22.1 Deferred tax assets before offset

Item	As at June 30, 2023		As at December 31, 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	558,236,584.79	83,843,280.35	686,062,176.64	103,016,040.73
Employee compensation payable accrued more than actually paid	75,924,464.80	11,388,669.72	166,904,361.60	25,035,654.24
Amortization of intangible assets	855,150,324.10	128,273,516.50	783,275,261.90	117,492,257.17
Accrued expenses	915,668,142.53	137,350,221.38	923,696,511.94	138,554,108.16
Fixed assets depreciation	210,211.88	34,684.96	203,668.36	33,605.28
Contract liabilities	302,589,814.67	45,388,472.20	359,799,696.33	53,969,954.45
Changes in fair value of investments in other equity instruments	39,172,600.00	5,875,890.00	39,172,600.00	5,875,890.00
Temporary differences in lease liabilities	201,433,420.83	30,408,703.46	173,764,614.72	26,192,270.71
Total	2,948,385,563.60	442,563,438.57	3,132,878,891.49	470,169,780.74

5.22.2 Deferred tax liabilities before offset

Item	As at June 30, 2023		As at December 31, 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of financial instruments held for trading and other non-current financial assets	37,233,652.83	5,585,047.92	39,702,204.75	5,955,330.71
Taxable difference arising from asset evaluation increment	33,281,253.95	8,177,979.36	35,253,161.83	8,509,261.04
Difference arising from accelerated depreciation of fixed assets	40,668,172.10	6,100,225.82	41,009,683.56	6,151,452.53
Amortization of intangible assets	44,094,745.44	5,511,843.18	41,552,206.56	5,194,025.82
Temporary differences in right-of-use assets	189,221,737.40	28,641,895.11	166,422,129.95	25,117,654.24
Total	344,499,561.72	54,016,991.39	323,939,386.65	50,927,724.34



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.22 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

5.22.3 Details of unrecognized deferred tax assets

Item	As at June 30, 2023	As at December 31, 2022
Deductible temporary differences	1,827.62	860,022.63
Deductible losses	23,619,473.98	19,089,167.17
Total	23,621,301.60	19,949,189.80

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

Year	As at June 30, 2023	As at December 31, 2022	Remark
2026	3,845,181.67	3,845,181.67	
2027	2,073,366.07	2,073,366.07	
2028	4,931,070.14	4,931,070.14	
2029	3,144,399.65	3,144,399.65	
2030	2,485,606.98	2,485,606.98	
2031	415,383.77	415,383.77	
2032	2,194,158.89	2,194,158.89	
2033	4,530,306.81		
Total	23,619,473.98	19,089,167.17	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.23 OTHER NON-CURRENT ASSETS

Item	As at June 30, 2023			As at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Bank deposits beyond one year	85,234,277.77		85,234,277.77	103,885,611.11		103,885,611.11
Deposit funds and interest	506,921,917.81		506,921,917.81			
Total	592,156,195.58		592,156,195.58	103,885,611.11		103,885,611.11

Note: Circle funds and time deposits are RMB time deposit certificates held by China Construction Bank, Bank of Communications and Minsheng Bank for more than three months. Bank certificates of deposit have an annual interest rate of 3.10%-3.55%, a maturity of 1,096 days, and cannot be revoked before expiration.

5.24 SHORT-TERM BORROWINGS

5.24.1 Classification of short-term borrowings

Item	As at June 30, 2023	As at December 31, 2022
Credit borrowings	232,723,090.79	
Other borrowings	320,466,801.60	
Total	553,189,892.39	

(1) Credit borrowings

As at June 30, 2023, OpenJaw Technology (Dalian) Co., Ltd., a wholly-owned subsidiary of the Company, has borrowed RMB5 million from China Merchants Bank Co., Ltd. Dalian Heping Square Branch, of which RMB2 million is due from April 21, 2023 to October 21, 2023, with an annual interest rate of 5.20%; the loan period of RMB3 million is due from May 22, 2023 to November 22, 2023, with an annual interest rate of 5.20%.

As at June 30, 2023, Antu Jinxin Commercial Factoring Co., Ltd., a wholly-owned subsidiary of the Company, has borrowed RMB67.7231 million from the Business Department of China CITIC Bank Beijing Branch, of which RMB37.7231 million is due from May 16, 2023 to December 29, 2023, with an annual interest rate of one-year LPR; the loan period of RMB30 million is due from March 7, 2023 to November 30, 2023, with an annual interest rate of one-year LPR.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.24 SHORT-TERM BORROWINGS (CONTINUED)

5.24.1 Classification of short-term borrowings (Continued)

(1) Credit borrowings (Continued)

As at June 30, 2023, Antu Jinxin Commercial Factoring Co., Ltd., a wholly-owned subsidiary of the company, has borrowed RMB160 million from the Business Department of Shanghai Pudong Development Bank Tianjin Pilot Free Trade Zone Branch, of which RMB100 million is due from February 28, 2023 to August 25, 2023 with an annual interest rate of one-year LPR minus 10BPS; the loan period of RMB60 million is from March 30, 2023 to September 25, 2023 with an annual interest rate of one-year LPR minus 10BPS.

(2) Other borrowings

As at June 30, 2023, Antu Jinxin Commercial Factoring Co., Ltd., a wholly-owned subsidiary of the Company, has borrowed RMB320.4668 million from Bank of Shanghai Co., Ltd. Beijing Shunyi Branch, of which RMB78.8338 million has a loan term of from June 21, 2023 to September 21, 2023, with an annual interest rate of 3.55%; the loan period of RMB93.1033 million is due from June 25, 2023 to September 25, 2023, with an annual interest rate of 3.55%; the loan period of RMB81.2142 million is due from June 26, 2023 to September 26, 2023, with an annual interest rate of 3.55%; the loan period of RMB67.3155 million is due from June 29, 2023 to September 29, 2023, with an annual interest rate of 3.55%.

5.24.2 Short-term borrowings that have been due but not paid

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.25 ACCOUNTS PAYABLE

5.25.1 Presentation of accounts payable (based on invoice dates)

Item	As at June 30, 2023	As at December 31, 2022
Within 1 year (including 1 year)	1,051,164,553.62	1,239,973,358.98
1-2 years (including 2 years)	527,371,444.76	672,887,352.28
2-3 years (including 3 years)	266,338,117.04	132,786,037.24
Over 3 years	145,714,824.48	137,836,847.30
Total	1,990,588,939.90	2,183,483,595.80

5.25.2 Significant account payables with aging over one year

Item	As at June 30, 2023	Reason for no payment or carry-forward
Chengdu Civil Aviation Southwest Cares Co., Ltd.	61,830,308.70	Business is conducted on a continuous rolling basis
Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	34,590,447.96	Business is conducted on a continuous rolling basis
Xiamen Wanxiang Network Business Co., Ltd	25,140,997.57	Business is conducted on a continuous rolling basis
Guangzhou North Electromechanical Development Co., Ltd	24,132,000.00	Business is conducted on a continuous rolling basis
Heilongjiang TravelSky Airport Network Co., Ltd.	14,324,724.79	Business is conducted on a continuous rolling basis
Total	160,018,479.02	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.26 CONTRACT LIABILITIES

5.26.1 Details of contract liabilities

Item	As at June 30, 2023	As at December 31, 2022
System integration service contract	657,228,812.70	614,311,797.11
Total	657,228,812.70	614,311,797.11

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

Item	Changed amount	Reason for change
System integration service contract	42,917,015.59	There was an increase in unfinished business during the year.
Total	42,917,015.59	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.27 EMPLOYEE COMPENSATION PAYABLE

5.27.1 Presentation of employee benefits payable

Item	As at December 31,			As at June 30, 2023
	2022	Increase in 2023	Decrease in 2023	
Short-term compensation	193,553,105.60	682,174,235.83	761,260,795.73	114,466,545.70
Post-employment benefits – defined contribution plans	22,686,640.28	132,786,799.31	130,822,679.66	24,650,759.93
Dismissal benefits		484,165.30	484,165.30	
Other benefits due within one year				
Others	27,654,862.60	7,891,646.91	8,115,113.16	27,431,396.35
Total	243,894,608.48	823,336,847.35	900,682,753.85	166,548,701.98

5.27.2 Presentation of short-term compensation

Item	As at December 31,			As at June 30, 2023
	2022	Increase in 2023	Decrease in 2023	
(1) Salaries, bonuses, allowances and subsidies	113,933,384.76	480,405,996.49	576,166,894.33	18,172,486.92
(2) Employee welfare		39,002,134.34	39,002,134.34	
(3) Social insurance premiums	1,898,204.76	80,402,277.93	76,043,839.03	6,256,643.66
Including: Medical insurance premium	781,394.26	76,453,998.52	72,182,233.28	5,053,159.50
Work-related injury insurance premium	143,744.79	1,639,375.70	1,547,403.22	235,717.27
Maternity insurance premium	973,065.71	2,308,903.71	2,314,202.53	967,766.89
Others				
(4) Housing provident funds	3,149,260.16	66,485,886.62	60,828,983.86	8,806,162.92
(5) Labor union expenditures and employee education funds	74,572,255.92	15,877,940.45	9,218,944.17	81,231,252.20
(6) Short-term compensated absences				
(7) Short-term profit sharing plan				
Total	193,553,105.60	682,174,235.83	761,260,795.73	114,466,545.70



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.27 EMPLOYEE COMPENSATION PAYABLE (CONTINUED)

5.27.3 Presentation of defined contribution plans

Item	As at December 31,			As at June 30, 2023
	2022	Increase in 2023	Decrease in 2023	
Basic endowment insurance premium	3,723,977.24	90,493,069.97	84,457,726.28	9,759,320.93
Unemployment insurance premium	-28,930.37	2,859,959.39	2,666,992.37	164,036.65
Enterprise annuity payment	18,991,593.41	39,433,769.95	43,697,961.01	14,727,402.35
Total	22,686,640.28	132,786,799.31	130,822,679.66	24,650,759.93

5.28 TAXES PAYABLE

Taxes and surcharges	As at June 30, 2023	As at December 31, 2022
Value-added tax	3,042,911.69	19,891,823.91
Corporate income tax	190,010,642.80	168,975,461.11
Individual income tax	38,417,987.07	66,837,333.18
Urban maintenance and construction tax	2,139,500.06	3,405,407.49
House property tax	1,608,127.55	1,253,923.97
Educational surcharge	1,346,168.15	2,254,537.62
Land use tax	141,938.41	141,938.41
Others	294,326.25	1,229,322.94
Total	237,001,601.98	263,989,748.63



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.29 OTHER PAYABLES

Item	As at June 30, 2023	As at December 31, 2022
Interest payable		
Dividends payable	181,541,682.36	40,832,375.30
Other payables	3,089,816,741.57	1,693,218,125.79
Total	3,271,358,423.93	1,734,050,501.09

5.29.1 Dividends payable

Item	As at June 30, 2023	As at December 31, 2022
Ordinary share dividends	181,541,682.36	40,832,375.30
Total	181,541,682.36	40,832,375.30

5.29.2 Other payables

(1) Presentation in terms of nature

Item	As at June 30, 2023	As at December 31, 2022
E-commerce payment business	2,667,662,635.87	1,265,788,620.03
Settlement and clearing business payment	279,141,908.63	305,164,378.98
Current amounts	91,928,614.00	78,928,902.24
Social insurance and provident funds	23,998,162.93	17,562,137.87
Guaranteed deposits and deposits, etc.	27,085,420.14	25,774,086.67
Total	3,089,816,741.57	1,693,218,125.79

(2) Important other payables with aging over one year

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.30 NON-CURRENT LIABILITIES MATURING WITHIN ONE YEAR

Item	As at June 30, 2023	As at December 31, 2022
Lease liabilities due within one year	104,836,717.70	74,247,974.88
Total	104,836,717.70	74,247,974.88

5.31 OTHER CURRENT LIABILITIES

Item	As at June 30, 2023	As at December 31, 2022
Output tax to be carried forward	33,107,374.92	28,718,825.46
Total	33,107,374.92	28,718,825.46

5.32 LONG-TERM BORROWINGS

Item	As at June 30, 2023	As at December 31, 2022
Credit borrowings	200,213,888.89	200,213,888.89
Total	200,213,888.89	200,213,888.89

Note: The newly added loan in this period is the national project fund received by the parent company of the company. According to the requirements of the relevant documents of the State-owned Assets Supervision and Administration Commission of the State Council, it is a credit loan injected into the company in the form of entrusted loan. The loan principal is RMB200,000,000.00, and the loan period is from March 22, 2023 to March 21, 2025, the annual interest rate is 3.50%, interest is paid quarterly, and the principal is repaid in one lump sum.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.33 LEASE LIABILITIES

Item	As at June 30, 2023	As at December 31, 2022
Lease payments	106,702,405.26	109,504,037.38
Less: financing charges unrecognized	9,141,758.58	9,493,012.27
Total	97,560,646.68	100,011,025.11

5.34 LONG-TERM PAYABLES

Item	As at June 30, 2023	As at December 31, 2022
Long-term payables		
Special payables	420,237.65	420,237.65
Total	420,237.65	420,237.65

Special payables

Item	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at June 30, 2023
Item 1	395,709.35			395,709.35
Item 2	24,528.30			24,528.30
Total	420,237.65			420,237.65



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.35 PROVISIONS

Item	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at June 30, 2023	Forming reason
Payment of business risk reserve	20,000.00			20,000.00	
Total	20,000.00			20,000.00	

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

5.36 DEFERRED INCOME

Item	As at December 31, 2022	Increase in 2023	Decrease in 2023	As at June 30, 2023
Government grants	26,123,865.57	18,500.00	14,733,333.33	11,409,032.24
Total	26,123,865.57	18,500.00	14,733,333.33	11,409,032.24

Items involving government grants:

Item	As at December 31, 2022	New grants in 2023	Amount included in the current profit or loss in 2023	Other changes	As at June 30, 2023	Related to assets/income
Item 1	24,555,555.57		14,733,333.33		9,822,222.24	Related to assets
Item 2	223,310.00	18,500.00			241,810.00	Related to income
Item 3	1,000,000.00				1,000,000.00	Related to income
Item 4	345,000.00				345,000.00	Related to income
Total	26,123,865.57	18,500.00	14,733,333.33		11,409,032.24	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.37 SHARE CAPITAL

Item	As at December 31, 2022	Changes in 2023 ("+" for increase and "-" for decrease)				Sub-total	As at June 30, 2023
		New shares issued	Share donation	Conversion of reserves into share	Others		
Total shares	2,926,209,589.00					2,926,209,589.00	

5.38 CAPITAL RESERVES

Item	As at December 31,		Increase in 2023	Decrease in 2023	As at June 30, 2023
	2022				
Capital (share capital) premium	833,156,399.12				833,156,399.12
Other capital reserves	358,881,026.40				358,881,026.40
Total	1,192,037,425.52				1,192,037,425.52



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.39 OTHER COMPREHENSIVE INCOME

Item	As at December 31, 2022	Amount before income tax in the current period	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	2023		Amount after tax attributable to the parent company	Amount after tax attributable to minority shareholders	As at June 30, 2023
				Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses			
1. Other comprehensive income that cannot be reclassified into profit or loss	-33,296,710.00	3,240,523.68				3,240,523.68		-30,056,186.32
Including: Other comprehensive income that cannot be converted under the equity method		3,240,523.68				3,240,523.68		3,240,523.68
Changes in fair value of other equity instrument investments	-33,296,710.00							-33,296,710.00
2. Other comprehensive income that will be reclassified into profit or loss	-17,822,201.97	5,592,577.51				5,592,577.51		-12,229,624.46
Including: Translation differences of foreign currency financial statements	-17,822,201.97	5,592,577.51				5,592,577.51		-12,229,624.46
Total of other comprehensive income	-51,118,911.97	8,833,101.19				8,833,101.19		-42,285,810.78



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.40 SURPLUS RESERVES

Item	As at	As at	Increase in	Decrease in	As at
	December 31,	January 1,			2023
	2022	2023			2023
Statutory surplus reserves	2,210,542,771.57	2,210,542,771.57			2,210,542,771.57
Discretionary surplus reserves	1,855,356,659.15	1,855,356,659.15	38,865,081.58		1,894,221,740.73
Total	4,065,899,430.72	4,065,899,430.72	38,865,081.58		4,104,764,512.30

Note: The increase in this period is based on the resolution of the 25th meeting of the seventh board of directors on March 24, 2023 and the resolution of the annual general meeting of shareholders held on June 15, 2023. The discretionary surplus reserve accrued at 10% of the parent company's net profit.

5.41 GENERAL RISK RESERVES

Item	As at December 31,	Increase in 2023	Decrease in 2023	As at June 30,
	2022			2023
General risk reserves	9,863,800.26			9,863,800.26
Total	9,863,800.26			9,863,800.26

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.42 RETAINED EARNINGS

Item	Six months ended June 30, 2023	Six months ended June 30, 2022
Retained profit at the end of the previous year before adjustment	11,085,610,718.71	10,701,137,663.18
Total adjustment to retained profit at the beginning of the year (“+” for increase and “-” for decrease)	876,517.99	
Retained profit at the beginning of the year after adjustment	11,086,487,236.70	10,701,137,663.18
Plus: Net profit attributable to shareholders of parent company	1,200,385,350.66	443,034,163.67
Less: Withdrawal of statutory surplus reserves	38,865,081.58	40,040,413.72
Common stock dividends payable	155,089,108.22	160,941,527.40
Retained profit at the end of the period	12,092,918,397.56	10,943,189,885.73

Note: Adjustment of undistributed profits at the beginning of the year: Retrospective adjustment in accordance with Interpretation No. 16 of the Accounting Standards for Business Enterprises affected the undistributed profits at the beginning of the year of RMB876,517.99.

At the annual general meeting of the Company on June 15, 2023, the proposal to pay a “2022 Final Cash Dividend” was approved with a dividend of RMB0.053 per share, totalling RMB155,089,108.22.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.43 OPERATING INCOME AND OPERATING COSTS

Item	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Revenue	Cost	Revenue	Cost
Primary business	3,283,207,030.02	1,431,807,990.58	2,246,923,312.30	1,257,535,322.77
Other business	24,348,537.62	6,977,393.91	25,067,526.74	7,858,109.51
Total	3,307,555,567.64	1,438,785,384.49	2,271,990,839.04	1,265,393,432.28

Details of operating income:

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
	Aviation information technology services	1,890,117,789.80
Settlement and clearing services	185,361,259.35	141,081,951.54
System integration services	320,895,315.50	600,325,069.29
Data network services	201,682,322.11	232,282,068.20
Other income	709,498,880.88	496,388,940.46
Including: Income from technical services	311,451,215.53	222,673,625.89
Payment business income	178,684,088.21	51,890,373.68
Income from leasing, operation, and maintenance services	107,490,883.66	104,867,142.01
Logistics business income	24,038,172.17	37,001,726.90
Data service income	35,103,514.82	33,390,439.21
Total	3,307,555,567.64	2,271,990,839.04



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.44 TAXES AND SURCHARGES

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Urban construction and maintenance tax	5,443,764.35	4,470,393.74
Educational surcharges	3,022,701.07	2,521,459.04
Local educational surcharges	2,016,271.56	1,675,903.15
House property tax	23,666,156.34	22,779,697.34
Land use tax	279,687.44	305,246.49
Vehicle and vessel tax	66,567.60	60,135.00
Stamp tax	1,653,263.33	2,910,830.70
Resource tax	1,672.00	260,159.40
Others	70,985.91	105,443.46
Total	36,221,069.60	35,089,268.32

5.45 SELLING AND DISTRIBUTION EXPENSES

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Labor costs	25,173,706.91	24,124,414.42
Technical support and maintenance fees	20,985,861.97	9,978,021.55
Payments of business cost	2,183,799.55	773,687.46
Business entertainment fees	1,981,070.28	870,863.53
Expenses for business trips	1,928,264.03	436,300.14
Advertising production fee	587,408.44	3,962.26
Depreciation expenses of fixed assets	423,769.05	505,523.52
Depreciation expenses of right-of-use assets	365,062.92	439,988.24
Vehicle fees	213,357.99	199,954.66
Line rental fees	178,100.92	145,485.79
Other costs	1,061,332.20	814,497.99
Total	55,081,734.26	38,292,699.56



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.46 GENERAL AND ADMINISTRATIVE EXPENSES

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Labor costs	231,605,340.61	174,411,107.30
Depreciation expenses of fixed assets	57,305,403.52	61,806,978.14
Depreciation expenses of right-of-use assets	29,009,406.73	32,692,435.64
Amortization of intangible assets	27,900,993.20	34,453,790.19
Technical support and maintenance fees	9,414,834.15	4,671,544.12
Utility bills	9,015,636.24	7,728,362.72
Consulting fees	6,234,949.61	3,961,668.17
Property management fees of office building	5,724,066.38	5,209,795.99
Expenses for business trips	5,285,586.39	1,255,511.31
Audit fees	2,871,259.01	2,667,298.76
Other costs	60,351,284.79	20,689,021.53
Total	444,718,760.63	349,547,513.87

5.47 RESEARCH AND DEVELOPMENT EXPENSES

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Labor costs	185,596,199.61	154,289,455.60
Technical support fees	71,881,696.90	46,564,769.13
Depreciation expenses of fixed assets	6,311,177.78	9,003,791.57
Amortization of intangible assets	5,194,336.24	5,296,554.53
Depreciation expenses of right-of-use assets	3,942,456.64	348,352.50
Amortization of renovation costs	513,634.87	351,618.30
Other costs	1,777,628.30	911,080.98
Total	275,217,130.34	216,765,622.61



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.48 FINANCIAL EXPENSES

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest expenses	8,041,549.13	4,372,523.13
Including: Interest expenses of lease liabilities	4,493,568.68	4,280,531.03
Less: Interest income	63,976,022.05	67,014,421.92
Gains or losses on foreign currency exchange	-16,659,641.99	-19,695,540.36
Others	750,939.75	670,988.25
Total	-71,843,175.16	-81,666,450.90

5.49 OTHER INCOME

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Government grants	25,751,757.05	27,350,593.17
Additional deduction of input tax	7,998,161.75	12,242,640.27
Withholding of personal income tax fees	2,025,993.86	531,587.09
Total	35,775,912.66	40,124,820.53

Government grants included in other income

Subsidy item	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Related to assets/income
Enterprise support and subsidies	8,573,035.33	12,207,662.93	Related to income
Tax refunds	445,388.39	397,596.91	Related to income
Patent grants and awards	2,000,000.00	12,000.00	Related to income
Deferred income transfer-in	14,733,333.33	14,733,333.33	Related to assets
Total	25,751,757.05	27,350,593.17	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.50 INVESTMENT INCOME

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Long-term equity investments income calculated under the equity method	7,691,927.64	-2,378,075.64
Investment income from the disposal of long-term equity investments		5,750,625.91
Investment income from financial assets held for trading during the holding period	36,951,477.65	9,210,336.36
Total	44,643,405.29	12,582,886.63

5.51 GAINS FROM CHANGES IN FAIR VALUE

Sources of income from changes in fair value	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Financial assets held for trading	6,455,425.13	22,640,027.40
Other non-current financial assets	344,735.75	-2,583,098.10
Total	6,800,160.88	20,056,929.30

5.52 LOSSES FROM CREDIT IMPAIRMENT

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Bad debts of notes receivable	2,789,206.31	-4,064,094.47
Bad debts of accounts receivable	-119,767,497.17	99,280,508.41
Bad debts of prepayments		2,754,505.57
Total	-116,978,290.86	97,970,919.51



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.53 LOSSES FROM ASSETS IMPAIRMENT

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Losses from impairment of contract assets	-2,452,840.55	1,734,995.08
Losses from long-term equity investments		3,495,488.48
Losses on contract performance costs		-464.87
Total	-2,452,840.55	5,230,018.69

5.54 GAINS FROM DISPOSAL OF ASSETS

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Amount included in non-recurring profit or loss in the current period
Disposal of right-of-use assets	4,956.92	103,335.61	4,956.92
Disposal of fixed assets	2,649,978.43		2,649,978.43
Total	2,654,935.35	103,335.61	2,654,935.35



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.55 NON-OPERATING INCOME

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Amount included in non-recurring profit or loss in the current period
Government grants		200,000.00	
Gains from damage and scrapping of non-current assets	195,270.30	5,814.58	195,270.30
Indemnities	18,398,055.60	42,389,496.35	18,398,055.60
Others	1,303,937.28	2,225,615.17	1,303,937.28
Total	19,897,263.18	44,820,926.10	19,897,263.18

Government grants included in the non-operating income:

Grant item	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Related to assets/income
Epidemic subsidy from the People's Government of Houshayu Town, Shunyi District, Beijing		200,000.00	
Total		200,000.00	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.56 NON-OPERATING EXPENSES

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022	Amount included in non-recurring profit or loss in the current period
Donations	9,602,139.03		9,602,139.03
Losses from the damage and scrapping of non-current assets	1,121,006.15	148,451.68	1,121,006.15
Others	990,760.80	250,542.13	990,760.80
Total	11,713,905.98	398,993.81	11,713,905.98

5.57 INCOME TAX EXPENSES

5.57.1 List of income tax expenses

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Current income tax expenses	108,804,827.14	8,365,597.01
Deferred income tax expenses	30,404,818.33	-1,528,116.01
Total	139,209,645.47	6,837,481.00

Note: The company enjoys a preferential tax rate of 10% for key software enterprises, and the difference between the tax paid at the 15% tax rate and the tax paid at the 10% preferential tax rate totals RMB57,078,189.87, which has been reflected in the income tax expense of the current period.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.57 INCOME TAX EXPENSES (CONTINUED)

5.57.2 Adjustment process of accounting profits and income tax expenses

Item	For the six months ended June 30, 2023
Total profits	1,346,863,566.27
Income tax expenses calculated at statutory or applicable tax rate	202,029,534.94
Effect of different tax rates applicable to subsidiaries	3,361,007.04
Influence of adjustments to the income tax for the prior years	-57,843,158.98
Influence of non-taxable income	-17,400.00
Influence of non-deductible costs, expenses and losses	2,707,415.32
Influence of using the deductible losses related to deferred tax assets unrecognized in previous periods	-1,178,423.19
Influence of unrecognized deferred tax assets and deductible temporary differences or losses in current period	2,091,204.60
Additional deduction for R&D expenses	-12,405,145.90
Others	464,611.64
Income tax expenses	139,209,645.47



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.58 EARNINGS PER SHARE

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

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Consolidated net profit attributable to the common stockholder of the Company	1,200,385,350.66	443,034,163.67
Weighted average of the Company's outstanding common stock	2,926,209,589.00	2,926,209,589.00
Basic earnings per share	0.41	0.15
Including: Basic earnings per share from continuing operations	0.41	0.15
Basic earnings per share from discontinued operations		

As at June 30, 2022 and June 30, 2023, the Company has no potential dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.59 SUPPLEMENTARY INFORMATION TO THE INCOME STATEMENT WITH EXPENSES CLASSIFIED BY NATURE

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

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Labor costs	712,201,805.70	629,613,282.88
Depreciation and amortization expenses	466,005,540.32	483,736,166.16
Costs of sales of software and hardware	173,018,228.64	282,346,802.77
Technical support and maintenance fees	263,617,920.04	160,141,314.14
Commission and promotion expenses	396,453,405.50	178,255,789.96
Internet usage fees	39,427,317.80	44,849,818.11
Financial expenses	-71,843,175.16	-81,666,450.90
Other operating costs	163,078,791.72	91,056,094.30
Total	2,141,959,834.56	1,788,332,817.42

5.60 ITEMS OF STATEMENT OF CASH FLOWS

5.60.1 Other cash receipts relating to operating activities

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Government grants received	12,783,792.96	9,095,139.21
Interest income received from bank deposits	65,517,629.98	33,593,809.63
Guarantee funds and quality guarantee deposits received	6,254,092.29	19,114,802.24
Current accounts received	71,945,365.18	71,041,097.51
Other non-operating income received	19,695,583.66	44,436,617.51
Collections and payments received	109,829,330.55	8,722,601.77
Others	65,963,680,392.60	17,390,781,069.42
Total	66,249,706,187.22	17,576,785,137.29



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.60 ITEMS OF STATEMENT OF CASH FLOWS (CONTINUED)

5.60.2 Other cash payments relating to operating activities

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
General and administrative expenses paid	62,572,951.89	39,061,148.04
Selling and distribution expenses paid	29,185,550.38	14,099,317.79
Research and development expenses paid	76,189,053.93	38,913,158.32
Bank charges paid	741,482.03	593,298.93
Non-operating expenses paid	53,553.43	27,436.42
Security deposit paid	3,217,123.54	12,857,042.72
Current accounts between entities paid	181,617,575.26	197,184,030.40
Others	65,689,251,849.73	17,123,505,003.78
Total	66,042,829,140.19	17,426,240,436.40

5.60.3 Other cash payments relating to financing activities

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Lease liabilities paid	39,217,689.32	33,019,096.58
External donations	9,600,000.00	
Loan deposits		25,000.00
Total	48,817,689.32	33,044,096.58

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.61 SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOW

5.61.1 Supplementary information to the statement of cash flows

Supplementary information	For the six months ended June 30, 2023	For the six months ended June 30, 2022
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,207,653,920.80	455,820,238.46
Plus: Losses from credit impairment	-116,978,290.86	97,970,919.51
Provisions for impairment of assets	-2,452,840.55	5,230,018.69
Depreciation expenses of fixed assets	251,291,884.35	271,783,894.59
Amortization of right-of-use assets	54,766,283.43	39,579,954.09
Amortization of intangible assets	158,748,195.87	169,784,738.01
Amortization of long-term deferred expenses	1,045,143.31	927,713.76
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-2,654,935.35	-103,335.61
Losses from scrapping of fixed assets ("-" for gains)	925,735.85	149,775.46
Losses from changes in fair value ("-" for gains)	-6,800,160.88	-20,056,929.30
Financial expenses ("-" for gains)	-136,887.87	-15,323,017.23
Investment losses ("-" for gains)	-44,643,405.29	-12,582,886.63
Decreases in deferred tax assets ("-" for increases)	27,606,342.17	-6,653,566.41
Increases in deferred tax liabilities ("-" for decreases)	3,089,267.05	-1,399,280.03
Decreases in inventories ("-" for increases)	123,222.95	-19,028,596.16
Decreases in operating receivables ("-" for increases)	-1,090,775,329.14	-345,622,486.08
Increases in operating payables ("-" for decreases)	570,414,805.65	-123,806,662.50
Others		
Net cash flow from operating activities	1,011,222,951.49	496,670,492.62
2. Significant investing and financing activities not involving cash receipts and payments		
Debt transferred into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Closing balance of cash	8,576,563,225.10	5,555,889,791.20
Less: Opening balance of cash	7,475,848,342.25	6,339,602,541.52
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,100,714,882.85	-783,712,750.32



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.61 SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOW (CONTINUED)

5.61.2 Breakdowns of cash and cash equivalents

Item	As at June 30, 2023	As at December 31, 2022
I. Cash	8,576,563,225.10	7,475,848,342.25
Including: Cash on hand	24,911.44	27,346.58
Unrestricted digital currency	35,232.46	2,000,912.23
Unrestricted bank deposit	8,575,631,460.16	7,472,155,199.56
Unrestricted other monetary asset	871,621.04	1,664,883.88
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	8,576,563,225.10	7,475,848,342.25
Including: Cash and cash equivalents with restricted use right by parent company or subsidiaries of the Group		

5.62 ASSETS WITH RESTRICTIONS ON THE OWNERSHIP OR RIGHT OF USE

Item	Book value as at June 30, 2023	Reason for restriction
Cash and cash equivalents	103,552,401.72	Performance bonds and time deposits or notice deposits used as security
Other receivables-factoring receivables	356,074,224.00	Recourse domestic factoring
Other non-current assets	506,921,917.81	Enclosure funds and their interest
Total	966,548,543.53	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.63 GOVERNMENT GRANTS

5.63.1 Asset-related government grants

Category	Amount	Items listed on the statement of financial position	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
			For the six months ended June 30, 2023	For the six months ended June 30, 2022	
Engineering project grant	9,822,222.24	Deferred income	14,733,333.33	14,733,333.33	Other income

5.63.2 Income-related government grants

Category	Amount	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		For the six months ended June 30, 2023	For the six months ended June 30, 2022	
Enterprise support and subsidies	8,573,035.33	8,573,035.33	12,407,662.93	Other income
Tax refunds	445,388.39	445,388.39	397,596.91	Other income
Patent grants and awards	2,000,000.00	2,000,000.00	12,000.00	Other income



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.64 LEASE

5.64.1 The company as the lessee

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest expense arising from lease liabilities	4,493,568.68	4,280,531.03
Short-term lease expenses that are simplified treated to the cost of related assets or current profits and losses	680,318.99	13,717.12
Lease expenses for low value assets that are simplified treated to the cost of related assets or current profits and losses (exclude short-term lease for low value assets)	200,260.85	223,090.62
Cash outflows in relation to lease	39,417,950.17	39,113,745.42

The company's anticipated cash outflows from leases in future years, committed but not commenced, are as follows:

Remaining lease terms	Undiscounted lease payments
Within 1 year	109,111,774.76
1 – 2 year	82,522,590.30
2 – 3 year	13,416,909.42
Over 3 years	4,599,040.81
Total	209,650,315.29



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

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

5.64 LEASE (CONTINUED)

5.64.2 The company as the lessor

Operating lease

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Income from operating leases	23,438,398.79	25,067,526.74
Including: Income related to variable lease payments not included in lease receipts		

Undiscounted lease receipts to be received after the balance sheet date are as follows:

Remaining lease terms	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Within 1 year	51,899,363.29	48,930,591.91
1 – 2 years	58,708,159.03	46,895,953.69
2 – 3 years	46,487,659.22	46,484,506.13
3 – 4 years	40,981,175.16	42,702,124.14
4 – 5 years	41,165,063.64	41,724,957.46
Over 5 years	50,193,288.42	74,673,172.40
Total	289,434,708.76	301,411,305.73

6 CHANGE OF THE CONSOLIDATION SCOPE

There are no changes to the scope of the consolidation in this issue.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES

7.1 EQUITY IN THE SUBSIDIARIES EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES

7.1.1 Structure of the enterprise group

Name of subsidiary	Principal place of business	Business type	Registered capital	Nature of Business	Shareholding ratio (%)		Way of acquisition
					Directly	Indirectly	
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	Chongqing, China	Limited liability company	1,480.00	Provision of electronic travel distribution, airport passenger processing and cargo management services; and sales and installation of related information systems	51.00		Investment
Hunan TravelSky Technology Limited	Changsha, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	3,000.00	Planning and construction, operation management, technical support, product development and e-commerce of computer reservation, departure and freight transportation and other application systems	100.00		Investment
Xi'an Civil Aviation Cares Technology Co., Ltd.	Xi'an, China	Limited liability company	1,500.00	Computer software and hardware development and data network services	51.00		Investment
Hubei Civil Aviation Cares Co., Ltd.	Wuhan, China	Other limited liability companies	1,500.00	Provision of electronic travel distribution, airport passenger processing and cargo management services; and sales and installation of related information systems	62.50	7.68	Investment
Xinjiang Civil Aviation Cares Technology Co., Ltd.	Urumqi, China	Limited liability company (state-owned holding)	1,000.00	Computer software and hardware development and data network services	51.00		Investment
Shenzhen Civil Aviation Cares Co., Ltd.	Shenzhen, China	Limited liability company	6,100.00	Provision of e-tourism distribution and freight management services; and the sale and installation of relevant information systems	61.47		Investment
Shanghai TravelSky Technology Limited	Shanghai, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	400.00	Computer software and hardware development and data network services	100.00		Investment
Xiamen Civil Aviation Cares Co., Ltd.	Xiamen, China	Other limited liability companies	2,000.00	Computer software and hardware development and data network services	51.00		Investment
Qingdao Civil Aviation Cares Co., Ltd.	Qingdao, China	Other limited liability companies	5,000.00	Computer software and hardware development and data network services	51.00		Investment



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 EQUITY IN THE SUBSIDIARIES EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Nature of Business	Shareholding ratio (%)		Way of acquisition
					Directly	Indirectly	
Yunnan Civil Aviation Cares Information Co., Ltd.	Kunming, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	2,000.00	Computer software and hardware development and data network services	100.00		Investment
Hainan Civil Aviation Cares Co., Ltd.	Haikou, China	Other limited liability companies	1,000.00	Provision of e-tourism distribution and freight management services; and the sale and installation of relevant information systems	68.94		Investment
Guangzhou TravelSky Technology Limited	Guangzhou, China	Limited liability company (sole proprietorship)	40,000.00	Computer software and hardware development and data network services	100.00		Investment
China Aviation Accounting Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	75,978.52	Settlement, liquidation services and related information system development and support services	100.00		Investment
Beijing Yake Technology Development Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	15,612.16	Technology promotion service, computer software technology development, computer system engineering design and installation	100.00		Investment
Antu Jinxin Commercial Factoring Co., Ltd.	Beijing, China Tianjin, China	Limited liability company (sole proprietorship)	13,000.00	Provision of trade financing in the form of transferring accounts receivable; receipt, payment, settlement, management and collection of accounts receivable; management of sales sub-account (ledger); customer credit investigation and evaluation; related consulting services; other businesses permitted by laws and regulations	100.00		Investment
Infosky Information Technology Co., Ltd.	Beijing, China	Limited liability company (Sino-foreign joint venture)	\$2,548.00	Provision of freight management services and related software and technology development; provision of technical support, training and information services	94.62	5.38	Investment



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 EQUITY IN THE SUBSIDIARIES EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Nature of Business	Shareholding ratio (%)		Way of acquisition
					Directly	Indirectly	
TravelSky Cares (Beijing) Real Estate Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	1,000.00	Real estate development and sales, self-developed commercial housing contracting, labor service subcontracting and investment management	100.00		Investment
Beijing TravelSky Travel Agency Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	7,200.00	Domestic travel business and inbound travel business	100.00		Investment
TravelSky Southeast Data Center Co., Ltd.	Jiaxing, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	5,000.00	Computer system services, data processing, computer and communication equipment leasing, technical services and technical consulting	100.00		Investment
Inner Mongolia TravelSky Technology Limited	Hohhot, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	500.00	Computer and auxiliary equipment, sales, leasing, maintenance and technical consulting; computer system services and tourist information consulting	100.00		Investment
Zhejiang TravelSky Technology Limited	Hangzhou, China	Limited liability company (foreign-invested enterprise and domestic-funded joint venture)	3,734.73	Contracting of computer software and hardware engineering, airport air traffic control engineering and building weak current system engineering, and computer software and hardware, sales, maintenance, leasing and technical consulting services	51.00		Business combination under common control
Henan TravelSky Technology Limited	Zhengzhou, China	Limited liability company (sole proprietorship invested or controlled by a non-natural person)	1,000.00	Contracting of computer software and hardware engineering projects; technical consultation and service; system integration	100.00		Investment
Beijing TravelSky Technology Limited	Beijing, China	Limited liability company (sole proprietorship)	5,001.00	Technology development, technology services, and technology transfer; sales of computers, software and auxiliary equipment	100.00		Investment
Guangzhou Skyecho Information Technology Co., Ltd.	Guangzhou, China	Other limited liability companies	200.00	Software and information technology services	51.00		Business combination not under common control



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 EQUITY IN THE SUBSIDIARIES EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.1.1 Structure of the enterprise group (Continued)

Name of subsidiary	Principal place of business	Business type	Registered capital	Nature of Business	Shareholding ratio (%)		Way of acquisition
					Directly	Indirectly	
Beijing Hangju Credit Management Co., Ltd.	Beijing, China	Limited liability company (sole proprietorship)	5,000.00	Technology development, technology consulting, technology services, technology transfer, technology promotion and software development	100.00		Investment
China TravelSky International Limited	Hong Kong, China	Sole proprietorship	HK\$1,236.00	Commercial services	100.00		Investment
TravelSky Technology (Singapore) Pte. Ltd.	Singapore	Sole proprietorship	S\$7,158.08	Hardware consulting and system consulting	100.00		Investment
TravelSky Technology (Europe) GMBH	Frankfurt, Germany	Sole proprietorship	€50.00	Technology service and technology support	100.00		Investment
TravelSky Technology USA Limited	California, United States	Sole proprietorship	\$150.00	Technology service and technology support	100.00		Investment
Taiwan TravelSky Limited	Taiwan, China	Limited liability company	NT\$5,931.00	Technology service and technology support	100.00		Investment
OpenJaw Technologies Limited	Dublin, Ireland	Limited liability company (invested or controlled by natural persons)	€25.21	Technology service and technology support	100.00		Business combination not under common control



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 EQUITY IN THE SUBSIDIARIES EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.1.2 Major non-wholly-owned subsidiaries

Name of subsidiary	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in 2023	Dividends declared to be distributed to minority shareholders in 2023	Balance of minority interest as at June 30, 2023
Shenzhen Civil Aviation Cares Co., Ltd.	38.53	3,073,725.72		152,010,234.55
Xiamen Civil Aviation Cares Co., Ltd.	49.00	327,107.57		93,657,570.58
Qingdao Civil Aviation Cares Co., Ltd.	49.00	2,919,089.77		60,570,797.83

7.1.3 Key financial information of major non-wholly-owned subsidiaries

Name of subsidiaries	Balance as at June 30, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Civil Aviation Cares Co., Ltd.	396,071,651.70	47,740,583.90	443,812,235.60	48,984,222.21	295,465.22	49,279,687.43
Xiamen Civil Aviation Cares Co., Ltd.	219,741,233.32	62,292,429.91	282,033,663.23	90,733,527.33	162,236.76	90,895,764.09
Qingdao Civil Aviation Cares Co., Ltd.	255,352,462.51	23,164,611.14	278,517,073.65	138,863,817.34	16,039,383.18	154,903,200.52

Name of subsidiaries	Balance as at December 31, 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Civil Aviation Cares Co., Ltd.	393,231,753.69	50,148,351.31	443,380,105.00	56,695,873.48	143,005.47	56,838,878.95
Xiamen Civil Aviation Cares Co., Ltd.	224,050,508.74	64,695,426.90	288,745,935.64	98,271,464.89		98,271,464.89
Qingdao Civil Aviation Cares Co., Ltd.	298,460,387.17	23,552,296.68	322,012,683.85	190,830,167.70	13,935,253.39	204,765,421.09



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.1 EQUITY IN THE SUBSIDIARIES EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.1.3 Key financial information of major non-wholly-owned subsidiaries (Continued)

Name of subsidiaries	Amount for the six months ended 30 June, 2023			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Civil Aviation Cares Co., Ltd.	47,324,868.53	7,977,652.58	7,977,652.58	-1,047,752.68
Xiamen Civil Aviation Cares Co., Ltd.	43,843,652.32	667,566.48	667,566.48	352,673.36
Qingdao Civil Aviation Cares Co., Ltd.	101,719,937.50	5,957,326.06	5,957,326.06	-11,385,417.56

Name of subsidiaries	Amount for the six months ended 30 June, 2022			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Civil Aviation Cares Co., Ltd.	39,415,941.19	7,065,974.66	7,065,974.66	1,090,066.05
Xiamen Civil Aviation Cares Co., Ltd.	48,914,298.98	494,016.35	494,016.35	843,867.62
Qingdao Civil Aviation Cares Co., Ltd.	145,061,374.49	7,025,702.05	7,025,702.05	-9,018.94

7.2 EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES

7.2.1 Major joint ventures or associates

Name of joint ventures or associates	Principal place of business and registration place	Business type	Shareholding ratio (%)		Accounting treatment method of the investments in joint ventures or associates	Whether Strategic for Company's activities
			Directly	Indirectly		
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shanghai, China	Information System Integration Services	41.00		Equity method	Yes
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Shenyang, China	Information System Integration Services	46.00		Equity method	Yes
Heilongjiang TravelSky Airport Network Co., Ltd.	Harbin, China	Information System Integration Services	50.00		Equity method	Yes
Dalian TravelSky Airport Network Co., Ltd.	Dalian, China	Information System Integration Services	50.00		Equity method	Yes
TravelSky Mobile Technology Co., Ltd.	Beijing, China	Technology Development & Promotion	23.83		Equity method	Yes



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.2 EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.2.2 Principal financial information of major joint ventures

	As at June 30, 2023/ For the six months ended June 30, 2023		As at December 31, 2022/ For the six months ended June 30, 2022	
	Heilongjiang TravelSky Airport Network Co., Ltd.	Dalian TravelSky Airport Network LLC	Heilongjiang TravelSky Airport Network Co., Ltd.	Dalian TravelSky Airport Network LLC
Current assets	76,056,410.13	56,135,100.35	72,847,613.31	51,373,150.64
Including: cash and cash equivalents	20,503,352.75	13,993,853.49	10,584,403.19	14,514,382.06
Non-current assets	1,316,339.64	7,626,272.89	1,843,129.61	9,100,393.54
Total assets	77,372,749.77	63,761,373.24	74,690,742.92	60,473,544.18
Current liabilities	31,707,470.13	8,554,324.55	31,973,592.21	7,994,766.24
Non-current liabilities	292,126.18		409,798.33	
Total liabilities	31,999,596.31	8,554,324.55	32,383,390.54	7,994,766.24
Non-controlling interest equity				
Equity attributable to the shareholders of the parent company	45,373,153.46	55,207,048.69	42,307,352.38	52,478,777.94
Net asset shares calculated according to the shareholding ratios	22,686,576.73	27,603,524.35	21,153,676.19	26,239,388.97
Adjustment matters				
Book value of the equity investment in joint ventures	22,686,576.73	27,603,524.35	21,153,676.19	26,239,388.97
Fair value of the equity investment of joint ventures with public offer				
Operating income	20,920,872.99	16,728,903.21	6,693,165.54	15,658,025.52
Financial expenses	-5,360.38	-12,164.62	-12,790.07	-10,045.48
Income tax expenses	1,014,667.73	909,824.80	253,192.60	89,073.38
Net profit	2,945,724.15	2,728,270.75	2,452,268.72	267,220.13
Net profits of discontinuing operations				
Other comprehensive income				
Total comprehensive income	2,945,724.15	2,728,270.75	2,452,268.72	267,220.13
Dividends received from joint ventures in the current period				

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.2 EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.2.3 Key financial information of major associates

	As at June 30, 2023/ For the six months ended June 30, 2023			As at December 31, 2022/ For the six months ended June 30, 2022		
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shenyang Civil Aviation Northeast Cares Co., Ltd.	TravelSky Mobile Technology Co., Ltd.	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Shenyang Civil Aviation Northeast Cares Co., Ltd.	TravelSky Mobile Technology Co., Ltd.
Current assets	420,453,410.87	233,867,336.44	221,723,001.12	401,593,615.88	243,893,566.44	261,909,155.02
Non-current assets	208,417,000.33	111,030,400.79	10,047,851.43	214,489,202.51	113,448,426.33	12,909,921.23
Total assets	628,870,411.20	344,897,737.23	231,770,852.55	616,082,818.39	357,341,992.77	274,819,076.25
Current liabilities	227,708,965.07	31,409,941.72	157,584,210.99	216,527,606.92	58,411,272.64	163,066,070.91
Non-current liabilities	68,443,633.16	5,756,283.41	4,065,666.47	67,322,239.32	5,755,409.67	379,750.00
Total liabilities	296,152,598.23	37,166,225.13	161,649,877.46	283,849,846.24	64,166,682.31	163,445,820.91
Non-controlling interest equity						
Equity attributable to the shareholders of parent company	332,717,812.97	307,731,512.10	70,120,975.09	332,232,972.15	293,175,310.46	111,373,255.34
Net asset shares calculated according to the shareholding ratios	136,414,303.32	141,556,495.57	16,706,322.32	133,011,974.38	134,860,642.81	3,410,747.47
Adjustment matters	-42,724,220.38		204,561,610.34	-43,049,462.84		222,673,154.64
- Unrealized profit from internal trading	-42,724,220.38			-43,049,462.84		
- Others			204,561,610.34			222,673,154.64
Book value of the equity investment in associates	93,690,082.94	141,556,495.57	221,267,932.66	89,962,511.54	134,860,642.81	226,083,902.11
Fair value of equity investments in associates with publicly quoted prices						
Operating income	124,278,381.10	164,264,002.16	58,155,911.02	165,205,877.83	101,290,715.40	56,678,282.88
Net profit	484,840.82	14,556,201.64	-42,918,368.06	11,944,553.46	16,384,552.60	-37,841,602.89
Net profits of discontinuing operations						
Other comprehensive income						
Total comprehensive income	484,840.82	14,556,201.64	-42,918,368.06	11,944,553.46	16,384,552.60	-37,841,602.89
Dividends received from associates in the current period					4,140,000.00	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

7 EQUITY IN OTHER ENTITIES (CONTINUED)

7.2 EQUITY IN JOINT VENTURE ARRANGEMENTS OR ASSOCIATES (CONTINUED)

7.2.4 Summary of financial information on insignificant joint ventures or associates

	As at June 30, 2023/ For the six months ended 30, 2023	As at December 31, 2022/ For the six months ended 30, 2022
Joint venture:		
Total investment book value	22,365,931.90	27,116,347.32
Total amount calculated based on the following shareholding proportions		
– Net profit	-9,435,353.28	-1,009,277.81
– Other comprehensive income		
– Total comprehensive income	-9,435,353.28	-1,009,277.81
Associates:		
Total investment book value	197,341,589.62	190,279,213.51
Total amount calculated based on the following shareholding proportions		
– Net profit	20,695,963.97	-4,902,211.42
– Other comprehensive income		
– Total comprehensive income	20,695,963.97	-4,902,211.42

7.2.5 Excess losses incurred by joint ventures or associates

Name of joint ventures or associates	Accumulated unrecognized accumulated losses	Unrecognized loss for the period (or net profit shared for the period)	Accumulated unrecognized losses at the end of the period
Shanghai Dongmei Online Travel Agency Co., Ltd.	315,859.46	-4,027.08	311,832.38



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

8 RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks in the course of its operations: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The financial risks and the risk management policies taken by the Company to mitigate these risks are set out as below:

The Board of directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by it. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the changes in the market environment and the Company's business activities to decide whether to update the risk management policies and systems.

The Company diversifies its exposure to financial instruments through an appropriately diversified portfolio of investments and businesses, and reduces the risk of concentration in a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

8.1 CREDIT RISK

Credit risk refers to the risk of financial loss to the Company caused by the counterparty's failure to perform its contractual obligations.

The Company's credit risk arises mainly from cash and cash equivalents, notes receivable, accounts receivable, contract assets, other receivables, and debt instruments that are not included in the scope of impairment assessment and are measured at fair value and whose changes are included in current profit and loss. Investments and derivative financial assets, etc.. At the end of the reporting period, the book value of the Company's financial assets has represented its maximum exposure to credit risk.

The Company's cash and cash equivalents are mainly bank deposits placed with reputable state-owned banks and other large and medium-sized listed banks with high credit ratings, which the Company believes that they have no significant credit risk and will almost never incur significant losses due to bank's defaults.

In addition, for accounts receivable, other receivables and notes receivable, the Company has set the relevant policies to control credit risk exposure. The Company, based on the customers' financial positions, the possibility of obtaining guarantees from the third party, credit records and other factors such as the current market conditions, evaluated the credit qualifications of customers and set credit term. The Company would monitor the customers' credit records periodically; as for the customers with bad credit records, the Company would adopt the methods including requesting a payment in writing or shortening or canceling credit term so as to keep the Company's overall credit risks within controllable scope.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

8 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.2 LIQUIDITY RISK

Liquidity risk refers to the risk of capital shortage arising when the enterprise performs the settlement obligation by way of the delivery of funds or other financial assets.

The policy of the Company is to ensure that there are sufficient cash for the payment of the matured debts. Liquidity risk is under centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction. Meanwhile, it monitors whether provisions of the borrowing agreement are satisfied, obtain commitments of main financial institutions for providing sufficient reserve funds to satisfy the demand for short-term and long-term funds.

Various financial liabilities of the Company should be presented at undiscounted contractual cash flows on the maturity date as follows:

Item	As at June 30, 2023					Total
	Immediate repayment	Within one year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings		562,959,985.21				562,959,985.21
Account payable	1,856,204,780.02		75,223,580.65	57,457,715.36	1,702,863.87	1,990,588,939.90
Other payables	2,969,395,537.79		15,648,540.39	40,064,514.66	64,697,048.73	3,089,805,641.57
Long-term borrowings		7,524,999.99	205,094,444.44			212,619,444.43
Lease liabilities	104,836,717.70		80,190,728.06	17,369,918.62		202,397,364.38
Total	5,500,922,020.71	562,959,985.21	376,157,293.54	114,892,148.64	66,399,912.60	6,058,371,375.49

Item	As at December 31, 2022					Total
	Immediate repayment	Within one year	1-2 years	2-5 years	Over 5 years	
Account payable	1,319,011,063.84		780,682,517.66	80,933,970.79	2,856,043.51	2,183,483,595.80
Other payables	1,537,584,324.80		30,197,161.69	47,458,274.23	77,978,365.07	1,693,218,125.79
Long-term borrowings		7,311,111.11	7,116,666.67	201,555,555.56		215,983,333.34
Lease liabilities	74,247,974.88		76,197,198.86	23,813,826.25		174,258,999.99
Total	2,938,154,474.63	7,311,111.11	894,193,544.88	353,761,626.83	80,834,408.58	4,266,944,054.92



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

8 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.3 MARKET RISK

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and price risks.

8.3.1 Interest rate risk

Interest rate risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Fixed-rate and floating-rate interest-bearing financial instruments make the Company expose to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed-rate instruments to floating-rate instruments based on market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular review and monitoring. When necessary, the Company uses interest rate swap instruments to hedge interest rate risk.

On June 30, 2023, with other variables held constant, if the borrowing rate calculated at the floating rate increased or decreased by 100 basis points, the net profit of the Company would decrease or increase by RMB1,935,646.27 (December 31, 2022: 0.00 yuan). Management believes that 100 basis points reasonably reflects a reasonable range of possible changes in interest rates over the next year.

8.3.2 Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in foreign exchange rate.

The Company continuously monitor the foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risk. In 2021 and prior period, the Company did not sign any forward foreign exchange contract or currency swap contract.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

8 RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

8.3 MARKET RISK (CONTINUED)

8.3.2 Exchange rate risk (Continued)

The exchange rate risk the Company is facing is mainly from the financial assets and liabilities denominated in US dollars, and the foreign currency assets and liabilities are equivalent to the amount denominated in RMB indicated as below:

Item	As at June 30, 2023			As at December 31, 2022		
	US Dollar	Other foreign currencies	Total	US Dollar	Other foreign currencies	Total
Cash and cash equivalents	230,628,210.16	41,440,923.71	272,069,133.87	227,829,085.80	46,257,727.85	274,086,813.65
Accounts receivable	147,411,317.44	86,111,783.29	233,523,100.73	133,019,028.66	92,263,539.80	225,282,568.46
Total	378,039,527.60	127,552,707.00	505,592,234.60	360,848,114.46	138,521,267.65	499,369,382.11

On June 30, 2023, if all other variables remain unchanged, if the RMB appreciates or depreciates against the U.S. dollar by 1%, the company will decrease or increase its net profit by RMB4,297,533.99(December 31, 2022 : RMB4,244,639.75). The management believes that 1% reasonably reflects the reasonable range of possible changes in the RMB against the US dollar in the next year.

8.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of the changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risk arises primarily from investments in various equity instruments. There is the risk of changes in the prices of equity instruments.

On June 30, 2023, in the case that other variables remained the same, if the value of equity instruments increase or decrease by 2%, the Company will increase or decrease the net profits of RMB10,248,290.31 and other comprehensive income of RMB14,209,065.80 (December 31, 2022: Net profits of RMB9,005,133.41; other comprehensive income of RMB14,209,065.80). The management believes that 2% reasonably reflects the scope of potential changes in the equity instruments for the next year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

9 DISCLOSURE OF FAIR VALUE

The input value used for measuring fair value is divided into three levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The level of the measurement result of fair value shall subject to the lowest level which the input that is great significance to the entire measurement of fair value belongs to.

9.1 FAIR VALUE OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE AS AT JUNE 30, 2023

Item	Fair value as at June 30, 2023			Total
	Measurement of fair value at Level 1	Measurement of fair value at Level 2	Measurement of fair value at Level 3	
I. Continuous measurement of fair value				
◆ Financial assets held for trading		3,508,751,780.82		3,508,751,780.82
1. Specified as financial assets measured at fair value through the current profit or loss		3,508,751,780.82		3,508,751,780.82
(1) Debt instrument investment		3,508,751,780.82		3,508,751,780.82
◆ Investment in other equity instruments			835,827,400.00	835,827,400.00
◆ Other non-current financial assets			602,840,606.50	602,840,606.50
1. Financial assets measured at fair value through the current profit or loss			602,840,606.50	602,840,606.50
(1) Debt instrument investment			602,840,606.50	602,840,606.50
2. Specified as financial assets measured at fair value through the current profit or loss				
Total assets with continuous measurement of fair value		3,508,751,780.82	1,438,668,006.50	4,947,419,787.32



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

9 DISCLOSURE OF FAIR VALUE (CONTINUED)

9.2 QUALITATIVE AND QUANTITATIVE INFORMATION OF VALUATION TECHNIQUES AND KEY PARAMETERS ADOPTED FOR ITEMS MEASURED AT THE FAIR VALUE OF LEVEL 2 ON A GOING AND NON-GOING CONCERN

Item	Fair value as at June 30, 2023	Valuation techniques	Major parameters	
			Qualitative information	Quantitative information
Structured Deposits	3,508,751,780.82	Market approach	The applicable time deposit interest rate is determined based on the market exchange rate pricing issued as at June 30, 2023.	

9.3 QUALITATIVE AND QUANTITATIVE INFORMATION OF VALUATION TECHNIQUES AND KEY PARAMETERS ADOPTED FOR ITEMS MEASURED AT THE FAIR VALUE OF LEVEL 3 ON A GOING AND NON-GOING CONCERN

Item	Fair value as at June 30, 2023	Valuation techniques	Unobservable input value	Range interval
				(weighted average)
China Merchants RenHe Life Insurance Company Limited	835,827,400.00	Transaction case comparison method	Price-to-book ratio	1.60
China Mobile Equity Fund (Hebei Xiong'an) Partnership	602,840,606.50	Comparative law of listed companies	Liquidity discount	30.00%



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

10.1 PARENT COMPANY OF THE COMPANY

Name of parent company	Registration place	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
China TravelSky Holding Company Limited	No.7 Yumin Street, Houshayu Town, Shunyi District, Beijing, China	Manage all state-owned assets and state-own equity arising from the state investments in the group company and its investees.	3,000,000,000.00	29.55	29.55

The Company's ultimate controller: the State-owned Assets Supervision and Administration Commission of the State Council.

10.2 SUBSIDIARIES OF THE COMPANY

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

10.3 JOINT VENTURES AND ASSOCIATES OF THE COMPANY

See the Note 7 "Equity in other entities" for the details of major joint ventures or associates of the Company.

10.4 OTHER RELATED PARTIES

Name of other related party	Relationship with the Company
Air China Co., Ltd.	Subsidiaries of shareholders of the Company
Shenzhen Airlines Co., Ltd.	A shareholder of the Company
China Southern Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Xiamen Airlines Co., Ltd.	A shareholder of the Company
China Eastern Airlines Co., Ltd.	A shareholder of the Company
Shanghai Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
China United Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Hainan Airlines Holding Co., Ltd.	A shareholder of the Company
Sichuan Airlines Co., Ltd.	Subsidiaries of shareholders of the Company
Shandong Airlines Co., Ltd.	A shareholder of the Company
CCTS Co., Ltd.	Associate company of the shareholders of the Company
TravelSky Cloud Data Co., Ltd.	Same ultimate controller

Note: As of June 30, 2023, Air China Co., Ltd. became the controlling shareholder of Shandong Airlines Co., Ltd., and the balance of related parties on June 30, 2023 and the amount of related party transactions from January to June 2023 were consolidated into China International Disclosed in Airline Corporation and its affiliates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 RELATED-PARTY TRANSACTIONS

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of labor services

Purchase of goods/receipt of labor services

Related party	Content of related-party transactions	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	Purchase of goods/ Technology support fee	37,840,109.87	39,275,373.71
Dalian TravelSky Airport Network LLC	Technology support fee	5,597,755.38	191,150.44
Hebei TravelSky Airport Network Co., Ltd.	Technology support fee	91,974.52	2,111,769.99
Heilongjiang TravelSky Airport Network Co., Ltd.	Purchase of goods/ Technology support fee	24,042,209.43	1,362,085.54
Shanghai CAAC Huadong Kaiya System Integration Co., Ltd.	Purchase of goods/ Technology support fee	31,655,383.69	54,475,808.00
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Purchase of goods/ Technology support fee	69,295,842.54	36,345,398.86
Yunnan TravelSky Airport Network Co., Ltd.	Technology support fee	22,211,524.37	1,836,157.31
TravelSky Mobile Technology Limited	Purchase of goods/ Technology support fee	1,703,482.96	3,510,549.86
TravelSky Cloud Data Co., Ltd.	Technology support fee	3,645,610.39	5,791,052.64
Beijing TravelSky Borun Technology Co., Ltd.	Technology support fee	9,861,816.94	3,060,653.45
Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	Technology support fee		8,621,095.00
China Southern Airlines Company Limited and its subsidiaries	Technology support fee	47,453.78	39,906.37
Air China Co., Ltd. and its subsidiaries	Technology support fee	652,907.32	769,977.88
Guangzhou Airport Hangyi Information Technology Co., Ltd.	Purchase of goods	293,509.42	
CCTS Co., Ltd.	Technology support fee	3,660,858.55	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of labor services (Continued)

Sales of goods/rendering of labor services

Related party	Content of related-party transactions	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Air China Co., Ltd. and its subsidiaries	Aviation Information Technology Service	431,493,766.89	159,317,664.14
China Southern Airlines Company Limited and its subsidiaries	Aviation Information Technology Service	407,144,948.81	244,875,571.93
China Eastern Airlines Corporation Limited and its subsidiaries	Aviation Information Technology Service	388,410,833.72	142,993,049.31
Hainan Airlines Holding Co., Ltd. and its subsidiaries	Aviation Information Technology Service	214,199,029.67	103,633,611.60
Sichuan Airlines Co., Ltd.	Aviation Information Technology Service	115,745,358.73	65,247,366.77
Shandong Airlines Co., Ltd.	Aviation Information Technology Service		38,012,298.24
Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	Information Technology Service, etc	10,417,150.60	6,669,301.98
Shenyang Civil Aviation Northeast Cares Co., Ltd.	Information Technology Service, etc	726,799.98	1,086,981.11
Chengdu Civil Aviation Southwest Cares Co., Ltd.	Information Technology Service, etc	3,037,389.40	3,954,600.10
Yunnan TravelSky Airport Network Co., Ltd.	Information Technology Service, etc	2,787,610.62	1,555,566.04
Heilongjiang TravelSky Airport Network Co., Ltd.	Information Technology Service, etc	1,603.78	1,320.76
Dalian TravelSky Airport Network LLC.	Information Technology Service, etc	2,721,578.13	40,188.68
Hebei TravelSky Airport Network Co., Ltd.	Information Technology Service, etc	261,734.02	136,132.06
Shanghai Dongmei Online Travel Agency Co., Ltd.	Information Technology Service, etc	11,977.36	60,769.98
Yantai TravelSky Airport Network Co., Ltd.	Information Technology Service, etc	26,415.10	20,754.72
TravelSky Mobile Technology Co., Ltd.	Information Technology Service, etc	10,551,526.41	8,663,207.54
CCTS Co., Ltd.	Information Technology Service, etc	165,283.02	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5 RELATED-PARTY TRANSACTIONS (CONTINUED)

10.5.2 Related-party lease

The Company acted as lessee:

Name of lessor	Type of leased assets	For the six months ended June 30, 2023				For the six months ended June 30, 2022					
		Simplified treatment of rental costs for short-term leases and leases of low-value assets	Variable lease payments not included in the lease liabilities	Interest expenses incurred on lease liabilities	Increased right-of-use assets	Simplified treatment of rental costs for short-term leases and leases of low-value assets	Variable lease payments not included in the lease liabilities	Interest expenses incurred on lease liabilities	Increased right-of-use assets		
China TravelSky Holding Company Co., Ltd	Buildings			26,102,801.84	1,863,773.44	146,942,707.71			27,370,142.70	2,891,716.56	146,907,225.01
TravelSky Cloud Data Co., Ltd.	Buildings			17,135,889.05	1,960,489.81	65,993,823.55			9,957,389.80	32,965.56	
TravelSky Cloud Data Co., Ltd.	Others			61,992.45	1,059.66	104,510.72					

10.5.3 Loans from and to related parties

Related party	Amount	Starting date	Due date	Remarks
Loans from related parties				
China TravelSky Holding Company Limited	200,213,888.89	2022/3/22	2025/3/21	Principal of long-term borrowings plus accrued interest



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

10.6.1 Receivables

Item	Related party	As at June 30, 2023		As at December 31, 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable	Hainan Airlines Holding Co., Ltd. and its subsidiaries	98,632,370.73		171,148,173.75	
Accounts receivable	Air China Limited and its subsidiaries	893,159,721.02	5,314,537.29	411,339,722.46	2,695,980.99
	China Southern Airlines Company Limited and its subsidiaries	956,211,779.00	727,599.11	803,259,311.76	433,308.31
	China Eastern Airlines Corporation Limited and its subsidiaries	579,045,486.32	2,821,947.98	507,978,155.89	2,821,947.98
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	197,420,936.05	21,164,258.93	94,932,943.41	18,033,598.31
	Sichuan Airlines Co., Ltd.	42,407,638.99	12,148.73	92,498,656.90	12,187.55
	Shandong Airlines Co., Ltd.			280,928,409.00	2,905,474.26
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	49,786,921.04	58.56	51,647,366.90	58.56
	Yunnan TravelSky Airport Network Co., Ltd.	55,922,930.85		52,772,930.85	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	2,021,480.00		3,178,000.00	
	Dalian TravelSky Airport Network LLC	2,448,100.00		2,610,740.00	
	Hebei TravelSky Airport Network Co., Ltd.	5,093,800.00		4,962,000.00	
	Heilongjiang TravelSky Airport Network Co., Ltd.	300.00		800.00	
	Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	45,170,601.39		55,494,026.05	
	TravelSky Mobile Technology Limited	56,604,814.64		46,580,896.68	
	Shanghai Dongmei Online Travel Agency Co., Ltd.	29,798.00			
	Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	20,549,476.00		22,894,626.00	
	Yantai TravelSky Airport Network Co., Ltd.	4,900.00		24,600.00	
	TravelSky Cloud Data Co., Ltd.	3,793,980.48		2,118,508.53	
	CCTS Co., Ltd.	379,600.00		438,000.00	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (CONTINUED)

10.6.1 Receivables (Continued)

Item	Related party	As at June 30, 2023		As at December 31, 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Advances to suppliers					
	China Eastern Airlines Corporation Limited and its subsidiaries			6,344.00	
	China Southern Airlines Company Limited and its subsidiaries			50,000.00	
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	35,071,636.54		19,269,779.42	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	5,837,319.51		21,540,415.46	
	Chengdu Civil Aviation Southwest Cares Co., Ltd.	42,386.80		42,386.80	
	Yunnan TravelSky Airport Network Co., Ltd.	3,928,609.43		3,928,609.43	
	TravelSky Mobile Technology Limited			2,218,867.92	
	TravelSky Cloud Data Co., Ltd.	902,838.13			
	CCTS Co., Ltd.	2,451,452.50		1,295,512.50	
Other receivables					
	China Southern Airlines Company Limited and its subsidiaries	64,851,677.31		47,093,407.06	
	China Eastern Airlines Corporation Limited and its subsidiaries	83,107,868.17		88,225,544.56	
	Air China Limited and its subsidiaries	156,741,602.65		123,486,607.68	
	Sichuan Airlines Co., Ltd.	5,748,826.04		14,444,111.52	
	TravelSky Mobile Technology Limited	1,562,474.49		1,562,474.49	
	Yunnan TravelSky Airport Network Co., Ltd.			215,399.51	
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	1,657,310.55		1,567,693.47	
	Shanghai Dongmei Online Travel Agency Co., Ltd.	1,019,254.39		1,019,254.39	
	China TravelSky Holding Company Limited	511,427.94		755,409.44	
	Chengdu Civil Aviation Southwest Cares Co., Ltd.			1,272,349.32	
	Dalian TravelSky Airport Network LLC			307,184.54	
	Guangzhou Airport Hangyi Information Technology Co., Ltd.	4,691.75		147,209.26	
	Hebei TravelSky Airport Network Co., Ltd.			203,601.41	
	Heilongjiang TravelSky Airport Network Co., Ltd.			106,748.74	
	TravelSky Cloud Data Co., Ltd.			2,551,954.34	
	CCTS Co., Ltd.	3,551,129.33		3,551,129.33	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (CONTINUED)

10.6.1 Receivables (Continued)

Item	Related party	As at June 30, 2023		As at December 31, 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Contract assets					
	China Eastern Airlines Corporation Limited and its subsidiaries	27,208.80	27,208.80	27,208.80	27,208.80
	Chengdu Civil Aviation Southwest Cares Co., Ltd.	2,557,357.20		2,557,357.20	
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	120,827.00			
	Hebei TravelSky Airport Network Co., Ltd.	12,500.00			
	Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	8,200.00		8,200.00	

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (CONTINUED)

10.6.2 Payables

Item	Related party	As at June 30, 2023	As at December 31, 2022
Accounts payable			
	China TravelSky Holding Company Limited	968,475.59	968,475.59
	TravelSky Cloud Data Co., Ltd.	19,403,517.21	2,223,841.50
	CCTS Co., Ltd.	4,484,611.06	2,995,410.02
	China Mobile Equity Fund (Hebei Xiong'an) Partnership (limited partnership)		3,308,824.00
	China Southern Airlines Company Limited and its subsidiaries	14,824.32	14,909.12
	Air China Limited and its subsidiaries	155,497.23	137,737.84
	Shandong Airlines Co., Ltd.		114,000.00
	Sichuan Airlines Co., Ltd.	14,000.00	14,000.00
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	72,885,811.49	171,764,690.31
	Hebei TravelSky Airport Network Co., Ltd.	4,582,748.38	5,851,558.77
	Yunnan TravelSky Airport Network Co., Ltd.	27,292,660.64	25,716,196.72
	Dalian TravelSky Airport Network LLC	1,779,717.52	1,812,017.52
	Heilongjiang TravelSky Airport Network Co., Ltd.	42,105,346.56	47,324,995.35
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd.	127,750,392.26	137,543,980.10
	Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	101,914,912.20	150,255,333.65



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (CONTINUED)

10.6.2 Payables (Continued)

Item	Related party	As at June 30, 2023	As at December 31, 2022
	Yantai TravelSky Airport Network Co., Ltd.	91,126.26	91,126.26
	Beijing TravelSky Borun Technology Co., Ltd.	6,470,632.01	1,759,213.20
	TravelSky Mobile Technology Limited	15,430,335.18	25,112,749.04
	Shanghai Dongmei Online Travel Agency Co., Ltd.	7,315.00	7,420.00
	Xinjiang Travelsky Tianyi Technology Innovation Co., Ltd.	18,480,824.45	8,825,025.00
	Guangzhou Airport Hangyi Information Technology Co., Ltd.	11,667.00	
Other payables			
	China Eastern Airlines Corporation Limited and its subsidiaries	27,208.80	1,274,050.44
	China Southern Airlines Company Limited and its subsidiaries	5,781,267.42	684,003.58
	Air China Limited and its subsidiaries	1,272,945.08	1,264,232.03
	Beijing TravelSky Borun Technology Co., Ltd.	822,758.40	822,758.40
	TravelSky Mobile Technology Limited	851,200.00	56,314,365.87
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	594,051.90	
	China TravelSky Holding Company Limited	8,032,699.38	7,789,867.35
	Shanghai Dongmei Online Travel Agency Co., Ltd.	984.00	984.00
	Chengdu Civil Aviation Southwest Cares Co., Ltd. and its subsidiaries	20,973.45	
	TravelSky Cloud Data Co., Ltd.	137,395.00	



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS (CONTINUED)

10.6 RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (CONTINUED)

10.6.2 Payables (Continued)

Item	Related party	As at June 30, 2023	As at December 31, 2022
Contract liabilities			
	China Southern Airlines Company Limited and its subsidiaries	88,034,321.53	64,066,670.03
	Air China Limited and its subsidiaries	93,055,831.04	86,615,560.00
	China Eastern Airlines Corporation Limited and its subsidiaries	147,848,790.56	151,077,768.81
	Hainan Airlines Holding Co., Ltd. and its subsidiaries	49,546,150.52	41,565,553.21
	Sichuan Airlines Co., Ltd.	39,355,543.71	41,007,459.01
	Shandong Airlines Co., Ltd.		11,879.14
	Chengdu Civil Aviation Southwest Cares Co., Ltd.		214,713.69
	Dalian TravelSky Airport Network LLC	126,756.76	2,450,338.67
	Shanghai Dongmei Online Travel Agency Co., Ltd.	258,530.42	233,423.64
	Shanghai Civil Aviation East China Cares System Integration Co., Ltd	3,909,734.53	1,012,394.70
	Yantai TravelSky Airport Network Co., Ltd.		10,442.48
	Shenyang Civil Aviation Northeast Cares Co., Ltd.	63,380.28	119,984.05
Long term borrowings			
	China TravelSky Holding Company Limited	200,213,888.89	200,213,888.89

10.7 CENTRALIZED FUNDS MANAGEMENT

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

11 SHARE-BASED PAYMENT

11.1 GENERAL INFORMATION OF SHARE-BASED PAYMENT

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

On December 2, 2021, the Company issued an announcement that the board of directors decided to terminate the stock appreciation rights plan and the first grant plan. As of December 31, 2021, one-third of the first batch of stock appreciation rights (about 11,527,541 shares) become invalid due to failure to meet the performance standards, and the remaining number of stock appreciation rights that have been granted but not exercised is 23,055,083 shares.

As at June 30, 2023, the unexercised stock appreciation rights were not revalued at the end of the period because they were signing the act of termination.

11.2 CASH-SETTLED SHARE-BASED PAYMENT

As at June 30, 2023, the Company has recorded accumulated liabilities arising from cash settled share based payment of RMB23,496,460.61, related expenses have been accrued to RMB89,584,824.07, and the related costs have been reduced by approximately RMB66,088,363.46, of which The labor cost of entering the company in the first half of 2023 is RMB0.00.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

12 COMMITMENTS AND CONTINGENCIES

12.1 SIGNIFICANT COMMITMENTS

On April 6, 2020, the Company, as a limited partner, signed the Agreement on China Mobile Equity Fund (Hebei Xiong'an) Partnership (Limited Partnership) with China Mobile Capital Holding Co., Ltd. and other companies, by which the Company subscribed for a capital contribution of RMB1 billion. As at June 30, 2023, the Company made the actual capital contribution(including fund management fee) of RMB574,918,602.81.

Except for the case mentioned above, the Group has no other commitments required to be disclosed.

12.2 CONTINGENCIES

As at June 30, 2023, the Group had no significant contingencies required to be disclosed.

13 POST BALANCE SHEET EVENTS

13.1 SIGNIFICANT NON-ADJUSTING EVENTS

None.

13.2 PROFIT DISTRIBUTION

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

14 OTHER SIGNIFICANT EVENTS

14.1 CORRECTION OF ACCOUNTING ERRORS IN PRIOR PERIODS

There were no corrections of accounting errors in previous periods made during the reporting period.

14.2 ANNUITY PLAN

All full-time employees of the group participate in the basic pension insurance formulated by the government in accordance with national policies. As at June 30, 2023, the Group paid the basic pension insurance premium according to the maximum 16% of the employees' basic salary not exceeding the upper limit specified by the government department, and the employees paid the basic pension insurance premium according to the proportion of their own salary specified by the government. After reaching the statutory retirement age, employees receive basic pension on a monthly basis. As at June 30, 2023, the Group's total basic endowment insurance premiums amounted to RMB90,493,069.97 (as at June 30, 2022: RMB82,445,153.57).

In addition, the Group has established an enterprise annuity plan. The expenses required for an enterprise annuity shall be jointly paid by the enterprise and the individual employees. Employees may voluntarily choose to join or not join the company's enterprise annuity plan. As of June 30, 2023, the total enterprise annuity expense of the Group was RMB39,433,769.95 (As of June 30, 2022: RMB32,079,125.33).

As at June 30, 2023, the Group had no forfeited contributions to reduce its contributions to the defined contribution annuity plan managed by the group in future years.

14.3 SEGMENT INFORMATION

The Group's business is mainly located in China. The Group operates business only in one industry, i.e., providing aviation information technology and relevant services in China. The Group's revenues mainly come from its related parties and customers in China, and the revenue division made by the Group based on major product or service has been presented in Note 5.43. The Group did not prepare any segment balance sheet and income statement for period ended June 30, 2022 and 2023.

Meanwhile, as the Group's revenues mainly come from China, and its assets are also in China, there is no regional segment information presented in the Group's financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

15.1 NOTES RECEIVABLE

15.1.1 Breakdown of the notes receivable

Item	As at June 30, 2023	As at December 31, 2022
Bank acceptance bills	96,707,209.93	218,317,806.52
Commercial acceptance bills	53,462,307.14	
Less: provision for bad debts	2,789,206.31	
Total	147,380,310.76	218,317,806.52

15.1.2 Notes receivable pledged as at the end of the reporting period

None.

15.1.3 Notes receivable endorsed or discounted but undue as at the end of the reporting period

None.

15.1.4 Notes transferred to accounts receivable due to the failure of the drawer to perform the contract as at the end of the reporting period

None.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 ACCOUNTS RECEIVABLE

15.2.1 Disclosure of accounts receivable by aging

Aging	As at June 30, 2023	As at December 31, 2022
Within 1 year	2,974,989,579.12	2,142,820,807.82
Including: subitem within 1 year		
Within 6 months	2,158,579,496.21	1,583,396,513.58
7-12 months	816,410,082.91	559,424,294.24
1-2 years	1,021,403,729.99	1,132,256,137.95
2-3 years	320,685,983.08	431,067,192.13
3-4 years	167,246,352.84	295,995,002.96
4-5 years	102,150,242.39	91,129,723.76
Over 5 years	165,400,588.62	138,899,933.54
Sub-total	4,751,876,476.04	4,232,168,798.16
Less: provision for bad debts	509,339,754.61	632,760,428.95
Total	4,242,536,721.43	3,599,408,369.21

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

Category	As at June 30, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	428,311,691.02	9.01	168,292,590.82	39.29	260,019,100.20	252,416,035.66	5.96	169,308,086.66	67.08	83,107,949.00
Provision for bad debts accrued on a portfolio basis	4,323,564,785.02	90.99	341,047,163.79	7.89	3,982,517,621.23	3,979,752,762.50	94.04	463,452,342.29	11.65	3,516,300,420.21
Total	4,751,876,476.04	100.00	509,339,754.61		4,242,536,721.43	4,232,168,798.16	100.00	632,760,428.95		3,599,408,369.21



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 ACCOUNTS RECEIVABLE (CONTINUED)

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

Provision for bad debts accrued on an individual basis:

Name	As at June 30, 2023			Reason for provision
	Accounts receivable	Provision for bad debts	Proportion of provision (%)	
Customer 1	142,985,161.00	2,410,126.99	1.69	Poor financial situation
Customer 2	136,170,218.81	131,045,852.24	96.24	Operation difficulty
Customer 3	29,076,430.40	15,219,245.77	52.34	Deteriorating financial situation
Customer 4	27,714,029.80	116,695.60	0.42	Poor financial situation
Customer 5	23,216,619.24	87,067.78	0.38	Poor financial situation
Customer 6	19,665,534.64	64,408.59	0.33	Poor financial situation
Customer 7	10,897,531.04	7,810,359.19	71.67	Deteriorating financial situation
Others	38,586,166.09	11,538,834.66	29.90	
Total	428,311,691.02	168,292,590.82		



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 ACCOUNTS RECEIVABLE (CONTINUED)

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

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Portfolio	As at June 30, 2023		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Accounts receivable from third-parties	1,611,102,145.76	341,047,163.79	21.17
Accounts receivable from related parties	2,712,462,639.26		
Total	4,323,564,785.02	341,047,163.79	

15.2.3 Provision, reversal or recovery of provision for bad debts in 2023

Item	As at December 31, 2022	Provision	Changes in the current period			As at June 30, 2023
			Reversal/ Recovery	Write-off/ charge-off	Other changes	
Provision for bad debts accrued on an individual basis	169,308,086.66	910,081.53	50,521.18	1,875,056.19		168,292,590.82
Provision for bad debts accrued on a portfolio basis	463,452,342.29	-122,405,178.50				341,047,163.79
Total	632,760,428.95	-121,495,096.97	50,521.18	1,875,056.19		509,339,754.61



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.2 ACCOUNTS RECEIVABLE (CONTINUED)

15.2.4 Accounts receivable actually written off in 2023

Item	Amount of write-off
Accounts receivable actually written off	1,875,056.19

Among them, the important accounts receivable write-off:

Name	Nature of accounts receivable	Amount of write-off	Reason for write-off	Procedures performed for write-off	Whether the money is generated by related party transactions
Customer 1	Data traffic usage fees receivable	1,875,056.19	Distribution in bankruptcy	Notice of bankruptcy	Yes
Total		1,875,056.19			

15.2.5 Top five of accounts receivable as at June 30, 2023, presented by debtors.

The sum amount of top five of accounts receivable presented by debtors is RMB2,071,479,611.22, accounting for 43.59% of the ending balance of accounts receivable, and the corresponding ending balance of allowance for bad debts is RMB60,537,180.38.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 OTHER RECEIVABLES

Item	As at June 30, 2023	As at December 31, 2022
Interest receivable		
Dividends receivable	59,992,831.20	91,347,823.90
Other receivables	236,250,876.68	300,500,125.33
Total	296,243,707.88	391,847,949.23

15.3.1 Dividends receivable

(1) Details of dividends receivable

Item (or investee)	As at June 30, 2023	As at December 31, 2022
Shenzhen Civil Aviation Cares Co., Ltd.	3,934,131.20	3,934,131.20
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	13,959,900.00	14,832,319.01
Xinjiang Civil Aviation Cares Technology Co., Ltd.	28,979,200.00	28,979,200.00
Qingdao Civil Aviation Cares Co., Ltd.	5,100,000.00	5,100,000.00
Yunnan Civil Aviation Cares Information Co., Ltd.		23,364,300.00
Zhejiang Civil Aviation Information Technology Co., Ltd.		5,718,273.69
Heilongjiang TravelSky Airport Network Co., Ltd.	1,500,000.00	1,500,000.00
Hainan Civil Aviation Cares Co., Ltd.	6,519,600.00	6,519,600.00
Guangzhou Skyecho Information Technology Co., Ltd.		1,400,000.00
Sub-total	59,992,831.20	91,347,823.90
Less: provision for bad debts		
Total	59,992,831.20	91,347,823.90



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 OTHER RECEIVABLES (CONTINUED)

15.3.1 Dividends receivable (Continued)

- (2) Significant dividends receivable with aging over one year

Item (or investee)	As at June 30, 2023	Aging	Reason for non-recovery	Whether impairment occurs and the basis for its judgment
Xinjiang Civil Aviation Cares Technology Co., Ltd.	28,979,200.00	2-3 years	Not recovered yet	Normal operation, expected to be recovered in the future
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	13,959,900.00	1-2 years	Not recovered yet	Normal operation, expected to be recovered in the future
Hainan Civil Aviation Cares Co., Ltd.	5,830,200.00	2-4 years	Not recovered yet	Normal operation, expected to be recovered in the future
Qingdao Civil Aviation Cares Co., Ltd.	5,100,000.00	1-5 years	Not recovered yet	Normal operation, expected to be recovered in the future
Total	53,869,300.00			



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 OTHER RECEIVABLES (CONTINUED)

15.3.2 Other receivables

(1) Disclosure by aging

Aging	As at June 30, 2023	As at December 31, 2022
Within 1 year	78,894,678.45	144,335,894.24
Including: subitem within 1 year		
Within 6 months	31,021,572.01	143,809,798.50
7-12 months	47,873,106.44	526,095.74
1-2 years	8,567,280.15	12,563,095.29
2-3 years	8,486,395.59	3,030,864.65
3-4 years	2,593,242.85	27,628,898.74
4-5 years	25,068,598.52	100,933,224.10
Over 5 years	112,640,681.12	12,008,148.31
Sub-total	236,250,876.68	300,500,125.33
Less: provision for bad debts		
Total	236,250,876.68	300,500,125.33

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

Category	As at June 30, 2023					As at December 31, 2022				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis										
Provision for bad debts accrued on a portfolio basis	236,250,876.68	100.00			236,250,876.68	300,500,125.33	100.00			300,500,125.33
Total	236,250,876.68	100.00			236,250,876.68	300,500,125.33	100.00			300,500,125.33



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.3 OTHER RECEIVABLES (CONTINUED)

15.3.2 Other receivables (Continued)

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

Provision for bad debts accrued on a portfolio basis:

Item accrued on a portfolio basis:

Portfolio	Other receivables	As at June 30, 2023	
		Provision for bad debts	Proportion of provision (%)
Various types of security deposits, deposits, reserve funds loans	73,418,753.49		
Other receivables from related parties	162,832,123.19		
Total	236,250,876.68		

- (3) Classification of other receivables by the nature of payment

Nature	As at June 30, 2023	As at December 31, 2022
Reserve funds	1,118,532.36	924,369.53
Insurance reserve funds of personnel stationed abroad	66,027,019.87	72,168,243.70
Advance payments	34,732,527.35	96,731,919.00
Deposit payment	6,003,681.80	5,175,756.40
Others	128,369,115.30	125,499,836.70
Total	236,250,876.68	300,500,125.33

- (4) Top five of other receivable as at June 30, 2023, presented by debtors.

The sum amount of top five of other receivables presented by debtors is RMB204,051,597.06, accounting for 86.37% of the balance of other receivables as at June 30, 2023. The ending balance of the corresponding provision for bad debts is RMB0.00.



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.4 LONG-TERM EQUITY INVESTMENTS

Item	As at June 30, 2023			As at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	2,133,805,896.59		2,133,805,896.59	2,133,805,896.59		2,133,805,896.59
Investment in associates and joint ventures	505,244,201.11		505,244,201.11	493,022,527.81		493,022,527.81
Total	2,639,050,097.70		2,639,050,097.70	2,626,828,424.40		2,626,828,424.40

15.4.1 Investment in subsidiaries

Investee	Balance as at December 31, 2022	Increase in 2023	Decrease in 2023	Balance as at June 30, 2023	Provision for impairment in 2023	Balance of provision for impairment as at June 30, 2023
China Aviation Accounting Co., Ltd.	853,519,487.07			853,519,487.07		
Xi'an Civil Aviation Cares Technology Co., Ltd.	1,020,000.00			1,020,000.00		
Hainan Civil Aviation Cares Co., Ltd.	10,205,095.00			10,205,095.00		
Shenzhen Civil Aviation Cares Co., Ltd.	4,302,941.18			4,302,941.18		
Hubei Civil Aviation Cares Co., Ltd.	11,446,825.00			11,446,825.00		
Chongqing Civil Aviation Cares Information Technology Co., Ltd.	4,998,000.00			4,998,000.00		
Yunnan Civil Aviation Cares Information Co., Ltd.	40,031,154.00			40,031,154.00		
Xiamen Civil Aviation Cares Co., Ltd.	1,020,000.00			1,020,000.00		
Qingdao Civil Aviation Cares Co., Ltd.	1,020,000.00			1,020,000.00		
Infosky Information Technology Co., Ltd.	153,820,754.50			153,820,754.50		
Xinjiang Civil Aviation Cares Technology Co., Ltd.	1,530,000.00			1,530,000.00		
Guangzhou TravelSky Technology Limited	400,000,000.00			400,000,000.00		
Shanghai TravelSky Technology Limited	4,000,000.00			4,000,000.00		
TravelSky Cares (Beijing) Property Co., Ltd.	10,000,000.00			10,000,000.00		



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.4 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

15.4.1 Investment in subsidiaries (Continued)

Investee	Balance as at December 31, 2022	Increase in 2023	Decrease in 2023	Balance as at June 30, 2023	Provision for impairment in 2023	Balance of provision for impairment as at June 30, 2023
Inner Mongolia Civil Aviation Information Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Hunan TravelSky Technology Limited	30,000,000.00			30,000,000.00		
Beijing TravelSky Travel Service Co., Ltd.	72,000,000.00			72,000,000.00		
TravelSky Huadong Data Center Co., Ltd.	50,000,000.00			50,000,000.00		
Zhejiang Civil Aviation Information Technology Co., Ltd.	19,047,100.00			19,047,100.00		
Henan Civil Aviation Information Technology Co., Ltd.	10,000,000.00			10,000,000.00		
Beijing Civil Aviation Information Technology Co., Ltd.	50,010,000.00			50,010,000.00		
Guangzhou Skyecho Information Technology Co., Ltd.	4,000,000.00			4,000,000.00		
Beijing HangJu Credit Management Co., Ltd.	5,000,000.00			5,000,000.00		
TravelSky Technology (Singapore) Limited	353,594,927.55			353,594,927.55		
TravelSky International Limited	11,364,427.02			11,364,427.02		
TravelSky Technology (Europe) Limited	4,679,918.76			4,679,918.76		
TravelSky Technology (America) Limited	9,738,500.00			9,738,500.00		
Taiwan TravelSky Limited	12,456,766.51			12,456,766.51		
Total	2,133,805,896.59			2,133,805,896.59		



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.4 LONG-TERM EQUITY INVESTMENTS (CONTINUED)

15.4.2 Investments in associates and joint ventures

Investees	As at December 31, 2022	Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Increase/decrease in 2023			Provision for impairment as at June 30, 2023
					Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	
								As at June 30, 2023
1. Joint ventures								
Heilongjiang TravelSky Airport Network Co., Ltd.	21,153,676.19			1,532,900.54				22,686,576.73
Dalian TravelSky Airport Network LLC	26,239,388.97			1,364,135.38				27,603,524.35
Hebei TravelSky Airport Network Co., Ltd.	13,605,408.46			491,527.99				14,096,936.45
Shengtai Dongmei Online Travel Agency Co., Ltd.								
Xinjiang TravelSky E-surfing Science and Technology Co., Ltd.	13,510,938.86			-5,241,943.41				8,268,995.45
Sub-total	74,509,412.48			-1,853,379.50				72,656,032.98
2. Associates								
Shengtai Civil Aviation East China Cares System Integration Co., Ltd.	89,962,511.54			467,047.72	3,240,523.68			93,690,082.94
Shenyang Civil Aviation Northeast Cares Co., Ltd.	134,860,642.81			6,695,652.76				141,556,495.57
Guangzhou Airport Hengji Information Technology Co., Ltd.	6,617,338.37			823,311.67				7,440,650.04
Yunnan TravelSky Airport Network Co., Ltd.	46,033,697.59			171,650.02		116,000.00		46,205,347.61
Yantai TravelSky Airport Network Co., Ltd.	7,384,025.90			224,325.36				7,472,351.26
Chengdu Civil Aviation Southwest Cares Co., Ltd.	81,336,272.50			3,741,248.07				85,077,520.57
Beijing TravelSky Borun Technology Co., Ltd.	48,927,879.15			2,217,840.99				51,145,720.14
TravelSky Mobile Technology Limited	3,410,747.47			-3,410,747.47				
Sub-total	418,513,115.33			10,950,529.12	3,240,523.68	116,000.00		428,588,168.13
Total	493,022,527.81			9,097,149.62	3,240,523.68	116,000.00		505,244,201.11



NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (CONTINUED)

(Amounts are expressed in RMB unless otherwise stated)

15 NOTES TO THE MAIN ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15.5 OPERATING REVENUE AND OPERATING COSTS

Item	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
	Revenue	Cost	Revenue	Cost
Primary business	2,560,224,162.10	1,046,775,686.01	1,679,379,806.60	982,002,469.61
Other business	16,542,500.73	4,166,004.66	16,886,889.80	4,168,284.66
Total	2,576,766,662.83	1,050,941,690.67	1,696,266,696.40	986,170,754.27

15.6 INVESTMENT INCOME

Item	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Long-term equity investment income calculated under the cost method		2,438,300.00
Long-term equity investment income calculated under the equity method	9,097,149.62	-972,853.66
Income from held-for-trading financial assets during the holding period	36,951,477.65	9,210,336.36
Total	46,048,627.27	10,675,782.70

TRAVELSKY TECHNOLOGY LIMITED

August 24, 2023



CORPORATE INFORMATION

(As of the latest practicable date September 6, 2023 before the issue date of this report)

BOARD

The seventh session of the Board of the Company established by election by shareholders on February 27, 2020 comprises:

Huang Rongshun	Chairman, Executive Director and General Manager
Liu Jianping	Executive Director
Zhao Xiaohang	Non-executive Director
Xi Sheng	Non-executive Director
Luo Laijun	Non-executive Director
Liu Zehong	Independent Non-executive Director
Chan Wing Tak Kevin	Independent Non-executive Director
Xu Hongzhi	Independent Non-executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE (SUPERVISION COMMITTEE)

Chan Wing Tak Kevin	Chief Member (Chairman)
Liu Zehong	Member
Xu Hongzhi	Member

REMUNERATION AND EVALUATION COMMITTEE

Liu Zehong	Chief Member (Chairman)
Chan Wing Tak Kevin	Member
Xu Hongzhi	Member

NOMINATION COMMITTEE

Huang Rongshun	Chief Member (Chairman)
Liu Zehong	Member
Xu Hongzhi	Member



CORPORATE INFORMATION (CONTINUED)

(As of the latest practicable date September 6, 2023 before the issue date of this report)

STRATEGY AND INVESTMENT COMMITTEE (LEGAL COMPLIANCE COMMITTEE)

Appointed by the seventh session of the Board of the Company on February 27, 2020 and comprises:

Huang Rongshun	Chief Member (Chairman)
Liu Jianping	Member
Zhao Xiaohang	Member
Xi Sheng	Member
Luo Laijun	Member
Liu Zehong	Member (appointed on January 18, 2023)

SUPERVISORY COMMITTEE

The seventh session of the Supervisory Committee established by election by shareholders on February 27, 2020 (except for the staff representative supervisors) comprises:

Liang Shuang	Staff Representative Supervisor
Yang Jun	Supervisor
Bai Bin	Supervisor (appointed on June 15, 2023)

SUPERVISORY RESIGNED

Tang Lichao	Supervisor (appointed on February 26, 2021, resigned on June 15, 2023)
Zhu Yan	Independent Supervisor (appointed on February 27, 2020, resigned on June 30, 2023)

SENIOR MANAGEMENT

Huang Rongshun	General Manager, Chairman, Executive Director
Li Jinsong	Vice General Manager, Chief Financial Officer (Chief Accountant)
Yuan Leifeng	Vice General Manager
Liang Haifeng	Vice General Manager
Wang Jinping	Vice General Manager
Zhu Xiaoxing	Vice General Manager
Yu Xiaochun	Company Secretary (Secretary to the Board)



CORPORATE INFORMATION (CONTINUED)

(As of the latest practicable date September 6, 2023 before the issue date of this report)

SENIOR MANAGEMENT RESIGNED

Rong Gang Vice General Manager (resigned on April 28, 2023)

REGISTERED ADDRESS

7 Yu Min Da Street, Houshayu Town, Shunyi District
Beijing 101308, PRC

PLACE OF BUSINESS IN HONG KONG

Room 3606, 36/F, China Resources Building
26 Harbour Road, Wanchai
Hong Kong

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00696

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong



CORPORATE INFORMATION (CONTINUED)

(As of the latest practicable date September 6, 2023 before the issue date of this report)

DEPOSITARY OF SPONSORED LEVEL I AMERICAN DEPOSITARY RECEIPT PROGRAMME

The Bank of New York Mellon

REGULAR MAIL:

BNY Mellon Shareowner Services
P.O. Box 43006
Providence RI 02940-3078

OVERNIGHT MAIL:

BNY Mellon Shareowner Services
150 Royall St., Suite 101
Canton, MA 02021

AUDITOR

BDO China SHU LUN PAN Certified Public Accountants LLP
Room 1410, Fanli Building,
No. 22 Chaoyangmenwai Street, Chaoyang District, Beijing
100020, PRC

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

LEGAL ADVISERS

AS TO HONG KONG LAW:

DLA Piper Hong Kong
25th Floor
Three Exchange Square
8 Connaught Place
Central, Hong Kong



CORPORATE INFORMATION (CONTINUED)

(As of the latest practicable date September 6, 2023 before the issue date of this report)

LEGAL ADVISERS (Continued)

AS TO THE PRC LAW:

Da Cheng Law Firm 16-21F, Tower B,
ZT International Center,
No.10 Chaoyangmen South Street,
Chaoyang District, Beijing, 100020, PRC

PUBLIC RELATIONS CONSULTANT

Ever Bloom (HK) Communications Consultants Group Limited
10/F, 80 Gloucester Road, Wanchai, Hong Kong
Tel: 852-3468 8310
Fax: 852-2111 1103
Email: travelsky.list@everbloom.com.cn

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Email: ir@travelsky.com.cn
Website: www.travelskyir.com

COMPANY'S WEBSITES

WEBSITE OF CONSOLIDATED INFORMATION OF THE COMPANY:

www.travelsky.cn

WEBSITE ESTABLISHED IN ACCORDANCE WITH RULE 2.07C(6)(a) OF THE LISTING RULES:

www.travelskyir.com

You may obtain the English and Chinese versions of the financial reports, announcements, circulars, operation data and results presentation of the Company through this website.



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