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

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

ANNOUNCEMENT OF RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board of directors (the “**Board**”) of TravelSky Technology Limited (the “**Company**”) hereby presents the unaudited interim results announcement of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2024, which is prepared in accordance with China Accounting Standards for Business Enterprise (“**CASBE**”).

CONSOLIDATED INCOME STATEMENT

For the year ended June 30, 2024 (Amounts are expressed in RMB'000 unless otherwise stated)

Item	Notes	For the Six months ended June 30, 2024	For the Six months ended June 30, 2023
I. Total operating income		4,041,791	3,307,556
Including: Operating income	5.f)	4,041,791	3,307,556
II. Total operating costs		2,535,291	2,178,181
Including: Operating cost	5.f)	1,634,123	1,438,785
Taxes and surcharges		44,668	36,221
Selling and distribution expenses		38,888	55,082
General and administrative expenses		464,306	444,719
Research and development expenses		431,960	275,217
Financial expenses		-78,654	-71,843
Including: Interest expenses		6,435	8,042
Interest income		73,391	63,976
Plus: Other income		7,678	35,776
Investment income (“-” for losses)	5.g)	39,335	44,643
Including: Gain from investment in associates and joint ventures		2,121	7,692
Gain from derecognition of financial assets measured at amortized cost		—	—
Foreign exchange gains (“-” for losses)		—	—
Income from net exposure hedging (“-” for losses)		—	—
Gains from changes in fair value (“-” for losses)		485	6,800
Credit impairment losses (“-” for losses)	5.h)	65,664	116,978
Asset impairment losses (“-” for losses)	5.i)	-6,021	2,453
Gains on disposal of assets (“-” for losses)		16	2,655
III. Operating profits (“-” for losses)		1,613,656	1,338,680
Plus: Non-operating income		3,163	19,897
Less: Non-operating expenses		11,096	11,714
IV. Total profits (“-” for total losses)		1,605,722	1,346,864
Less: Income tax expenses		228,907	139,210
V. Net profit (“-” for net loss)		1,376,815	1,207,654
(I) Classified by operating continuity			
1. Net profit from continuing operations (“-” for net loss)		1,376,815	1,207,654
2. Net profit from discontinued operations (“-” for net loss)		—	—
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company (“-” for net loss)		1,367,221	1,200,385
2. Net profit attributable to non-controlling interests (“-” for net loss)		9,594	7,269

Item	<i>Notes</i>	For the Six months ended June 30, 2024	For the Six months ended June 30, 2023
VI. Other comprehensive income, net of tax		45,396	8,833
Other comprehensive income, net of tax attributable to shareholders of the Company		45,396	8,833
(I) Items that cannot be reclassified to profit or loss		44,182	3,241
1. Re-measurement of changes in net liabilities or net assets defined benefit plan		—	—
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		—	3,241
3. Changes in fair value of other equity instruments investment		44,182	—
4. Changes in the fair value of own credit risk		—	—
(II) Items that may be reclassified to profit or loss		1,214	5,593
1. Other comprehensive income that may be reclassified to profit or loss under equity method		—	—
2. Changes in fair value of other debt investment		—	—
3. Amount of financial assets reclassified into other comprehensive income		—	—
4. Provision for credit impairment of other debt investment		—	—
5. Cash flow hedging reserves		—	—
6. Translation differences arising from translation of foreign currency financial statements		1,214	5,593
7. Others		—	—
Other comprehensive income, net of tax, attributable to non-controlling interests		—	—
VII. Total comprehensive income		1,422,212	1,216,487
Total comprehensive income attributable to shareholders of the Company		1,412,617	1,209,218
Total comprehensive income attributable to non- controlling interests		9,594	7,269
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	5.j)	0.47	0.41
(II) Diluted earnings per share (RMB/share)	5.j)	0.47	0.41

CONSOLIDATED BALANCE SHEET

As at June 30, 2024 (Amounts are expressed in RMB'000 unless otherwise stated)

Assets	Notes	As at June 30, 2024	As at December 31, 2023
Current assets:			
Cash and bank balances		9,609,663	7,367,554
Balances with clearing companies		—	—
Loans to banks and other financial institutions		—	—
Financial assets held for trading		2,702,068	3,504,857
Derivative financial assets		—	—
Notes receivable		234,705	219,778
Accounts receivable	5.a)	5,336,413	4,519,512
Receivables financing		—	—
Advances to suppliers		192,825	131,725
Premiums receivables		—	—
Reinsurance accounts receivable		—	—
Reinsurance contract reserves receivable		—	—
Other receivables		2,203,695	1,967,334
Financial assets purchased under resale agreements		—	—
Inventories		142,484	85,941
Including: Data resources		—	—
Contract assets		180,833	32,870
Assets held for sale		—	—
Non-current assets maturing within one year		88,122	107,231
Other current assets		205,120	189,402
Total current assets		20,895,928	18,126,205

Assets	<i>Notes</i>	As at June 30, 2024	As at December 31, 2023
Non-current assets:			
Disbursement of loans and advances		—	—
Debt investment		—	—
Other debt investment		—	—
Long-term receivables		—	—
Long-term equity investments		854,124	741,789
Investments in other equity instruments	5.b)	882,453	830,474
Other non-current financial assets	5.c)	783,819	786,903
Investment properties		89,411	93,866
Fixed assets		3,029,696	3,192,829
Construction in progress		21,676	20,898
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		97,778	145,919
Intangible assets		2,198,297	2,447,137
Including: Data resources		39,250	—
Development expenditures		40,256	25,559
Including: Data resources		9,589	—
Goodwill		260	260
Long-term deferred expenses		3,542	4,323
Deferred tax assets		537,086	569,295
Other non-current assets		542,640	514,672
		<hr/>	<hr/>
Total non-current assets		9,081,038	9,373,924
		<hr/>	<hr/>
Total assets		29,976,966	27,500,129
		<hr/> <hr/>	<hr/> <hr/>

Liabilities and owners' equity	<i>Notes</i>	As at June 30, 2024	As at December 31, 2023
Current liabilities:			
Short-term borrowings		1,152,000	751,590
Borrowings from central bank		—	—
Loans from banks and other financial institutions		—	—
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable		—	—
Accounts payable	5.d)	2,335,435	2,245,559
Advances from customers		—	—
Contract liability	5.e)	813,893	890,291
Financial assets sold under repurchase agreements		—	—
Absorption of deposits and interbank deposit		—	—
Receiving from vicariously traded securities		—	—
Receiving from vicariously sold securities		—	—
Employee compensation payable		193,538	240,298
Taxes payable		197,556	264,619
Other payables		2,880,690	1,647,405
Handling charges and commission payable		—	—
Reinsurance accounts payable		—	—
Liabilities held for sale		—	—
Non-current liabilities maturing within one year		288,429	109,424
Other current liabilities		28,295	44,308
Total current liabilities		7,889,835	6,193,494
Non-current liabilities:			
Reserve for Insurance contract		—	—
Long-term borrowings		—	200,214
Bonds payable		—	—
Including: Preferred stock		—	—
Perpetual bonds		—	—
Lease liabilities		21,718	50,581
Long-term payables		420	420
Long-term employee compensation payable		—	—
Provisions		20	20
Deferred income		1,221	1,221
Deferred tax liabilities		35,849	35,585
Other non-current liabilities		—	—
Total non-current liabilities		59,229	288,042
Total liabilities		7,949,064	6,481,535

Liabilities and owners' equity	<i>Notes</i>	As at June 30, 2024	As at December 31, 2023
Shareholders' equity:			
Share capital		2,926,210	2,926,210
Other equity instruments		—	—
Capital reserves		1,248,609	1,192,037
Less: Treasury stock		—	—
Other comprehensive income		-7,843	-53,240
Special reserves		—	—
Surplus reserves		4,338,776	4,221,795
General risk reserves		13,261	13,261
Retained earnings		12,953,116	12,171,069
Total equity attributable to shareholders of the Company		21,472,128	20,471,132
Non-controlling interests		555,774	547,462
Total shareholders' equity		22,027,902	21,018,594
Total liabilities and shareholders' equity		29,976,966	27,500,129

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. COMPANY PROFILE

TravelSky Technology Limited (hereinafter referred to as the “**Company**” or “**the Company**”) incorporated in Beijing, the People’s Republic of China (the “**PRC**”) on October 18, 2000. As at June 30, 2024, the total cumulative share capital issued by the Company was 2,926,209,589 shares, and the registered capital was RMB2,926,209,589.00. Registered office: No. 7 Yumin Street, Houshayu Town, Shunyi District, Beijing.

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

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

The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

2. BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

a) Basis of preparation

The annual results set out in this announcement do not constitute the consolidated financial statements of the Company for the period ended June 30, 2024 but the financial results are extracted from those financial statements. The Company prepares financial statements in accordance with the “Accounting Standards for Business Enterprises — Basic Standards” and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the Interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the “**Accounting Standards for Business Enterprises**”). In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

b) Going concern

The financial statements are prepared on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

From January 1, 2024, the Group has implemented the following policies: ASBE Interpretation No. 17 (Caikuai [2023] No. 21); Interim Provisions on Accounting Treatment Related to Data Resources of Enterprises (Caikuai [2023] No. 11); and ASBE Application Guidance Compendium 2024 — Reclassification of Guarantee Type Warranty Expenses.

The implementation of the above policy had no significant impact on the Group's financial statements.

4. TAXATION

a) Major tax types and tax rates

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

b) Tax incentives

i. High and New Technology Enterprise

Under the Corporate Income Tax Law of the People's Republic of China ("CIT Law"), in general, the applicable income tax rate of enterprises in the PRC is 25%. Pursuant to relevant requirements, enterprises recognized as "High and New Technology Enterprises" are entitled to a preferential corporate income tax rate of 15% according to the CIT Law. The Company was approved and certified by relevant authorities as a "High and New Technology Enterprise" since its establishment and was reviewed to renew the identification of "High and New Technology Enterprise" in accordance with relevant regulatory requirements. The most recent re-certification was completed in November 2023, and the Company has been granted the continuation of its status as a "High and New Technology Enterprises" and has been confirmed to calculate corporate income tax at a preferential tax rate of 15% as a "High and New Technology Enterprises" from 2023 to 2025.

ii. Key Software Enterprises

Except that enterprises that have been assessed as "High and New Technology Enterprises" may enjoy the preferential income tax rate of 15%, enterprises assessed as "Key Software Enterprises" within the national planning layout 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.

5. NOTES TO ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts are expressed in RMB'000 unless otherwise stated)

a) Accounts receivable

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

Aging	As at June 30, 2024	As at December 31, 2023
Within 1 year	4,149,026	3,758,113
Including:		
Within 6 months	2,858,688	2,650,365
7–12 months	1,290,338	1,107,749
1–2 years	1,447,221	976,939
2–3 years	248,713	330,306
3–4 years	129,522	147,990
4–5 years	98,893	126,511
Over 5 years	190,960	170,486
Sub-total	<u>6,264,335</u>	<u>5,510,344</u>
Less: Provisions for bad debts	<u>927,922</u>	<u>990,832</u>
Total	<u><u>5,336,413</u></u>	<u><u>4,519,512</u></u>

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

Category	As at June 30, 2024					As at December 31, 2023				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value	Amount	Proportion (%)	Amount	Proportion of provision (%)	Book value
Provision for bad debts accrued on an individual basis	893,869	14.27	641,999	71.82	251,870	811,722	14.73	558,365	68.79	253,357
Provision for bad debts accrued on a portfolio basis	5,370,465	85.73	285,923	5.32	5,084,542	4,698,622	85.27	432,468	9.20	4,266,154
Total	<u>6,264,335</u>	<u>100.00</u>	<u>927,922</u>	<u>—</u>	<u>5,336,413</u>	<u>5,510,344</u>	<u>100.00</u>	<u>990,832</u>	<u>—</u>	<u>4,519,512</u>

Provision for bad debts accrued on an individual basis:

Name	As at June 30, 2024		
	Book balance	Provision for bad debts	Proportion of provision (%)
Total	<u>893,869</u>	<u>641,999</u>	<u>71.82</u>

Provision for bad debts accrued on a portfolio basis:

Name	As at June 30, 2024		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Accounts receivable from third parties	1,950,700	285,923	14.66
Accounts receivable from related parties	<u>3,419,766</u>	<u>—</u>	<u>—</u>
Total	<u>5,370,465</u>	<u>285,923</u>	<u>—</u>

b) Investments in other equity instruments

i. Details of investments in other equity instruments

Item	As at June 30, 2024	As at December 31, 2023
China Merchants RenHe Life Insurance Company Limited	<u>882,453</u>	<u>830,474</u>
Total	<u>882,453</u>	<u>830,474</u>

The Company holds 13.26% of all the equity of an unlisted company, China Merchants RenHe Life Insurance Company Limited, which has a fair value of RMB882,453 thousand as at June 30, 2024. As the Company does not intend to hold the investment for trading purposes, the Company designated the investment as financial assets measured at fair value through other comprehensive income. The Company has referred to the valuation report issued by China Alliance Appraisal Co., Ltd., an independent professional valuer with professional qualifications and relevant experience, confirmed the fair value as at June 30, 2024.

c) Other non-current financial assets

Item	As at June 30, 2024	As at December 31, 2023
Financial assets measured at fair value through the current profit or loss	783,819	786,903
Including: Equity instrument investments	<u>783,819</u>	<u>786,903</u>
Total	<u>783,819</u>	<u>786,903</u>

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

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

As at June 30, 2024, the Company has made actual contributions (including fund management fees) of RMB684,306 thousand under the agreement, which is measured at fair value with a book value of RMB783,819 thousand.

d) **Accounts payable**

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

Aging	As at June 30, 2024	As at December 31, 2023
Within 1 year (including 1 year)	1,525,520	1,352,453
1–2 years (including 2 years)	562,172	490,747
2–3 years (including 3 years)	114,367	240,436
Over 3 years	<u>133,376</u>	<u>161,923</u>
Total	<u><u>2,335,435</u></u>	<u><u>2,245,559</u></u>

e) **Contract liabilities**

i. Details of contract liabilities

Item	As at June 30, 2024	As at December 31, 2023
System integration service contract	<u>813,893</u>	<u>890,291</u>
Total	<u><u>813,893</u></u>	<u><u>890,291</u></u>

f) **Operating income and operating costs**

i. Details of operating revenue and operating costs

Item	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Revenue	Cost	Revenue	Cost
Main businesses	4,020,211	1,628,051	3,283,207	1,431,808
Other businesses	<u>21,581</u>	<u>6,072</u>	<u>24,349</u>	<u>6,977</u>
Total	<u><u>4,041,791</u></u>	<u><u>1,634,123</u></u>	<u><u>3,307,556</u></u>	<u><u>1,438,785</u></u>

ii. Details of operating income

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Aviation information technology service	2,265,033	1,890,118
Settlement and clearing service	277,972	185,361
System integration service	679,849	320,895
Data network service	216,410	201,682
Other income	602,528	709,499
Including: Income from technical service	295,310	311,451
Payment business income	90,490	178,684
Income from leasing, operation and maintenance service	108,049	107,491
Logistics business income	31,150	24,038
Data service income	44,667	35,104
	<hr/>	<hr/>
Total	<u>4,041,791</u>	<u>3,307,556</u>

g) Investment income

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Income from long-term equity investments calculated under equity method	2,121	7,692
Gains from disposal of long-term investments	7,673	—
Income from held-for-trading financial assets during the holding period	<u>29,540</u>	<u>36,951</u>
Total	<u><u>39,335</u></u>	<u><u>44,643</u></u>

h) Credit impairment losses (“–” for net loss)

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Bad debts of notes receivable	7,791	–2,789
Bad debts of accounts receivable	<u>57,873</u>	<u>119,767</u>
Total	<u><u>65,664</u></u>	<u><u>116,978</u></u>

i) Assets impairment losses (“–” for net loss)

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Impairment of contract assets	<u>–6,021</u>	<u>2,453</u>
Total	<u><u>–6,021</u></u>	<u><u>2,453</u></u>

j) Earnings per share

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Earnings (RMB thousand) (Earnings for the purpose of calculating the basic and diluted earnings per share)	1,367,221	1,200,385
Numbers of shares (thousand shares) (Weighted average number of ordinary shares in issue)	2,926,210	2,926,210
Earnings per share (Basic and diluted)	0.47	0.41

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

k) Dividend distribution

At the annual general meeting on June 20, 2024, “Distribution of a final cash dividend for year 2023” of RMB0.16 per share (including tax), totaled RMB468,194 thousand, was approved. The amount was accounted for shareholders’ equity as a distribution to retained earnings for the six months ended June 30, 2024.

l) Disposal of fixed assets

During the six-month period ended June 30, 2024, there were no disposals on properties, plants, and equipment by the Group, and the total amount of gains from disposal of assets disclosed in the consolidated income statement was RMB16 thousand, according to the accounting standards of Lease, gains on disposal of right-of-use assets (i.e., gains on changes of leases) amounted to RMB16 thousand. (For the six-month period ended June 30, 2023, gains on disposal of fixed assets were approximately RMB2,650 thousand, and gains on disposal of right-of-use assets were approximately RMB5 thousand.) Please refer to the consolidated income statement for the details of “Gains from disposal of assets”.

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

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

Item	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Labor costs	937,785	712,202
Depreciation and amortization expenses	531,602	466,006
Cost of sales of software and hardware	418,795	173,018
Technical support and maintenance fees	286,074	263,618
Commission and promotion expenses	303,275	291,758
Internet usage fees	44,190	39,427
Financial expenses	-78,654	-71,843
Other operating costs	47,556	267,774
Total	<u>2,490,623</u>	<u>2,141,960</u>

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND OPERATIONAL PERFORMANCE

BUSINESS REVIEW FOR THE FIRST HALF OF 2024

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

In the first half of 2024, the Group's system processing capacity of the electronic travel distribution ("ETD") system (including inventory control system ("ICS") services and computer reservation system ("CRS") services) on domestic and overseas airlines was approximately 352.0 million passengers, representing an increase of approximately 24.0% over the same period in 2023. Among them, the system processing capacity on airlines in China increased by approximately 24.0% year-on-year; the system processing capacity on foreign and regional airlines increased by approximately 26.9% year-on-year. The number of foreign and regional commercial airlines using the Group's airport passenger processing system ("APP") services, multi-host connecting program services and self-developed Angel Cue platform connecting services increased to 204, with approximately 5.06 million departure passengers processed in 48 airports. The number of foreign and regional commercial airlines with direct links to the CRS system of the Group remained at 142, and the percentage of sales through direct links reached approximately 99.9%.

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

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

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

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

In the first half of 2024, the Group seized new opportunities arising from the development of Digital China, promoting further integration between the digital economy and the real economy. **In public information technology services**, the Group leveraged the value of data elements to continuously expand business and enrich application scenarios in fields such as public safety, smart marketing, and finance-related areas, serving a total of 42 clients in aggregate. The Group deepened its focus on data center infrastructure services, winning the bids for projects of China National Aviation Fuel Group Limited and China National Biotech Group Company Limited. The Group actively developed comprehensive lifecycle service solutions for data center infrastructure, expanded cross-industry data center value-added services, and signed new contracts such as the

unified maintenance project with Nam Kwong (Group) Company Limited. In response to the Civil Aviation Administration of China's "link main routes and branch routes and connect the whole network" initiative, the Group promoted check-in and departure services at airports and signed a contract with Huma Civil Airport in Heilongjiang. **In aviation cargo logistics information technology services**, the Group strengthened the deployment and upgrading of products such as cargo station production systems, cargo security inspection systems, and cargo ground operation service systems. It signed contracts with 5 new clients and won the bid for and launched the Hubei Ezhou Airport cargo system project. **In exploring innovative business scenarios**, the Group's blockchain-based "Asset Traceability Management System" supports clients in the full lifecycle and refined management of operational assets, winning a bid for Shenzhen Airlines. The "Digital Payment Pass" service platform, based on digital currency services, won the contracts with 7 airports, providing digital RMB marketing services across multiple scenarios. The "Reconciliation Pass" product offers a data-sharing and operation-coordinating reconciliation platform to multiple entities within the civil aviation industry, signing contracts with 2 pilot airports, thus aiding in financial operations and integrated management of finance and business for airports.

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

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

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

Summary

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

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

The revenue and operating results of the Group mainly came from the Group's operations in China. The earnings per share of the Group were RMB0.47 for the first half of 2024.

Total Revenue

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

- Aviation information technology service revenue represented 56.0% of the Group's total revenue in the first half of 2024, as compared to 57.1% in the first half of 2023. Aviation information technology service revenue increased by 19.8% from RMB1,890.1 million in the first half of 2023 to RMB2,265.0 million in the first half of 2024. The main sources of the revenue were ICS, CRS and APP provided by the Group to commercial airlines, as well as extended information technology services related to the above core businesses. The increase in revenue was primarily due to the 24.0% year-on-year increase of total system capacity, but domestic airline international segment, foreign and regional airline capacity has not yet returned to the same level as the same period in 2019.
- Accounting, settlement and clearing services revenue accounted for 6.9% of the Group's total revenue in the first half of 2024, as compared to 5.6% in the first half of 2023. Accounting, settlement and clearing services revenue increased by 50.0% from RMB185.4 million in the first half of 2023 to RMB278.0 million in the first half of 2024. The main sources of the revenue were accounting, settlement and clearing services provided by the Group to third parties including commercial airlines, airports, agencies and government bodies, etc. The increase in revenue was primarily due to the factors such as gradual recovery of clearing and settlement business volume, especially international business volume, and expansion of system and product service.
- System integration service revenue accounted for 16.8% of the Group's total revenue in the first half of 2024, as compared to 9.7% in the first half of 2023. System integration service revenue increased by 111.9% from RMB320.9 million in the first half of 2023 to RMB679.8 million in the first half of 2024. The main sources of the revenue were hardware integration, software integration and data and information integration services provided by the Group to airports, commercial airlines and other corporate clients. The increase in revenue was primarily due to the year-on-year increase in the scale and number of projects that met the completion and acceptance requirements as a result of the orderly progress of construction and acceptance.

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

Total Operating Expenses

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

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

- Commission and promotion fees increased by 3.9%, mainly due to the impact of year-on-year growth in departure service guarantee fees and agent foreign airline booking rewards, and their corresponding progress of reconciliation confirmation.

Corporate Income Tax

Under the Corporate Income Tax Law of the People's Republic of China (“CIT Law”), in general, the applicable income tax rate of enterprises in China is 25%. Pursuant to relevant requirements, enterprises recognized as “High and New Technology Enterprises” are entitled to a preferential corporate income tax rate of 15% according to the CIT Law. The Company was approved and certified by relevant authorities as a “High and New Technology Enterprise” since its establishment and was reviewed to renew the status of “High and New Technology Enterprise” in accordance with relevant regulatory requirements. The latest review was completed in November 2023 and the Company remained the status of “High and New Technology Enterprise” and was confirmed to be entitled to a preferential corporate income tax rate of 15% from Year 2023 to Year 2025 as a “High and New Technology Enterprise”. Hence, the Company has calculated the expenses on corporate income tax for the first half of 2024 using the preferential tax rate of 15%.

In addition to the recognised identification of “High and New Technology Enterprise” and entitlement of a preferential income tax rate of 15%, if an enterprise is approved and certified by relevant regulatory authorities as the “Key Software Enterprise”, it can further enjoy a preferential tax rate of 10%. According to the relevant provisions, the difference between the tax amount paid at the rate of 15% and the tax amount calculated at the preferential corporate income tax rate of 10% will be refunded to relevant enterprises after the relevant period, and will be reflected in the profit or loss account of the enterprises when it is refunded. The Company obtained the certificate for “Key Software Enterprise” from Year 2006 to Year 2023.

For details of the corporate income tax of the Group for the first half of 2024, please refer to Note 4 to the consolidated financial statements.

Net Profit Attributable To Shareholders Of The Parent Of The Company

Net profit attributable to shareholders of the parent of the Company increased from RMB1,200.4 million in the first half of 2023 to RMB1,367.2 million in the first half of 2024, representing an increase of RMB166.8 million.

Liquidity and Capital Structure

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

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

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

Restricted Bank Deposits

As at June 30, 2024, restricted bank deposits in the amount of RMB47.1 million (as at December 31, 2023: RMB91.0 million) mainly refer to the deposits placed at designated bank accounts as guarantee deposits to secure, amongst others, the settlement of related business.

Trust Deposits and Irrecoverable Overdue Time Deposits

As at June 30, 2024, the Group did not have any trust deposits and irrecoverable overdue time deposits. All cash deposits held by the Group are mainly deposited at commercial banks and complied with applicable laws and regulations.

Foreign Exchange Risks

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

Financial Assets Invested

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

In the first half of 2024, the Group had the following major financial assets:

(1) Trading Financial Assets

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

(2) Financial Assets at Amortised Cost

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

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

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

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

- a. Name of the company: China Merchants RenHe Life Insurance Company Limited (“**CMRH Life**”)
- b. Business scope: general insurance (including life insurance and annuity insurance), health insurance, accident injury insurance, bonus insurance, omnipotent insurance, reinsurance of all of the above insurance businesses, the application of the insurance funds allowed by the State laws and regulations, and other businesses approved by former Banking and Insurance Regulatory Commission.
- c. Investment cost of the Company: RMB875.0 million.
- d. The percentage of the shareholding held by the Company: 13.26%.
- e. The fair value and the scale relative to the total assets of the Group:
As at June 30, 2024, the Group invested a fair value of approximately RMB882.5 million in CMRH Life, accounting for 2.9% of the total assets of the Group.
- f. The performance in the first half of 2024:
According to the information provided by CMRH Life to the Company, it recorded a profit of RMB88.8 million in the first half of 2024. This was mainly attributable to the CMRH Life’s ability to seize on market opportunities and achieve better returns in the equity and fixed-income markets, as well as its active promotion of reducing costs and improving efficiency, which resulted in a significant reduction in fee and commission expenses.
- g. Strategies of future investments and the prospects of such investments:
According to the information provided by CMRH Life to the Company, as China’s financial industry continues to develop with high quality, the prospects for the life insurance industry in health, wealth and risk management are broad. CMRH Life will adhere to the development laws of the financial insurance industry and the principle of “insurance-oriented”, following a path of market-oriented, professional, and differentiated innovation-driven development. Focusing on the transformation of the business model “building a digital platform for risk management, health management and wealth management, the preferred choice for central and state-owned enterprises and employees’ families” will continue to promote the optimization of operational mechanisms and capabilities, strictly focus on reducing costs and increasing efficiency, adhere to stable operations, continue to improve the ability to overcome cycles, and strive to become a boutique insurance service provider with innovative characteristics.

(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, 2024, the Company has actually contributed (including the fund management fee) RMB684.3 million pursuant to the Agreement. Please refer to Note 5.c) the consolidated financial statements for details.

Charge on Assets

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

Contingent Liabilities

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

Gearing Ratio

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

Major Investment or Financing Plan

As at June 30, 2024, the Group had no any major acquisitions or disposals of subsidiaries, associates and joint ventures, or have any major investment or plan to acquire major capital assets. The Board estimates that the sources of funding of the Group in 2023 will be sufficient for the capital requirement of daily operations and the Group does not have any major financing plan.

The total capital expenditure of the Group amounted to RMB141.5 million for the first half of 2024 (the first half of 2023: RMB363.1 million), which was mainly used in the Company’s daily operation.

As at June 30, 2024, the Group's capital expenditure commitment amounted to approximately RMB1,302.1 million, which will be mainly used for the Company's daily operation, maintenance, research and development and upgrading of computer system, China Mobile Equity Fund (an unlisted investment fund), etc. The sources of funding for such commitments will include existing cash on hand and internal cash flows generated from operating activities of the Group.

Employees

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

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

Subsequent Events

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

PROSPECTS FOR THE SECOND HALF OF 2024

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

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining high level of corporate governance, as well as disclosing information to all the market participants and regulatory authorities in a timely, accurate, complete and reliable manner to enhance the transparency of the Company. The Company has adopted the code provisions as stipulated in the “Corporate Governance Code” and “Corporate Governance Report” (the “Code Provisions”) in Appendix C1 to the Listing Rules as the Company’s code of corporate governance.

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

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 2024.

For the six-month period ended June 30, 2024, the Company has adopted the Model Code and standards required thereof as the model code and the standards for conducting securities transactions by directors and supervisors of the Company. After making specific enquiries to all directors and supervisors, the Company confirmed that all directors and supervisors have acted in full compliance with Model Code and the standards regarding directors' securities transactions required thereof during the six-month period ended June 30, 2024.

AUDIT AND RISK MANAGEMENT COMMITTEE (SUPERVISORY COMMITTEE)

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

ONLINE PUBLICATION OF INTERIM RESULTS

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

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

By order of the Board
TravelSky Technology Limited
Huang Rongshun
Chairman

Beijing, the People's Republic of China
August 28, 2024

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

Executive Directors: Mr. Huang Rongshun (Chairman);

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

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